

SUBRECIPIENT: Webb County Community Action Agency
MASTER GRANT AGREEMENT # MGA-2027-2031-WEBB CO-294-00
STATE / LOCAL PUBLIC TRANSPORTATION
MASTER GRANT AGREEMENT
FEDERAL TRANSIT ADMINISTRATION
NOT RESEARCH AND DEVELOPMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

PUBLIC TRANSPORTATION MASTER GRANT AGREEMENT

THIS PUBLIC TRANSPORTATION MASTER GRANT AGREEMENT (MGA) is made by and between the State of Texas, acting through the Texas Department of Transportation, called the "State," and the Webb County Community Action Agency called the "Subrecipient."

WITNESSETH

WHEREAS, Federal and State laws require that the State and Subrecipients meet certain contract standards relating to the management and administration of State and Federal funds; and

WHEREAS, the governing terms of this MGA will provide for efficient and effective contract administration; and

WHEREAS, if applicable, each fiscal year grant period, the Subrecipient must execute a Fiscal Year Grant Application for consideration for new State and Federal grants; and

WHEREAS, the State and the Subrecipient understand and agree that not every provision of this document will apply to every Subrecipient or every project, depending upon the nature of the project and the section of the statute authorizing the financial assistance; and

WHEREAS, the Federal Transit Administration (FTA) has set forth terms and conditions for the administration of its grant programs in the FTA Master Agreement located at <https://www.transit.dot.gov/>.

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AGREEMENT

ARTICLE 1. DEFINITIONS.

1. **Allocation.** The process of assigning a cost, or a group of costs, to one or more cost objective (s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.
2. **Allocable.** Characteristic of a cost that can be assigned or charged to one or more activities or items (cost objects) based on benefits received or other such equitable or logical association although a direct (casual) relationship may not be established.
3. **Amendment.** A legally binding change or addition to a contract or grant agreement, required to be executed by parties participating in the original contract or grant agreement.
4. **Application.** The funding proposal is completed, signed, and dated by the Applicant, or an official authorized to act on the Applicant's behalf and submitted to the State.
5. **Approved Project Description.** See "Project."
6. **Asset Management Plan.** The transit asset management plan prepared in accordance with 49 U.S.C. § 5326 and certified by the Department. The plan includes, at a minimum, capital asset inventories and condition assessments, decision support tools, and investment prioritization.
7. **Award.** Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal (or State) government to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under Federal (or State) procurement laws and regulations.
8. **Code of Federal Regulations (CFR).** The CFR is the compilation of Federal agency regulations. The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards are located in Title 2 CFR Parts 200 and 1201.
9. **Conflict of Interest.** A circumstance arising out of existing or past activities, business interests, contractual relationships, or organizational structure of an entity, or a familial or domestic living relationship between a department employee and an employee of the entity. (43 TAC §10.6)
10. **Cost.** An amount as determined on cash, accrual, or other basis acceptable to the Federal or State awarding or cognizant agency. It does not include transfers to a general or similar fund.
11. **Days.** Unless otherwise specified, the number of days is a reference to calendar days.

12. **Department.** The Texas Department of Transportation.
13. **Disability.** Disability has the same meaning as in section 3(1) of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12102.
14. **Equipment.** Tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$10,000 or more per unit.
15. **Fiscal Year (FY).** Fiscal Year (or FY), as used in this Master Agreement, refers to the "State Fiscal Year," which begins on September 1 of each calendar year and ends on August 31 of the next calendar year.
16. **Local Government.** Local Government Authority includes, but is not limited to:
 - i. A political subdivision of a State,
 - ii. An authority of at least one State or political subdivision of a State,
 - iii. An Indian tribe, a public corporation, public board, or public commission, or
 - iv. An agency or instrumentality of local government.
17. **Non-Federal Entity.** Non-Federal entity is a State, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or Subrecipient.
18. **Program Income.** Gross income directly generated by a supporting activity during the period of performance.
19. **Project.** The public transportation activities to be carried out by a Subrecipient, as negotiated and approved by the State for funding and incorporated in the Project Grant Agreement.
20. **Project Budget.** The breakdown of anticipated costs, by category of expenditures, necessary to complete the project within the proposed project schedule.
21. **Project Costs.** The total allowable costs incurred under a Federal or State award, and all required cost sharing and voluntarily committed cost sharing, including third-party contributions.
22. **Project Grant Agreement (PGA).** A legally binding contractual agreement between the State and Subrecipient. The PGA pertains to a specified project or public transportation activity.
23. **Project Schedule.** The breakdown of project activities and/or deliverables and anticipated timeframes necessary to achieve completion of each.
24. **Property.** Real property and personal property or equipment.
25. **Public Transportation Division (PTN).** The Public Transportation Division is part of the Texas Department of Transportation. PTN is responsible for administering Federal and State public transportation grant funding.

26. **Real Property.** Land, including improvements, structures, and appurtenances, but excluding movable machinery and equipment.
27. **Sanction.** A penalty imposed by the State, which includes withholding of funds or disallowance of costs under a grant or subgrant, the suspension or termination of all or part of a subgrant or projects under a subgrant and being determined temporarily or permanently ineligible for a subgrant award.
28. **State.** The Texas Department of Transportation.
29. **Subcontractor.** A purveyor of goods or services engaged by a primary contractor to provide goods, services or both through a procurement relationship generally available to any purchaser for a stated price.
30. **Subgrant.** An award of funds or property in lieu of funds made by the Department to an eligible subgrantee or by the eligible subgrantee to another individual or entity. The term does not include procurement purchases, technical assistance, assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, or insurance; or assistance for which no accounting by the subgrantee is required.
31. **Subgrantee.** Synonymous with Subrecipient.
32. **Subrecipient.** An entity that receives an award of State or Federal transportation funding from the Department, rather than directly from FTA, but does not include a:
 - i. Third-Party Contractor,
 - ii. Third-Party Subcontractor, or
 - iii. Lessee
33. **Texas Administrative Code (TAC).** The Texas Administrative Code is a compilation of all State agency rules in Texas. The TAC rules pertaining to TxDOT are found in Title 43, Part 1.
34. **Texas Grant Management Standards (TxGMS).** The Texas Grant Management Standards published by the Texas Comptroller of Public Accounts.

ARTICLE 2. MASTER GRANT AGREEMENT (MGA) AND PROJECT GRANT AGREEMENTS (PGA) TIME PERIOD.

Effective Date. The period of this MGA is September 1, 2026, through August 31, 2031, unless terminated earlier in accordance with Article 3 or otherwise modified by written amendment. The MGA becomes effective for the specified term upon full execution by all parties. The period of each associated PGA shall be specified in the applicable agreement and shall become effective for the corresponding dates upon full execution by all parties. The PGA period may be modified only by written agreement. The Grantee assumes all risk for any expenses incurred prior to full execution.

ARTICLE 3. TERMINATION OF MASTER GRANT AGREEMENT (MGA) OR PROJECT GRANT AGREEMENT (PGA).

1. **Termination Conditions.** This MGA or any PGA may be terminated for any of the following conditions:

- i. By the State if an award no longer effectuates the program goals or agency priorities (2 CFR § 200.340).
- ii. By mutual written agreement of all parties.
- iii. By either party for convenience, by giving thirty (30) days' written notice to the other party for reasons of its own and not subject to the approval of the other party. In the event of termination for convenience, neither the State nor Subrecipient shall be subject to additional liability except as otherwise provided in this agreement.
- iv. By either party upon the failure of the other party to fulfill the obligations as set forth in this MGA or PGA.

2. **Upon Termination.** Upon termination of this MGA or any PGA, whether for cause or at the convenience of the parties to the agreement, the State shall retain its interest in all property subject to the obligations and conditions set forth in this MGA or any PGA and 2 CFR § 200.311 (Real Property) and §200.313 (Equipment), unless the State or Federal funding agency issue disposition instructions to the contrary.

3. **Termination and Eligible Expenses.** In the event of termination, the State may compensate the Subrecipient for those eligible expenses incurred during the grant periods that are directly attributable to the completed portion of the grant covered by any PGA, provided that the grant has been completed in accordance with the terms of this MGA and the PGA. The Subrecipient shall not incur new obligations for the terminated portion after the effective date of termination.

4. **Default.** Except with respect to defaults of subcontractors, the Subrecipient shall not be in default by reason of any failure in performance of this MGA or any PGA in accordance with its terms (including any failure by the Subrecipient to progress in the performance of the work) if such failure arises out of causes beyond the control and without the default or negligence of the Subrecipient. Such causes beyond the control of the Subrecipient may include, but are not limited to, acts of God or of the public enemy, acts of the Government in its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather.

ARTICLE 4. ETHICS.

1. **Internal Ethics and Compliance Program.** Per 2 CFR § 200.112, Subrecipients must disclose in writing, to TxDOT, any potential conflict of interest. To be eligible to receive State or Federal public transportation funds (grants or other funds) awarded from or through the State, a Subrecipient must have adopted an internal ethics and compliance program that satisfies the requirements of 43 TAC § 10.51 of this title (relating to Internal Ethics and Compliance Program) and must enforce compliance with that program.

2. **Ethics Certification.** Per 43 TAC § 10.51, Subrecipients are required to certify, to the State, their internal ethics and compliance program comply with the requirements set forth in the Texas Administrative Code (TAC). The Subrecipient will certify annually that:

- i. Written Internal Ethics and Compliance Program. The organization has a written internal ethics and compliance program that provides compliance standards and procedures that are designed to detect and prevent violations of the law, including regulations, and ethical standards applicable to the Subrecipient or its officers or employees; and
- ii. Enforcement. The organization enforces compliance with its internal ethics and compliance program; and
- iii. Required Items. The organization's internal ethics and compliance program specifically includes, at a minimum, the items contained in 43 TAC § 10.51.

3. **Required Conduct.** As per 43 TAC § 10.101, Subrecipients are required to:

- i. Disclose Conflict of Interest. Disclose to the Department in writing the existence of a conflict of interest involving an agreement between the entity and the Department and adequately remedy the conflict:
 - a. Before the effective date of the agreement; or
 - b. If the conflict of interest arises after the effective date of the agreement, within five (5) working days after the date that the entity knows or should have known of the conflict.
- ii. Refrain. Refrain from offering, giving, or agreeing to give a benefit to a member of the Texas Transportation Commission or to a department employee.
- iii. Adherence. Adhere to all civil and criminal laws related to business.
- iv. Maintain. Maintain good standing with the comptroller, other State agencies, States, and agencies of the Federal government with which the entity has had a business relationship.
- v. Notification. Notify the Department in writing within five (5) working days after the date that the entity knows or should have known of the existence of, and must adequately address:
 - a. A conviction, of a plea of guilty or nolo contendere to, a civil judgment for or a public admission to a crime or offense related to business by the entity.
 - b. Debarment of the entity by the comptroller, another State agency, another State, or an agency of the Federal government for a ground related to business integrity; or
 - c. Any behavior of the entity that seriously and directly affects the entity's responsibility to the Department and that is also a violation of the law or the Department's rules that relate to the entity's dealing with the Department.

4. **Mandatory Disclosures.** Per 2 CFR § 200.113, an applicant, recipient, or Subrecipient of a Federal award must promptly disclose whenever, in connection with the Federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. §§ 3729–3733). The disclosure must be made in writing to the Federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable). Recipients and Subrecipients are also required to report matters related to Recipient integrity and performance in accordance with Appendix XII of 2 CFR Part 200. Failure to make required disclosures can result in any of the remedies described in § 200.339.

5. **Nepotism.** A public official may not appoint, employ, promote, advance, or advocate for appointment, employment, promotion, or advancement, in or to a position in the agency in which he is serving or over which he exercises jurisdiction or control any individual who is a relative of the public official. An individual may not be appointed, employed, promoted, or advanced in or to a position in an agency if such appointment, employment, promotion, or advancement has been advocated by a public official, serving in or exercising jurisdiction or control over the agency, who is a relative of the individual. A "relative" means, with respect to a public official, an individual who is related to the public official as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister. Per Texas Government Code § 573.041, a public official may not appoint, confirm the appointment of, or vote for the appointment or confirmation of the appointment of an individual to a position that is to be directly or indirectly compensated from public funds or fees of office if:

- i. The individual is related to the public official within a degree described by Texas Government Code Section 573.002; or
- ii. The public official holds the appointment or confirmation authority as a member of a State or local board, the legislature, or a court and the individual is related to another member of that board, legislature, or court within a degree described by Texas Government Code Section 573.002.

ARTICLE 5. THE SUBRECIPIENT'S CAPACITY.

To carry out its Project, the Subrecipient agrees to maintain:

1. Sufficient legal, financial, technical, and managerial capacity, and
2. Adequate functional capacity to:
 - i. Plan, manage, and complete the Project,
 - ii. Provide for the use of Project property,
 - iii. Carry out the safety and security aspects of the Project
 - iv. Comply with:
 - a. The PGA and this MGA,
 - b. The Project Budget,
 - c. The Project Schedules,
 - d. The annual FTA and TxDOT Certifications and Assurances and,
 - e. Applicable Federal and State laws and regulations, and
 - v. Follow applicable Federal and/or State guidance, except as the Federal and/or State Government determines otherwise in writing.

ARTICLE 6. STANDARDS FOR FINANCIAL ADMINISTRATION.

The Subrecipient's standards for financial administration must conform with the requirements of 2 CFR § 200.302, Financial Management and 2 CFR § 200.303, Internal Controls. The Subrecipient must account for grant funds in accordance with Federal and State laws, and procedures for expending and accounting for funds.

1. **Reports.** Fiscal control and accounting procedures of the Subrecipient, as well as its

Subcontractors, must be sufficient to permit preparation of reports required by this part and the statutes authorizing the grant, and

2. **Tracing of Funds.** Fiscal control and accounting procedures of the Subrecipient, as well as its Subcontractors, must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

3. **Subrecipient's Financial Administration.** The Subrecipient's financial administration must include but not be limited to the following financial administration standards.

- i. **Financial reporting.** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant.
- ii. **Accounting records.** Subrecipients must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- iii. **Internal control.** Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Subrecipients must:
 - a. Adequately safeguard all such property and ensure that it is used solely for authorized purposes;
 - b. Establish and maintain effective internal control over the Federal or State award that provides reasonable assurance that the Subrecipient is managing the Federal or State award and is in compliance with statutes, rules, and the terms and conditions of the award,
 - c. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings,
 - d. Take reasonable cybersecurity and other measures to safeguard information including protected Personally Identifiable Information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the recipient or Subrecipient considers sensitive and is consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality, and
 - e. Comply with FTA Master Grant Agreement's Section 36, Protection of Sensitive Security and Other Sensitive Information.
- iv. **Budget control.** Actual expenditures or outlays must be compared with budgeted amounts for each project. If unit cost data are required, estimates based on available documentation will be accepted.
- v. **Allowable cost.** Applicable provisions of 2 CFR Part 200, Subpart E – Cost Principles, agency program regulations, and the terms of grant must be followed in determining the reasonableness, allowability, and allocability of costs.
- vi. **Source documentation.** Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract documents, etc.
- vii. **Cash management.** Subrecipients must establish reasonable procedures to ensure the receipt of reports on cash balances and cash disbursements is received in sufficient time to enable them to prepare complete and accurate cash transactions reports to the State.

4. **State Review.** The State may review the adequacy of the financial management system of any applicant as part of the application process or at any time subsequent to award.

ARTICLE 7. PROJECT GRANT AGREEMENT (PGA).

1. **Grant Time Period.** All PGAs must be executed by both parties within the grant time period specified in Article 2, of this MGA and PGA Time Period.

2. **Approved Project Description.** Except as the State determines otherwise in writing, the Subrecipient agrees that it will prepare a Project description that, upon approval by the State, will be designated the “Approved Project Description”, and made part of all PGAs.

3. **Project Budget.** Except as the State determines otherwise in writing, the Subrecipient agrees that it shall prepare a project budget that, upon approval by the State, will be designated the “Project Budget,” and made part of all PGAs.

4. **Approved Project Schedule.** Except as the State determines otherwise in writing, the Subrecipient agrees that it shall follow all required project schedules, timelines, and milestone progress reports.

ARTICLE 8. AMENDMENTS.

1. **Amendments to the Project.** The Subrecipient understands and agrees that an Amendment to any PGA must be executed to address a change in Project circumstances which causes an inconsistency with any PGA or this MGA. The changed circumstances are not contractually covered until an amendment is executed.
 - i. **Approval by the State.** The Subrecipient must notify the State in writing, and obtain prior State approval in writing, to amend its Project Budget, Approved Project Description or Approved Project Schedule.
 - ii. **Amendments to Project Budget.** Except as the State determines otherwise in writing, the Subrecipient agrees that:
 - a. **Transfer of Funds.** An amendment is necessary to transfer project funds from one expense category to another, unless the transfer meets the criteria for a budget revision.
 - b. **Additional Funding.** An award of additional Federal and/or State funds will require an amended Project Budget, and
 - c. **Unspent Funds.** The Subrecipient shall inform the State promptly if it believes it will have unspent Federal and/or State funds after the Project’s contract period ends.
 - iii. **Amendments to Approved Project Description.** An amendment is necessary to make a change to the approved project activities for which funding was obtained.
 - iv. **Amendments to Approved Project Schedule.** An amendment is necessary to change or extend the approved project schedule or a PGA expiration date.
2. **Amendment Time Period.** All amendments to this MGA or any PGA must be executed by both parties within the grant time period specified in Article 2, of this MGA and PGA Time Period. A thirty (30) day advance notice is required for proper execution of any PGA or this MGA amendment. Amendments cannot be executed on an expired MGA or any PGA.

3. **Revisions to the Project.** An administrative revision may be made without a formal amendment, upon approval from the State, when the proposed revision involves corrections to any PGA which does not fundamentally change the agreement.

A budget revision may be made without a formal amendment, upon approval from the State, when the proposed revision involves an increase in one category and a corresponding decrease in another, provided that any such revision meets all the following criteria:

- i. Does not result in the need for additional funds,
 - ii. Does not exceed ten percent (10%) of the current total approved budget and the Federal or State funding exceeds \$100,000,
 - iii. Does not exceed the current total approved budget,
 - iv. Does not involve a transfer of funds from an authorized capital equipment purchase to another category,
 - v. Does not involve a transfer of funds from training to another expense category, and
 - vi. Does not involve a transfer of funds from construction to a non-construction category.
4. **Notification of State in Writing.** If a proposed revision meets all the criteria listed in section 3 above, the Subrecipient must notify the State in writing before the revision is made. This written notification must describe the revision, explain the need, and certify that the revision complies with the above criteria.

ARTICLE 9. PROGRAM INCOME.

1. **Retain and Apply.** Except for income from royalties and proceeds from the sale of real property or equipment paid for solely with local funds (non-Federal and non-State funds), the Subrecipient shall retain program income and apply such income to allowable capital or operating expenses. If federally funded, program income from royalties and proceeds from sale of real property or equipment shall be handled as specified in FTA's Master Agreement, Sections: Local Share, Payments to the Subrecipient, Project Records and Reports, Patent Rights and Use of Real Property Equipment and Supplies.
2. **Comply With Standards.** The Subrecipient shall comply with standards governing the receipt and application of program income as set forth in 2 CFR § 200.307, Program Income.
3. **Program Income Includes.** Per 2 CFR § 200.307, program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income.
 - i. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, refunds and interest earned on any of them.
 - ii. Except as otherwise provided in regulations of the Federal or State awarding agency, program income does not include interest in Federal grant funds.

ARTICLE 10. ACTION FOR NONCOMPLIANCE AND/OR NONPERFORMANCE.

1. **Grant Remedies.** As referenced in 43 TAC §§ 9.133-9.135 and 2 CFR §§ 200.339-.342, if a Subrecipient fails to comply with, or perform in accordance with, Federal and/or State statutes and regulations, or terms and conditions of the award, the PGA,, or this MGA, the State may impose additional award conditions or sanctions. Sanctions may include, but may not be limited to, one or a more of the following actions: termination of the agreement; issuance of an Improvement Action Plan; increasing the State's monitoring and/or Subrecipient reporting requirements; temporarily withholding funds from a specific project; part of a project, or subsequent awards to a project; or temporarily disallowing all or part of the cost of a noncomplying activity, or any other remedy legally available.
 - i. The State will notify the Subrecipient in writing if it will impose such conditions.
 - ii. The Subrecipient may appeal actions taken by the State.
 - iii. The State may reverse or lessen actions imposed if a Subrecipient makes efforts to correct noncompliance and/or nonperformance and the State receives satisfactory evidence that the deficient conditions have been corrected.

ARTICLE 11. PAYMENTS TO SUBRECIPIENTS.

1. **State's Reimbursement.** A disbursement of grant funds occurs as a reimbursement. Under the reimbursement method, the Subrecipient is repaid for money actually spent on allowable expenses. The State's reimbursement to the Subrecipient is contingent upon the availability of appropriate funds. The State shall have no liability for any claims submitted by the Subrecipient or its subcontractors, vendors, manufacturers, or suppliers if sufficient Federal or State funds are not available to pay the Subrecipient's claims. The State shall not be liable for the Subrecipient's debt. The State may withhold payment of funds if the Subrecipient has an outstanding obligation to the State.
2. **Conditions for Reimbursement.** To be eligible for reimbursement, a cost must be authorized and incurred within the MGA and ANY PGA time periods, or amendments to either document, as specified in Article 2 "MGA and ANY PGA Time Period".
 - i. **Subrecipient Agrees.** In order to seek or obtain reimbursement funds for eligible Project costs, the Subrecipient agrees that:
 - a. It must execute the PGA or Amendment to the PGA for the Project.
 - b. It must have:
 1. A properly signed document seeking payment for the expense, such as a Request for Reimbursement (RFR) form (provided to the Subrecipient by the State), and
 2. A properly detailed description supporting the relationship of the expense to the Project.
 - c. It must identify all sources of funds from which the payment is to be derived.
 - d. It must provide the State with all reports required to date, including but not limited to financial and progress reports.
 - e. It must have made and is making adequate progress toward Project completion.
 - f. If the Subrecipient must provide a local share, and unless the State has Stated otherwise in writing that the Subrecipient may defer the local share:
 1. The Subrecipient will not request or obtain more funds than justified by eligible local share resources it has provided.

2. The Subrecipient will not cause the proportion of State funds available to the Project at any time to exceed the percentage authorized by the PGA; and
3. When combined with State payments, the Subrecipient will be able to demonstrate that its local share will be adequate to cover all the costs incurred for the Project.

3. **Eligible Project Costs.** Except as the State determines otherwise in writing, the Subrecipient agrees to seek and obtain funds awarded in the PGA only for eligible Project costs that are:

- i. Cost Paid. Costs that have been paid by the Subrecipient will be reimbursed.
- ii. Consistent. Consistent with the Approved Project Description, Project Budget, PGA and any Amendment thereto, and this MGA.
- iii. Necessary. Necessary to carry out the Project and in accordance with Cost Principles, 2 CFR Part 200, Subpart E.
- iv. Reasonable. Reasonable for the property, goods or services acquired.
- v. Consistent Financial Treatment. A cost may not be assigned to a Federal or State award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal or State award as an indirect cost.
- vi. Price Paid Minus Reductions. The actual net costs minus any reduction of the costs incurred, which consists of the price paid minus reductions of the Project costs incurred, such as any refunds, rebates, or other items of value but excludes program income.
- vii. Adequately Documented. Documentation required may include, but is not limited to, travel records, time sheets, invoices, contracts, mileage records, billing records, telephone bills, and other documentation that verifies the expenditure amount and appropriateness to the grant.

4. **Indirect Cost.** Subrecipients may charge indirect costs in accordance with 2 CFR §§ 200.414-416 for certain Federal and State grants upon approval by the State.

- i. Subrecipients may request indirect costs with their grant application so the indirect costs may be an approved expense with PGA execution.
- ii. Subrecipients may elect to use a rate derived from a current cost allocation plan documented in the required Indirect Cost Certificate submitted to the State (along with any other supporting documents required by the State) or may elect to use a de minimis rate up to 15% Modified Total Direct Cost (MTDC) as described in 2 CFR § 200.414 and TxGMS.
- iii. Indirect Cost Rate Certificates must be received from the Subrecipient annually and no later than the expiration date of the indirect cost rate certificate on file at PTN. If a Subrecipient with a history of using a negotiated rate elects to use the de minimis rate, they must notify PTN by email by the expiration date of the certificate on file at PTN.
- iv. A Subrecipient with a current negotiated indirect cost rate may apply for an extension of the rate for a period of up to four years. The extension must be approved by PTN. After the four (4) year extension, the Subrecipient must re-apply to negotiate a rate.

5. **Ineligible Costs.** The Subrecipient understands and agrees that, except as the State determines otherwise in writing, the State will exclude ineligible costs, such as:

- i. Lacking State Approval. Costs not included in the most recent Project Budget. Cost for Project property or services received in connection with any third-party agreement lacking any State approval or concurrence in writing that is required.
- ii. Prohibited Costs. Costs that are ineligible for Federal or State participation as provided by applicable Federal or State law, regulation, or guidance.

6. Reimbursement Time Period.

- i. Monthly Submission. The Subrecipient shall submit to the State monthly, but not more frequently, Requests for Reimbursement (RFR) with all supporting documentation as required by the State.
- ii. 60 Days. RFRs should be submitted within sixty (60) days of paid expenditures, except for the final billing.
- iii. Final Billing. The Subrecipient shall submit a final RFR within forty-five (45) days of the completion or termination of this MGA or any PGA in accordance with Article 2, of this MGA and any PGA Time Period. If the Subrecipient cannot submit final billing within 45 days, a request must be submitted in writing for an exception and include an anticipated timeline of submittal. The submission of this request is required within 20 days following the expiration of any PGA.
- iv. State Payments to Subrecipients. The State will make payment within thirty (30) days of the receipt of properly prepared, documented and approved RFR.

7. Reimbursement Documentation.

- i. RFR. The Subrecipient shall use an RFR form or other documentation process acceptable to the State.
- ii. Supporting Documentation.
 - a. Unless otherwise directed, RFR and supporting documentation shall be submitted to the State.
 - b. Documentation to support any cost incurred during the billing period is required at the discretion of the State.
 - c. Unless otherwise directed, RFR shall be itemized and shall include copies of original receipts, along with the proof of payments for materials, supplies, equipment, travel, or other expenses incurred.
- iii. Incomplete or Disputed RFR. Incomplete or disputed RFR shall be returned to the Subrecipient, unpaid, for correction and must be resubmitted to the State for approval. For incomplete or disputed RFR, the State shall notify the Subrecipient no later than the 21st day after the date the invoice is received.

8. Alternate Reimbursement Request. An alternate form of reimbursement may be provided on an as needed basis upon request, with sufficient justification and supporting documentation required.

- i. Two-Party Check Option. The Alternative RFR establishes a two-party check option allowing the State to pay both a Subrecipient and a vendor by issuing a single check to both payees. It is often used in the context of purchasing a vehicle. Both parties (e.g., Subrecipient and Vendor) are required to endorse the check.
- ii. Submission of Written Request. Prior to the issuance of a two-party check, the Subrecipient submits to the State a written request (e.g. letter or email) within forty-five (45) days of vehicle delivery or similar action.

- iii. **State Review.** The State will review the documentation and justification and make a determination to approve or deny the request for a two-party check and will respond in writing.
 - iv. **If Approved.** If approved, the Subrecipient shall be required to follow procedures established by the State for processing a two-party check.
9. **Electronic Payments.** Except as the State determines otherwise in writing, the Subrecipient understands and agrees that payments under the Project in most instances will be made through electronic methods.
10. **Subrecipient Payments to Subcontractor(s) or Vendor(s).**
- i. **Timely Payment.** The Subrecipient must process payments to vendors and subcontractors within thirty (30) days after receipt of a properly detailed invoice for goods/services received.
 - ii. **Subrecipient Debt.** The State shall not be responsible for the debts of the Subrecipient.
11. **Sub-tier Subcontractors.** The above requirements are also applicable to all sub-tier subcontractors, and the above provisions shall be made a part of all subcontracts.

ARTICLE 12. COST SHARING OR MATCHING.

1. For all Federal or State awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the Subrecipient's cost sharing or matching when such contributions meet all the following criteria:
- i. Are verifiable from the Subrecipient's records.
 - ii. Are not included as contributions for any other State or Federal award.
 - iii. Are necessary and reasonable for accomplishment of project or program objectives.
 - iv. Are allowable under the Cost Principles established in 2 CFR Part 200, Subpart E.
 - v. Are not paid by the Federal or State government under another Federal or State award, except where the Federal or State funds made available for such program can be applied to matching or cost sharing requirements of other Federal or State programs.
 - vi. Are provided for the approved budget when required by the State awarding agency; and
 - vii. Conform to 2 CFR § 200.306 "Cost Sharing" or matching and the TxGMS.

ARTICLE 13. PROJECT RECORDS AND REPORTS.

1. **Project Records.** The Subrecipient agrees to maintain satisfactory records of Project activity in the form and format prescribed, and in the interval required, by the State including, but not limited to:
- i. **Financial Records.** Accurate financial records in its Project account, including records of, but not limited to:
 - a. **Project Assets Received.** The amount of all assets it receives for Project use, including, but not limited to:

1. All funds or the value of any property the Federal and/or State Government provides for the Project, and
 2. All other funds and the value of any property or services it has received from sources other than the Federal and/or State Government provided for, accruing to, or otherwise received on account of the Project.
- ii. **Project Costs.** Information about Project costs including:
- a. All Project costs incurred for eligible Project property or services,
 - b. Detailed descriptions of the type of property or services acquired, including, but not limited to properly executed payrolls, time records, invoices, contracts, vouchers, and other appropriate records, and
 - c. Detailed justifications for those Project costs.
- iii. **Program Income.** All program income derived from Project property, except income the State determines to be exempt from Federal program income record requirements,
- iv. **Other Records Needed for Reports.** Sufficient Project records as needed to prepare adequate Project reports related to the Award that it must submit to the State.
- v. **Formats.** Using formats satisfactory to the State, project records subject to these requirements include, but are not limited to, records on paper, electronic records, including any emails pertaining to the Project, and records created in other formats
- vi. **Availability of Project Records.** Maintaining Project records that are readily accessible for review, and as feasible, keeping them separate from other records not related to the Project.

2. **Project Reports.** The Subrecipient agrees to provide to the State, and others, if the State so directs:

- i. All reports required under:
 - a. Applicable Federal or State law or regulation,
 - b. Any PGA or this MGA, or
 - c. The State's express direction.
- ii. Any other reports, whether identified in applicable State guidance, and
- iii. In the number and format as the State specifies, whether in:
 - a. Electronic formats,
 - b. Typewritten hard copy formats,
 - c. Other formats as the State determines.

3. **Reports to the State.** The Subrecipient shall submit written or electronic reports at intervals and in a format prescribed by the State.

- i. **Quarterly Transit Performance Report.** No later than 30 days after the end of each quarter, the Subrecipient shall submit a quarterly transit performance report to the State through the PTN-128 system. At a minimum, the quarterly transit performance report shall include the number of vehicles in operation (as of the final quarter); total unlinked passenger trips; total miles traveled; total expenses, including administrative and operating expenses; revenue, including fares and donations; operating expense per vehicle revenue mile; operating expense per unlinked passenger trip; and number of unlinked passenger trips per revenue mile traveled. These quarterly performance reports are necessary for the Department to produce the Annual Texas Transit Statistics Report for the Governor and State Legislature, as required by law.

- ii. **Additional Operating Reports May Be Required.** The State may require more frequent operating reports for reasons of its own, if the Subrecipient does not provide the reports in a timely manner, or if the reports indicate unfavorable trends.
 - iii. **Status of Procurements.** If the grant includes the purchase of vehicles or other capital equipment, the Subrecipient shall submit a quarterly report consisting of a brief narrative including, but not limited to, procurement milestones, including date of purchase order, vendor name and location, and estimated delivery date.
 - iv. **Status of Construction.** If the grant includes construction, the Subrecipient shall submit quarterly narrative reports, which include, but are not limited to the progress of construction.
 - v. **Additional Reports.** Additional reports may be required by the State.
4. **Advise the State in Writing.** Regardless of the type of assistance included in the grant, the Subrecipient shall promptly advise the State in writing if at any time the progress of the project will be negatively or positively impacted, including:
- i. Problems, delays, or adverse conditions that will materially affect the Subrecipient's ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a Statement of the action taken or contemplated by the Subrecipient and any State assistance needed to resolve the situation.
 - ii. Favorable Developments or events that will enable the Subrecipient to meet time schedules and goals sooner than anticipated or produce more work units than originally projected.
5. **Physical Inventory of Grant Supported Property.** At least once every two (2) years, or more frequently when instructed by the State, the Subrecipient shall cooperate with the State who will perform a physical inventory of grant-supported property as set forth in Article 18 (Property Management) and furnish the State a copy of the inventory.

ARTICLE 14. RECORD RETENTION AND ACCESS.

The Subrecipient agrees to follow 2 CFR §§ 200.334-.338 and State retention requirements as they pertain to documentation to be retained and the retention schedule.

- 1. **Documentation.** The Subrecipient shall maintain financial records, supporting documents, statistical records, and all other records of the public transportation grant.
- 2. **Retention Schedule.**
 - i. Financial records, supporting documents, statistical records, and all other records of the public transportation grant shall be retained for a period of three (3) years after grant closeout, except as provided in subsection (ii) below, or in 2 CFR § 200.334 with respect to: litigation, notification in writing to extend the retention period, records for real property, nonexpendable property, transfer of records, program income, indirect cost rate proposals and cost allocations plans
 - ii. Procurement Records. Per 43 TAC § 31.44(b)(3), all procurement documents are public information and shall be maintained by the Subrecipient for at least three (3) years after grant closeout, or, in the case of a capital project, the life of the asset plus three years.

3. **Access to Subrecipient and Third-Party Contractor Records.** The Subrecipient agrees to, and assures its Third-Party Contractors will agree to:

- i. Provide, and require its Third-Party Contractor at each tier to provide, sufficient access to inspect and audit records and information pertaining to the Project to the State and the State's duly authorized representatives,
- ii. Inspect all Project work and materials, and audit any information related to the Project and otherwise comply with 49 U.S.C. § 5325(g) and 2 CFR § 200.337 (Access to Records).

4. **Project Closeout and Access to Records.** Project closeout does not alter the access requirements of Article 14 of this MGA.

ARTICLE 15. PROJECT COMPLETION, SETTLEMENT, AND CLOSEOUT.

1. **Project Closeout.** Per 43 TAC § 31.47, the Subrecipient shall make every reasonable effort to complete all project activities and request appropriate reimbursements within the time period specified in the PGA. Project audits shall also be completed within the specified time period and any findings resolved with all practicable speed. Upon completion of these activities, the Subrecipient shall provide the State with written notification of project close-out and the release of any unspent project balances.

2. **Amounts Owed to the State.** The Subrecipient agrees to return to the State:

- i. Any payments it received for disallowed costs,
- ii. The grant-funded proportionate part of any amounts it recovers from third parties or other sources, and
- iii. Any interest assessed, penalties, and administrative charges required under Article 30 of this MGA.

3. **Project Closeout.** The Subrecipient agrees that Project closeout:

- i. Occurs when the State notifies the Subrecipient that the Project is closed, and
 - a. Approves and processes the final RFR or
 - b. Acknowledges receipt of the proper refund,
- ii. Does not alter its audit responsibilities, and
- iii. Does not invalidate any continuing requirements of:
 - a. Applicable State law or regulations,
 - b. Any PGA or this MGA, or
 - c. The State final notice or acknowledgment of Project closeout,
- iv. Does not alter the Subrecipient's obligation to return any amount it owes the State for later refunds, corrections, or other similar actions.

ARTICLE 16. SUBRECIPIENT SUBCONTRACTS.

1. **Standards.** The standards contained in 2 CFR Part 200 apply to public transportation contracting activities. The State will monitor Subrecipient compliance with those standards. No subcontract will relieve the Subrecipient of its responsibility under this MGA and any PGA executed under this MGA.

2. **State Consent.** The Subrecipient shall not enter into any subcontract with individuals or organizations for the purchase of equipment or the procurement of professional services without prior authorization and consent to the subcontract by the State. All subcontracts shall contain all provisions required by State or Federal law.

3. **Furnish State Notice of Intent.** Per 43 TAC § 31.43(c), Subrecipients shall furnish to the Department notice of the intent to award a purchase order or contract, as a result of formal competitive procurement, to any individuals or organizations not a part of the Subrecipient's organization. No subcontract will relieve the Subrecipient of the Subrecipient's legal responsibilities to the Department.

ARTICLE 17. PROCUREMENT STANDARDS.

1. **Federal Laws, Regulations, and Guidance.** Subrecipient procurement standards shall follow:
 - i. 2 CFR §§ 200.318-.327 and 49 U.S.C. Chapter 53.
 - ii. Other applicable parts of 2 CFR Part 200.
 - iii. The most recent edition and any revisions of FTA Circular 4220.1, "Third-Party Contracting Guidance."
 - iv. 43 TAC § 31.44 (Procurement Requirements)
 - v. All other applicable Federal laws, State laws, regulations, and requirements that affect third-party procurements, in effect at any time during the term of this MGA.
2. **Subrecipient's Procurement Standards.** The Subrecipient's procurement system must include, but not limited to, the following procurement standards:
 - i. **Procurement Procedures.** The Subrecipient must have and use procurement procedures which reflect applicable State and local laws and regulations. The procurement procedures must conform to applicable Federal law and the standards identified in this Article for acquisition of property or services required under award.
 - ii. **Contract Administration.** A contract oversight system must be used to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
 - iii. **Written Code of Standards.** A written code of standards of conduct governing the performance of employees engaged in the award and administration of contracts. No employee, officer, or agency of the Subrecipient shall participate in selection or in the award or administration of a contract supported by State or Federal funds if a conflict of interest, real or apparent, would be involved.
 - iv. **Process for Review.** Procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach.
 - v. **Intergovernmental Agreements.** The Subrecipient is encouraged to use State and local intergovernmental agreements for procurement or use of common goods and services, to foster greater economy and efficiency.
 - vi. **Federal Excess and Surplus Property.** Subrecipients and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
 - vii. **Value Engineering Clauses.** The Subrecipient is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer

reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

viii. Responsible Contractors. Awards must only be made to responsible subcontractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement, giving consideration to such matters as subcontractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

ix. Sufficient Records. The Subrecipient must maintain sufficient records to detail the significant history of procurement, including rationale for the method of procurement, selection of contract type, subcontractor selection or rejection, and the basis for the contract price.

x. Cost Analysis or Price Analysis. Subrecipients and subcontractors must perform a cost analysis or price analysis in connection with transactions, including contract modifications, in excess of the simplified acquisition threshold. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, Subrecipients must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of estimated cost, e.g., under professional consulting, and architectural engineering services contracts. A cost analysis is necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis shall be used in all other instances to determine the reasonableness of the proposed contract price.

xi. Limited Use. Subrecipients may use time and material type contracts only after a determination that:

- a. No other type of contract is suitable, and
- b. The contract includes a ceiling price that the contractor exceeds at its own risk.

xii. Administrative Practices. Subrecipients alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the Subrecipient of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the Subrecipient or subgrantee unless the matter is primarily a federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

xiii. Protest Procedures. Subrecipients must have protest procedures to handle and resolve disputes relating to procurements and prompt disclosure to the State of information regarding the protest.

xiv. Full and Open. The Subrecipient agrees to conduct all its third-party procurements using full and open competition as provided in 49 U.S.C. § 5325(a), and as determined by FTA.

xv. Exclusionary or Discriminatory Specifications. The Subrecipient agrees that it will not use any Federal assistance under 49 U.S.C. Chapter 53 for any procurement based on exclusionary or discriminatory specifications, as provided in 49 U.S.C. §

5325(h), unless authorized by other applicable Federal laws, regulations, or requirements.

xvi. Standards Apply. These standards shall apply to projects described in the Project Grant Agreement. For those projects requiring a formal competitive process, as described in 2 CFR § 200.320, the Subrecipient shall:

- a. Furnish to the Department for review and concurrence a copy of the public notification or solicitation, prior to issuance, along with any other procurement documents requested by the Department.
- b. Furnish to the Department for review and concurrence notice of the intent to award a contract or purchase order to responsible bidder along with justification for bidder selection, and any other procurement documents requested by the Department.

xvii. Prohibition On Certain Telecommunications and Video Surveillance Services or Equipment.

- a. Per 2 CFR § 200.216, Recipients and Subrecipients are prohibited from obligating or expending loan or grant funds to:
 1. Procure or obtain covered telecommunications equipment or services.
 2. Extend or renew a contract to procure or obtain covered telecommunications equipment or services; or
 3. Enter into a contract (or extend or renew a contract) to procure or obtain covered telecommunications equipment or services.
- b. As described in Public Law 115-232, Section 889, covered telecommunications equipment, or services means any of the following:
 1. Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
 2. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 3. Telecommunications or video surveillance services provided by such entities or using such equipment.
 4. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.
- c. For the purposes of this section, “covered telecommunications equipment or services” also include systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.
- d. In implementing the prohibition under Public Law 115-232, Section 889, Subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

- e. When the Subrecipient accepts a loan or grant, it is certifying that it will comply with the prohibition on covered telecommunications equipment and services in this section. The Subrecipient is not required to certify that funds will not be expended on covered telecommunications equipment or services beyond the certification provided upon accepting the loan or grant and those provided upon submitting payment requests and financial reports.
 - f. For additional information, see Section 889 of Public Law 115-232 and § 200.471.
3. **State Encourages.** The State encourages Subrecipients, when possible, to consider small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms (See U.S. Department of Labor's list) for contract opportunities as set forth in § 200.321.

ARTICLE 18. PROPERTY MANAGEMENT.

Unless indicated otherwise, "property" refers to all real property, including improvements, and equipment.

1. **Federal and State Laws, Regulations, and Guidance.** In fulfilling the obligations under this Article, the Subrecipient shall comply with all applicable laws, regulations, and guidance concerning property management, including, but not limited to, 2 CFR §§ 200.310-.316 (Property Standards) and 43 TAC Chapter 31, Subchapter E (Property Management Standards).

2. **Interest in Property.**

- i. The Subrecipient shall protect the Federal and State interest in any property investments supported by grant agreements. The Subrecipient shall not execute any transfer of title, lease, lien, pledge, mortgage, encumbrance, third-party contract, sub-agreement, grant anticipation note, alienation, innovative finance arrangement, or any other obligation pertaining to project property that in any way would affect the continuing State interest in project property.
- ii. The Subrecipient shall protect the Federal and State interest in any real property investments supported by grant agreements. Such grant-supported real property, defined by 43 TAC § 31.3, shall be protected in accordance with 43 TAC § 31.55. If required by the State, the Subrecipient shall secure a deed of trust in favor of the Department on any real property acquisitions or improvements supported by grant funding.
- iii. The Subrecipient shall record the Federal and State security interest as a lien on the certificate of title of the vehicle at the time of purchase in accordance with the Texas Transportation Code (TAC), Chapter 501 (Certificate of Title Act) and 43 TAC § 31.55.

3. **Property Records.** Subrecipient shall maintain property records that must include a description of the property, a serial number or another identification number, the source of funding for the property (including the FAIN), the title holder, the acquisition date, the cost of the property, the percentage of the Federal agency contribution towards the original purchase, the location, use and condition of the property, and any disposition data including the date of

disposal and sale price of the property. The Subrecipient is responsible for maintaining and updating property records when there is a change in the status of the property.

4. **Physical Inventory.** The Subrecipient shall cooperate with the State when it is performing a physical inventory of the property at least once every two (2) years and reconciling the inventory with property records described in the preceding paragraph annually.

5. **Control System.** The Subrecipient shall develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated. The Subrecipient must notify the State of any loss, damage, or theft of equipment or property.

6. **Maintenance Procedures.** The Subrecipient shall develop and follow procedures to keep the property maintained and in good condition. At a minimum, the Subrecipient shall follow the vehicle maintenance schedule recommended by the manufacturer, showing the date the maintenance was performed. Maintenance records shall be provided to the State upon request.

7. **Disposition Instructions.** The Subrecipient shall request disposition instructions from the State, and if authorized to sell the property, shall use proper sales procedures to ensure the highest possible return. Disposition of assets must comply with the 43 TAC § 31.57 and all applicable federal laws, regulations, and guidance.

8. **Immediately Notify the State.** In the event that project property is not used in the proper manner or is withdrawn from public transportation services, the Subrecipient shall immediately notify the State. The State reserves the right to direct the sale or transfer of property acquired under this MGA or any PGA upon determination by the State that said property has not been fully or properly used upon termination of this agreement or as otherwise allowed by applicable rules and regulations.

9. **Compliance with Federal and State Law.** All vehicles purchased under this MGA or any PGA must comply with the Motor Vehicle Safety Standards established by the US Department of Transportation and State law.

10. **Loss Or Damage to Property.** Irrespective of coverage by insurance, unless otherwise approved in writing by the State, in the event of loss or damage to project property, whether by casualty or fire, the fair market value will be the value of the property immediately before the casualty or fire.

11. **Theft, Wreck, Vandalism or Other.** The Subrecipient shall notify the State immediately of theft, wreck, vandalism, or other destruction of project-related property.

12. **Flood Insurance on Real Property.** The Subrecipient shall comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more. Subrecipients with FTA-funded buildings, located in areas that have been identified as having special flood hazards, and in which the sale of flood insurance

has been made available under the National Flood Insurance Act of 1968, must purchase flood insurance.

13. **Equipment or Real Property Transfer.** If equipment or real property is transferred to a Subrecipient, the Subrecipient shall own and operate the equipment or real property in accordance with the same rules and regulations governing the ownership and operation of equipment or real property acquired with financial assistance from the State.

ARTICLE 19. COORDINATION.

The Subrecipient shall coordinate with transportation providers, both public and private, and the State to eliminate waste and ensure efficiency and maximum coverage in the provision of public transportation services, including, whenever feasible and to the maximum extent possible, public transportation services for individuals served by social services agencies. The Subrecipient shall submit evidence of coordination efforts to the Department per 43 TAC § 31.49.

ARTICLE 20. LABOR PROTECTION PROVISIONS.

The Subrecipient shall comply with the labor protection provisions within 49 U.S.C. § 5333(b) (also known as Section 13(c) of the Federal Transit Act). The following terms and conditions shall apply for the protection of employees in the mass passenger transportation industry in the area of the project:

1. **Terms and Conditions.** The project shall be carried out in such a manner and upon such terms and conditions as will not adversely affect employees in the mass passenger transportation industry within the service area of the project.
2. **Rights, Privileges, and Benefits.** All rights, privileges, and benefits (including pension rights and benefits) of employees (including employees already retired) shall be preserved and continued.
3. **Financially Responsible.** The Subrecipient shall be financially responsible for any deprivation of employment or other worsening of employment position as a result of the project.
4. **Termination or Laid Off.** In the event an employee is terminated or laid off as a result of the project, he or she shall be granted priority of employment or reemployment to fill any vacant position for which he or she is, or by training or retraining can become qualified. In the event training is required by such employment or reemployment, the Subrecipient shall provide for such training or retraining at no cost to the employee.
5. **Applicable Rights, Privileges, and Benefits.** Any employee who is laid off or otherwise deprived of employment or placed in a worse position with respect to compensation, hours, working conditions, fringe benefits, or rights and privileges pertaining to employment at any time during his or her employment as a result of the project, including any program of efficiencies or economies directly or indirectly related, shall be entitled to receive any applicable rights, privileges and benefits as specified in the employee protective arrangement certified by the Secretary of Labor under Section 405(b) of the Rail Passenger Service Act of 1970 on April 16, 1971. An employee shall not be regarded as deprived of employment or placed in a worse position with respect to compensation, etc., in case of his or her resignation, death, retirement,

dismissal for cause, or failure to work due to disability or discipline. The phrase “as a result of the project” as used in this agreement shall include events occurring in anticipation of, during, and subsequent to the project.

6. **Jurisdiction of Secretary of Labor.** In the event any provision of these conditions is held to be invalid or otherwise unenforceable, the Subrecipient, the employees, and their representatives may invoke the jurisdiction of the Secretary of Labor to determine substitute fair and equitable employee protective arrangements which shall be incorporated in these conditions.
7. **Final Decision.** The Subrecipient agrees that any controversy respecting the project’s effects upon employees, the interpretation or application of these conditions and the disposition of any claim arising under this agreement may be submitted by any party to the dispute including the employees or their representative for determination by the Secretary of Labor, whose decision shall be final.
8. **Relevant Books and Records.** The Subrecipient shall maintain and keep on file all relevant books and records, in sufficient detail, to provide the basic information necessary for the making of the decisions called for in the preceding paragraph.
9. **Posting of Notice.** The Subrecipient shall post, in a prominent and accessible place, a notice stating that the Transit Provider is a recipient of Federal assistance under the Federal Transit Act and has agreed to comply with the provisions of 49 U.S.C. § 5333(b). The notice shall also specify the terms and conditions set forth in this agreement for the protection of employees.
10. **Whistleblower.** An employee of a Subrecipient must not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body described in paragraph (a)(2) of 41 U.S.C. 4712 information that the employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant. The recipient and Subrecipient must inform their employees in writing of employee whistleblower rights and protections under 41 U.S.C. 4712. See statutory requirements for whistleblower protections at 10 U.S.C. 4701, and 41 U.S.C. 4712.

ARTICLE 21. AUDIT.

For each year the project remains open, the Subrecipient shall comply with applicable Federal and State audit requirements.

1. Annual Audits of State, local government, and not-for-profit grant recipients.

State, local government and not-for-profit grant recipients that:

- i. Beginning with fiscal year 2025, expend \$1million or more of Federal awards in a fiscal year, are required to obtain an independent audit in accordance with 2 CFR Part 200, Subpart F.
- ii. When an audit is required, the audit report shall be submitted to the State within thirty (30) days of audit completion but no later than nine (9) months after the grant recipient’s fiscal year end.

2. **Annual Audits of For-Profit Grant Recipients.**

- i Beginning with fiscal year 2025, for-profit grant recipients that expend \$1million or more of Federal awards in a fiscal year are required to obtain an independent program specific audit in accordance with 2 CFR Part 200, Subpart F.
- ii The Subrecipient shall submit an annual audit certification to the State within sixty (60) days of recipient's fiscal year end to indicate if Federal grant expenditures met the threshold for an annual audit.
- iii When an audit is required, the audit report shall be submitted by the auditee within the earlier of 30 days after the receipt of the auditor's report(s), or no later than nine (9) months after the grant recipient's fiscal year end.

3. **Audit or Investigation by the State.** The State auditor or the Department may conduct an audit or investigation of any entity receiving funds from the State directly under this contract or indirectly through a subcontract under this contract. Acceptance of funds directly under this contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the auditor to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the auditor with access to any information the auditor considers relevant to the investigation or audit.

ARTICLE 22. MONITORING.

1. **Monitoring by the State.** Department personnel and the Subrecipient at least quarterly will discuss problems encountered by the Subrecipient, the Subrecipient's need for technical assistance, and other topics related to the provision of public transportation services. Routine monitoring activity will occur in the following areas according to a schedule that accommodates Federal deadlines and Department and operator workloads. See 43 TAC § 31.48.
- i. **Civil Rights.** State will monitor Subrecipients for compliance with Title VI Civil Rights requirements.
 - ii. **Control of Substance Abuse.** State will monitor Subrecipients for compliance with FTA standards governing an Alcohol and Controlled Substance Testing program.
 - iii. **Charter Service.** Section 5311 Subrecipients shall provide charter service only under the specific circumstances established by the FTA. Operators shall advise the Department of any charter service provided and the exemption under which charter service is provided.
 - iv. **Fiscal Responsibility.** On a quarterly basis, State will review agency financial records that support RFR.
 - v. **Insurance.** Subrecipients of State or Federal funds through the State shall ensure all facilities, equipment, and vehicles from loss. The State will verify Subrecipients have on file required insurance for facilities, equipment, and vehicles.
 - vi. **Maintenance.** Subrecipients are required to have written maintenance plans, schedules, and logs to ensure the proper care and longevity of vehicles and facilities in accordance with 43 TAC § 31.53. The plans, schedules, and logs are subject to periodic on-site inspection by the State.
 - vii. **Incident Report.** Subrecipients shall report all incidents that meet criteria established by the Department. The Subrecipient shall submit the report within five days of the incident or discovery of the incident.
 - viii. **Incidental Vehicle Use.** A vehicle purchased with Federal or State funds may be used for incidental uses that do not conflict with the primary purposes for which the

vehicle was purchased. An example of permissible incidental use is using the vehicle for other public transportation activities when it is not required for project purposes. The vehicle shall not be altered in any way to accommodate an incidental use.

ix. Procurement. The State will work with Subrecipients to ensure that procurement activities meet applicable State and Federal requirements and that all required documents are received, and actions completed in a timely manner. Check sheets will be maintained by the State to ensure all benchmark activities are accomplished in the proper sequence.

x. Asset Inventory. Each Subrecipient shall provide information on State and Federally funded equipment as described in the 43 TAC § 31.50 of this chapter (relating to Recordkeeping and Inventory Requirements).

2. **Monitoring of Project Progress**. The State will monitor the progress of the project authorized in this agreement using appropriate and necessary inspections, including but not limited to periodic reports, physical inspection of project facilities, telephone conversations, letters, and conferences.
3. **Fiscal or Program Audits**. The State will monitor and conduct fiscal or program audits of the Subrecipient to verify the extent of services provided under the terms of this MGA and any PGA. Representatives of the State and Federal government shall have access to project facilities and records at all reasonable times.

ARTICLE 23. DISPUTES AND REMEDIES.

1. The Subrecipient shall be responsible for the settlement of all contractual and administrative issues arising out of or relating to its contracts and procurements entered with third-parties in support of the grant.
2. Any dispute concerning the Department's actions under this agreement shall be submitted for resolution pursuant to 43 TAC § 9.1.
3. This MGA shall not be considered as specifying the exclusive remedy for any default, but all remedies existing at law and in equity may be availed of by either party and shall be cumulative.
4. The Subrecipient shall notify the State if a current or prospective legal matter that may affect the Federal Government arises. The State will promptly notify the FTA Chief Counsel and FTA Regional Counsel for the Region in which the State is located of any such matter. The types of legal matters that require notification to the State include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason. Matters that may affect the Federal Government include, but are not limited to, the Federal Governments' interest in the Award, the accompanying PGA, and any Amendments thereto, or the Federal Government's administration or enforcement of Federal laws, regulations, and requirements.

ARTICLE 24. DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REQUIREMENTS.

1. **Requirements**. The Subrecipient shall comply with Disadvantaged Business Enterprise (DBE) requirements found within 49 CFR Part 26, and as amended by the Interim Final Rule

(IFR) published in the Federal Register, Volume 90, No 190, October 3, 2025, with clarification provided in the IFR Frequently Asked Questions published October 24, 2025.

To the extent authorized by applicable federal laws, regulations, or requirements, the subrecipient agrees to facilitate, and assures that each Third-Party Participant will facilitate, participation by small business concerns owned and controlled by socially and economically disadvantaged individuals, also referred to as “Disadvantaged Business Enterprises” (DBEs).

2. **DBE Commitments.** The Subrecipient shall, to the maximum extent feasible, achieve DBE commitments and attainment using DBE-neutral means. If it is determined, either through actual or projected overall DBE attainment, that PTN may not achieve the annual FTA overall DBE goal, then PTN, at its discretion, may require DBE-conscious means to ensure the annual FTA overall DBE goal is met. DBE-conscious means may include, but not be limited to, the inclusion of contract specific goals within any PGA. PTN shall have final decision-making authority regarding the establishment of sub-recipient contract specific goals. The Subrecipient will cooperate with the State in reporting DBE commitments, attainment, and good faith efforts made in the manner prescribed by the State.

3. **Contract Specific Goals.** The Subrecipient shall comply with contract specific goals as specified in any PGA. When contract specific goals are established, the Subrecipient shall only award a contract to a bidder or offeror who makes adequate efforts to meet the contract specific goal stated in the any PGA. Bidder or offeror Good-Faith Effort requirements shall be satisfied by the bidder or offer:

- i. Documenting that it has obtained enough DBE participation to meet the goal; or
- ii. Documenting that it made adequate good faith efforts to meet the goal, even though it failed in obtaining enough DBE participation to do so.

4. **Nondiscrimination.** The Subrecipient shall not discriminate based on race, color, national origin, or sex in the award and performance of any U.S. Department of Transportation (DOT)-assisted contract or in the administration of its DBE program or the requirements of 49 CFR Part 26. The Subrecipient shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in award and administration of DOT-assisted contracts. The State’s DBE program, as required by 49 CFR Part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation, and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the Subrecipient of its failure to carry out its approved program, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. § 1001 and the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. § 3801 et seq.).

5. **Required Assurance.** Each contract the Subrecipient signs with a contractor (and each subcontract the prime contractor signs with a sub-contractor) must include the following assurance: “The contractor, Subrecipient, or sub-contractor shall not discriminate based on race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this agreement, which may result in the termination of this contract or such other remedy as the Subrecipient deems appropriate, which may include, but is not limited to: (1) Withholding

monthly progress payments; (2) Assessing sanctions; (3) Liquidated damages; and/or (4) Disqualifying the contractor from future bidding as non-responsible.”

ARTICLE 25. ALCOHOL AND CONTROLLED SUBSTANCES TESTING.

1. **Applicable Programs.** In the interest of safety in transit operations, recipients of funding from the Section 5339 Bus and Bus Facilities Program, Section 5307 Urbanized Area Formula Program, and Section 5311 Formula Grants for Rural Program are required by 49 U.S.C. § 5331 to establish Drug and Alcohol (D&A) Testing Programs.

2. **Applicable Subrecipients.** For the purpose of this MGA, applicable Subrecipients are those who receive Federal pass-through funding for Sections 5311 Formula Grants for Rural Program and 5339 Bus and Bus Facilities Program.

3. **Compliance with Regulations.** The Subrecipient shall certify compliance with 49 CFR Part 40 and 49 CFR Part 655 annually by signing the required FTA and State Certifications and Assurances.

4. **Drug and Alcohol Testing Program and Policy.** Applicable Subrecipients and each of their subcontractors with safety-sensitive employees shall have a Drug and Alcohol testing program and written policy that complies with alcohol and controlled substance testing standards established by the FTA, as defined in 49 CFR Part 655 and 49 CFR Part 40. The program requires Subrecipients to conduct pre-employment, reasonable suspicion, random, return-to-duty, and post-accident testing of public transportation employees responsible for safety sensitive functions. The State will monitor Subrecipients for compliance with the regulations.

5. **Drug and Alcohol Management Information System (DAMIS).** The FTA requires each Subrecipient and covered contractors to file a calendar year report (January 1 - December 31) with the State on alcohol and controlled substance and compliance activities. Section 5311 Subrecipients and covered contractors shall electronically submit required DAMIS reports on or before February 15th of each year so PTN can review and accept the reports by Federal deadline of March 15th.

6. **DAMIS Record Retention.** Subrecipients and covered contractors shall retain DAMIS reports for 5 years.

7. **Other Grant Programs.** Per 43 TAC § 31.48, each §5310 Subrecipient, shall comply with Federal Motor Carrier Safety Administration requirements for drug and alcohol compliance if it owns a vehicle that requires a commercial driver's license to operate. If the Subrecipient also receives §5307 or §5311 funding, the Subrecipient shall include §5310 employees in their FTA testing program.

ARTICLE 26. INDEMNIFICATION.

1. To the extent permitted by law, the Subrecipient shall indemnify and save harmless the State from all claims and liability due to activities of its agents, employees, or volunteers performed under this MGA and any PGA, which result from an error, omission, or negligent act of the Subrecipient or of any person employed by the Subrecipient.

2. To the extent permitted by law, the Subrecipient shall also save harmless the State from any and all expenses, including attorney fees, which might be incurred by the State in litigation or otherwise resisting said claim or liabilities which might be imposed on the State as a result of activities by the Subrecipient, its agents, employees, or volunteers.
3. The Subrecipient acknowledges that it is not an agent, servant, or employee of the State and that it is responsible for its own acts and deeds and for those of its agents, employees, or volunteers during the performance of this MGA and any PGA.

ARTICLE 27. COMPLIANCE WITH LAWS.

The Subrecipient shall comply with all Federal, State, and local laws, statutes, ordinances, rules, and regulations, and the orders and decrees of any courts or administrative bodies or tribunals in any matter affecting the performance of this grant, including without limitation workers' compensation laws, minimum and maximum salary and wage statutes and regulations, nondiscrimination laws and regulations, licensing laws, regulations, and the TxGMS. When required, the Subrecipient shall furnish the State with satisfactory proof of compliance.

ARTICLE 28. NONCOLLUSION.

The Subrecipient warrants that it has not employed or retained any company or person, other than a bona fide employee working for the firm, to solicit or secure this grant, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon or resulting from the award or making of this grant. If the Subrecipient breaches or violates this warranty, the State shall have the right to annul this agreement without liability or, in its discretion, to deduct from the grant price or consideration, or otherwise recover, the full amount of such fee, commission, brokerage fee, gift, or contingent fee.

ARTICLE 29. DEBT TO THE STATE.

If the comptroller is currently prohibited from issuing a warrant to Subrecipient because of a debt owed to the State, then the Subrecipient agrees that any payments owed under the contract will be applied towards the debt or delinquent taxes until the debt or delinquent taxes are paid in full.

ARTICLE 30. NONDISCRIMINATION ON THE BASIS OF DISABILITY.

The Subrecipient agrees that no otherwise qualified person with a disability shall, solely because of the person's disability, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under the project. The Subrecipient shall ensure that all fixed facility construction or alteration and all new equipment included in the project comply with applicable regulations set forth at 49 CFR Part 27, Nondiscrimination on the Basis of Disability in Programs and Activities Receiving or Benefiting from Federal Financial Assistance, and the Americans with Disabilities Act.

ARTICLE 31. SUCCESSORS AND ASSIGNS.

The Subrecipient binds themselves, their successors, assigns, executors and administrators in respect to all covenants of this MGA. The Subrecipient shall not assign, sublet, or transfer their interest in this agreement without the written consent of the State.

ARTICLE 32. LEGAL CONSTRUCTION.

In case any one or more of the provisions contained in this MGA shall for any reason be held to be invalid, illegal, or unenforceable in any respect, that invalidity, illegality, or unenforceability shall not affect any other provision of it and this MGA shall be construed as if such invalid, illegal, or unenforceable provisions had never been contained within it.

ARTICLE 33. PRIOR AGREEMENTS.

This MGA supersedes any prior written or oral agreements between the parties respecting the public transportation grant specifically authorized and funded under this MGA.

ARTICLE 34. REAL PROPERTY ACQUISITION, CONSTRUCTION, AND REPAIR.

1. **Relocation and Real Estate Acquisition.** Acquisition by the Subrecipient of real estate for projects with Federal funding must be carried out in accordance with provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970 (42 U.S.C. §61), Federal regulations (49 CFR Part 24 and FTA C5010.1D), and any applicable State and local laws, ordinances, regulations, and requirements.

2. **Construction.** The Subrecipient shall comply with all applicable construction statutes, regulations, and related requirements, during the effective time period of the MGA, including State and local laws, ordinances, regulations, and requirements and follow applicable FTA guidance in the development and implementation of construction projects for the award. In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering:

- i. **Construction Plans and Specifications:** The Subrecipient shall comply with all applicable statutes, regulations, and requirements, and follow FTA guidance in the development and implementation of construction plans and specifications, including drafting, review, and approval, for the Award.
 - ii. **Seismic Safety:** The Subrecipient shall comply with the Earthquake Hazards Reduction Act of 1977, as amended, 42 U.S.C. § 7701, et seq., and U.S. DOT regulations, "Seismic Safety," 49 CFR Part 41, specifically, 49 CFR § 41.117.
 - iii. **Supervision of Construction:** The Subrecipient shall maintain competent and adequate engineering supervision at the construction site of any Project to ensure that the completed work conforms to the approved plans and specifications.
 - iv. **Construction Reports:** For any Project or related activities involving construction, the Subrecipient shall provide progress reports and other relevant information or data, as required by FTA or the State in which construction takes place.
 - v. **Major Capital Investment Projects:** If the Subrecipient's Project involves a Major Federal Project, it shall comply with all applicable Federal regulations, including FTA regulations, "Major Capital Investment Projects," 49 CFR Part 611, and "Project Management Oversight," 49 CFR Part 633, and follow all applicable Federal guidance.
3. **Employee Protections.** The Subrecipient shall comply and shall ensure that each Third-Party Contractor complies with all Federal laws, regulations, and requirements providing

protections for construction employees involved in each Project or related activities with Federal assistance provided through the Project Grant Agreement. The requirements include but are not limited to:

- i. Prevailing Wage Requirements of:
 - a. Federal transit laws, specifically 49 U.S.C. § 5333(a), (FTA's "Davis Bacon Related Act").
 - b. The Davis-Bacon Act, 40 U.S.C. §§ 3141-3144, 3146, and 3147; and
 - c. U.S. Department of Labor (DOL) regulations, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (also Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)," 29 CFR Part 5.
- ii. Wage and Hour Requirements of:
 - a. Section 102 of the Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. § 3702, and other relevant parts of that Act, 40 U.S.C. § 3701, et seq.; and
 - b. U.S. DOL regulations, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (also Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)," 29 CFR Part 5.
- iii. "Anti-Kickback" Prohibitions of:
 - a. Section 1 of the Copeland "Anti-Kickback" Act, as amended, 18 U.S.C. § 874.
 - b. Section 2 of the Copeland "Anti-Kickback" Act, as amended, 40 U.S.C. § 3145; and
 - c. U.S. DOL regulations, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States," 29 CFR Part 3."
- iv. Construction Site Safety of:
 - a. Section 107 of the Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. § 3704, and other relevant parts of that Act, 40 U.S.C. § 3701, et seq.; and
 - b. U.S. DOL regulations, "Recording and Reporting Occupational Injuries and Illnesses," 29 CFR Part 1904; "Occupational Safety and Health Standards," 29 CFR Part 1910; and "Safety and Health Regulations for Construction," 29 CFR Part 1926.

4. **The Brooks Act.** When contracting for Architecture and Engineering services, the Subrecipient shall use competitive proposal procedures based on the Brooks Act as defined in 40 U.S.C. Section 11.

5. **National Environmental Policy Act (NEPA).** The Subrecipient shall, and shall ensure that its Third-Party Contractors, comply with all NEPA implementing regulations, including 40 CFR Parts 1500-1508, FHWA and FTA's Environmental Impact and Related Procedures, 23 CFR Part 771, and other environmental laws, regulations, and Executive Orders, such as regulations pertaining to Section 106 of the National Historic Preservation Act, the Clean Water Act, and the Endangered Species Act.

6. **Hazardous Materials.** The Subrecipient shall conduct an inspection of the building for hazardous materials, asbestos, and lead-based paint. Removal and disposal must be in accordance with local, State, and Federal regulations prior to the initiation of construction.

ARTICLE 35. CHILD SUPPORT STATEMENT.

1. Ineligibility to Receive State Grants or Loans or Receive Payments on State Contracts.

Per Texas Family Code § 231.006, a child support obligor who is more than thirty (30) days delinquent in paying child support and a business entity in which the obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least 25 percent, is not eligible to receive:

- i. Payments from State funds under a contract to provide property, materials, or services; or
- ii. A State-funded grant or loan.

2. Continued Ineligibility. Per Texas Family Code § 231.006, a child support obligor or business entity remains ineligible to receive payments from State funds under a contract to provide property, materials, services, or a State funded loan until:

- i. All arrearages have been paid.
- ii. The obligor is in compliance with a written repayment agreement or court order as to any existing delinquency; or
- iii. The court of continuing jurisdiction over the child support order has granted the obligor an exemption from ineligibility as part of a court-supervised effort to improve earnings and child support payments.

3. Required Information. A bid or an application for a contract, grant, or loan paid from State funds must include the name and social security number of the individual or sole proprietor and each partner, shareholder, or owner with an ownership interest of at least 25 percent of the business entity submitting the bid or application.

4. Required Statement. A contract, bid, or application subject to the requirements of this section must include the following statement: *"Under Section 231.006, Family Code, the vendor or applicant certifies that the individual or business entity named in this contract, bid, or application is not ineligible to receive the specified grant, loan, or payment and acknowledges that this contract may be terminated and payment may be withheld if this certification is inaccurate."*

5. False Certification. If the above certification is shown to be false, the Subrecipient is liable to the State for attorney's fees, the cost necessary to complete the contract, including the cost of advertising and awarding a second contract, and any other damages provided by law or the contract.

ARTICLE 36. CIVIL RIGHTS.

Nondiscrimination in Federal Public Transportation Programs. The Subrecipient agrees to, and assures that each Third-Party Participant will, prohibit discrimination based on race, color, religion, national origin, sex, disability, or age.

1. **Equal Employment Opportunity (EEO) Requirements.** The Subrecipient agrees to, and assures that each Third-Party Participant will:
 - i. Comply with Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e, et seq.
 - ii. Comply with Title I of the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101, et seq.

- iii. Comply with FTA Circular 4704.1 “Equal Employment Opportunity (EEO) Requirements and Guidelines for Federal Transit Administration Recipients;” and
 - iv. Follow other Federal guidance pertaining to EEO laws, regulations, and requirements, including current Executive Orders.
2. **Title VI of the Civil Rights Act.** The Subrecipient agrees to, and assures that each Third-Party Participant will prohibit discrimination based on race, color, or national origin, and comply with:
- i. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000d, et seq.
 - ii. U.S. DOT regulations, “Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964,” 49 CFR Part 21; and
 - iii. Federal transit law, specifically 49 U.S.C. § 5332.
 - iv. The most recent edition of FTA Circular 4702.1, “Title VI Requirements and Guidelines for Federal Transit Administration Recipients,” to the extent consistent with applicable Federal laws, regulations, requirements, and guidance.
 - a. U.S. DOJ, “Guidelines for the enforcement of Title VI, Civil Rights Act of 1964,” 28 C.F.R. § 50.3; and
 - v. All other applicable Federal guidance that may be issued, including current Executive Orders.

ARTICLE 37. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT REQUIREMENTS.

1. Any Subrecipient of funds under this MGA agrees to comply with the Federal Funding Accountability and Transparency Act and implementing regulations at 2 CFR Part 170, including Appendix A, and the Unique Entity Identifier and System for Award Management regulations at 2 CFR Part 25, including Appendix A.
2. The Subrecipient agrees that it shall:
 - i. Obtain and provide to the State a Unique Entity Identifier (UEI), a unique twelve-character number that allows the Federal Government to track the distribution of Federal money. The UEI number may be requested free of charge for all businesses and entities required to do so by visiting the System for Award Management (SAM) website at <https://sam.gov>, and
 - ii. Report the total compensation and names of its top five (5) executives to the State if:
 - a. The total Federal funding awarded equals or exceeds \$30,000;
 - b. More than 80% of annual gross revenues are from Federal awards or procurement contracts, including subawards and subcontracts, and those revenues are greater than \$25,000,000 annually; and
 - c. The compensation information is not already available through reporting to the U.S. Securities and Exchange Commission.

ARTICLE 38. TRAFFICKING IN PERSONS

The Subrecipient agrees to, and assures that each Third-Party Participant will, comply with Federal requirements and guidance, including (i) Section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended, 22 U.S.C. § 7104(g); and U.S. OMB regulatory guidance, “Award Term for Trafficking in Persons,” 2 CFR Part 175.

ARTICLE 39. DELEGATION OF AUTHORITY/SIGNATURE AUTHORITY.

- 1.The governing body of a governmental entity may delegate its authority regarding an action authorized to a designated representative, committee, or other person. (Texas Government Code § 2269.053)
- 2.The governmental entity shall provide notice of the delegation, the limits of the delegation, and the name or title of each person designated (Texas Government Code § 2269.053)
- 3.Subrecipients shall have a Signature Authority document on file with the State. The authority must be delegated by the highest level in the Subrecipient’s organization.

ARTICLE 40. SIGNATORY WARRANTY.

Each signatory warrants the signatory has necessary authority to execute this agreement on behalf of the entity represented.

THE SUBRECIPIENT

Signature

Title

Date

THE STATE OF TEXAS

Signature

Title

Date

END OF DOCUMENT.

Certificate Of Completion

Envelope Id: 8802E115-870A-8223-80D4-D1764616DAB4

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gwalls@webbcountytexas.gov

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Vicki Aldrighetti-Mata

Vicki.AldrighettiMata@txdot.gov

Security Level: Email, Account Authentication (Optional)

Electronic Record and Signature Disclosure:

Not Offered via Docusign

In Person Signer Events

Signature

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Editor Delivery Events

Status

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Agent Delivery Events

Status

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Intermediary Delivery Events

Status

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Certified Delivery Events

Status

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Carbon Copy Events

Status

Timestamp

Bridgett Hlavinka

Bridgett.Hlavinka@txdot.gov

Security Level: Email, Account Authentication (Optional)

Electronic Record and Signature Disclosure:

Not Offered via Docusign

Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent

Hashed/Encrypted

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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

In Process

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Texas Department of Transportation (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Texas Department of Transportation:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: kevin.setoda@txdot.gov

To advise Texas Department of Transportation of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at kevin.setoda@txdot.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

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To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to kevin.setoda@txdot.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Texas Department of Transportation

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to kevin.setoda@txdot.gov and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	• Allow per session cookies

	• Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection
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** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

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