

NAVARRO COUNTY COMMISSIONER'S COURT

A REGULAR MEETING OF THE NAVARRO COUNTY COMMISSIONER'S COURT WAS HELD ON MONDAY THE, 9TH DAY OF NOVEMBER, 2009 AT 10:00 A.M., IN THE COURTROOM OF THE NAVARRO COUNTY COURTHOUSE, CORSICANA, TEXAS. PRESIDING JUDGE HM DAVENPORT, COMMISSIONERS PRESENT KIT HERRINGTON, FAITH HOLT, DAVID WARREN, AND JAMES OLSEN

1. 10:08 A.M. MOTION TO CONVENE BY HERRINGTON SEC BY OLSEN  
ALL VOTED AYE MOTION CARRIED
2. OPENING PRAYER BY COMMISSIONERS HOLT
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENTS- NO COMMENTS

**CONSENT AGENDA**

MOTION TO APPROVE CONSENT AGENDA ITEMS 5 & 6 BY HERRINGTON SEC BY WARREN  
ALL VOTED AYE MOTION CARRIED

5. APPROVE THE MINUTES FROM THE PREVIOUS MEETING OF OCTOBER 26<sup>TH</sup> & NOVEMBER 5<sup>TH</sup>, 2009
6. APPROVE AND PAY BILLS AS SUBMITTED BY COUNTY AUDITOR


**REGULAR AGENDA**

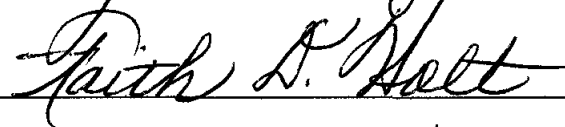
7. MOTION TO APPROVE JUDGE DAVENPORT AND THE AUDITOR TO LOOK INTO HIRING A GRANTWRITER/ADMINISTRATOR AND THEN REPORT BACK TO COMMISSIONER'S COURT AT THE NEXT MEETING BY HOLT SEC BY WARREN  
VOTE: JUDGE DAVENPORT-YES, COMMISSIONER HOLT-YES, COMMISSIONER WARREN-YES, COMMISSIONER OLSEN-YES  
COMMISSIONER HERRINGTON-NO MOTION CARRIED 4-1
8. MOTION TO APPROVE ACCEPTING THE FINANCING OF THE KUBOTA TRACTOR THROUGH WELCH STATE BANK, FOR PRECINCT 2 BY HOLT SEC BY HERRINGTON  
**TO WIT PG 206-227**  
ALL VOTED AYE MOTION CARRIED

- 9. MOTION TO APPROVE AUTHORIZING THE AUDITOR TO GO OUT FOR BIDS FOR A USED MOTORGRADER, FOR PRECINCT 2 BY HOLT SEC BY WARREN  
ALL VOTED AYE MOTION CARRIED
- 10. MOTION TO APPROVE DECLARING A 1988 MOTORGRADER AS SURPLUS, PCT2 BY HOLT SEC BY OLSEN  
ALL VOTED AYE MOTION CARRIED
- 11. MOTION TO APPROVE ADDENDUM 1 TO ANALYST'S NOTEBOOK SOFTWARE LICENSE BETWEEN i2, INC. AND NORTH TEXAS HIDTA BY HERRINGTON SEC BY WARREN **TO WIT PG-228**  
ALL VOTED AYE MOTION CARRIED
- 12. MOTION TO APPROVE COUNTY AUDITOR'S RECOMMENDATION TO ACCEPT THE PROPOSAL FOR FINANCIAL AUDIT SERVICES SUBMITTED BY PATILLO, BROWN, AND HILL. L.L.P. BY OLSEN SEC BY WARREN **TO WIT PG-229**  
ALL VOTED AYE MOTION CARRIED
- 13. MOTION TO ADJOURN BY WARREN SEC BY HERRINGTON  
ALL VOTED AYE MOTION CARRIED

THESE MINUTES ARE HEREBY APPROVED THIS 23 DAY OF NOVEMBER 2009.

JUDGE HM DAVENPORT 

COMR.PCT.1 KIT HERRINGTON 

COMR.PCT.2 FAITH HOLT 

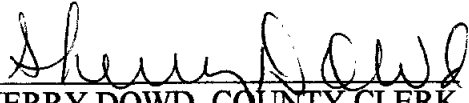
COMR.PCT.3 DAVID "BUTCH" WARREN 

COMR.PCT.4 JAMES OLSEN 

I, SHERRY DOWD, NAVARRO COUNTY CLERK, ATTEST THAT THE FOREGOING IS A TRUE AND ACCURATE ACCOUNTING OF THE

COMMISSIONERS COURT'S AUTHORIZED PROCEEDING FOR NOVEMBER  
9TH, 2009.

SIGNED 23 DAY OF NOVEMBER 2009.

  
SHERRY DOWD, COUNTY CLERK



#8

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**EQUIPMENT LEASE-PURCHASE AGREEMENT**

**By and between**

**Welch State Bank  
as Lessor**

**and**

**Navarro County  
as Lessee  
Precinct #2**

**Dated as of November 9, 2009**

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**EQUIPMENT LEASE-PURCHASE AGREEMENT**

This EQUIPMENT LEASE-PURCHASE AGREEMENT (the "Agreement"), dated as of November 9, 2009, and entered into between Welch State Bank, PO Box 129, Welch, OK, 74369 ("Lessor") and Navarro County, 300 West 3rd Ave, Suite 10, Corsicana, TX, 75110 ("Lessee"), a political subdivision duly organized and existing under the laws of the State of Texas ("State").

**WITNESSETH:**

WHEREAS, Lessor desires to lease the Equipment, as hereinafter described in Exhibit "A", to Lessee, and Lessee desires to lease the Equipment from Lessor, subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, Lessee is authorized under the Constitution and laws of the State of Texas to enter into this Agreement for the purposes set forth herein:

NOW, THEREFORE, in considerations of the premises and the mutual covenants and agreements herein set forth, Lessor and Lessee do hereby covenant and agree as follows:

**ARTICLE I. Section 1.01. Definitions.** The following terms will have the meanings indicated below unless the context clearly requires otherwise.

"Agreement" means this Equipment Lease-Purchase Agreement and any schedule or exhibit made a part hereof by the parties hereto, together with any amendments to the Agreement made pursuant to Section 13.03 and 13.06.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commencement Date" is the date when the term of this Agreement and Lessee's obligation to pay rent commences, which date shall be the date first above written.

"Equipment" means the property described in Exhibit "A", Equipment Description, and all replacements, repairs, restorations, modifications and improvements thereof or thereto made pursuant to Section 5.04 or Article VIII.

"Event of Default" means any event of default described in Section 12.01.

"Issuance Year" means the calendar year in which this Agreement was entered into by Lessee and Lessor.

"Lease Term" means the Original Term and all Renewal Terms.

"Lessee" means the entity described as such in the first paragraph of this Agreement, its successors and its assigns.

"Lessor" means the entity described as such in the first paragraph of this Agreement, its successors and its assigns.

"Original Term" means the period from the Commencement Date until the end of the budget year of Lessee in effect on the Commencement Date.

"Purchase Price" means the amount designated as such on Exhibit B hereto, together with all other amounts then due hereunder, that Lessee may, in its discretion, pay to Lessor to purchase the Equipment.

"Renewal Terms" means the renewal terms of this Agreement, each having a duration of one year and a term coextensive with Lessee's budget year.

"Rental Payments" means the basic rental payments payable by Lessee pursuant to Section 4.01.

"Rental Payment Date" means the date upon which any Rental Payment is due and payable as provided in Exhibit B.

"State" means the State of Texas.

"Vendors" means the manufacturer of the Equipment as well as agents or dealers of the manufacturer from whom Lessor purchased or is purchasing the Equipment.

**ARTICLE II. Section 2.01. Representations and Covenants of Lessee.** Lessee represents, covenants and warrants for the benefit of Lessor as follows:

- (a) Lessee is a political subdivision of the State duly organized and existing under the Constitution and laws of the State with full power and authority to enter into this Agreement, as specified in Texas Statutes, and the transactions contemplated hereby and to perform all of its obligations hereunder.
- (b) Lessee has duly authorized the execution and delivery of this Agreement by proper action by its governing body at a meeting duly called, regularly convened and attended throughout by the requisite majority of the members thereof or by other appropriate official approval, and all requirements have

been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement.

- (c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.
- (d) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Rental Payments scheduled to come due during the current budget year, and to meet its other obligations for the current budget year, and such funds have not been expended for other purposes.
- (e) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a public body corporate and politic.
- (f) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Equipment.
- (g) During the Lease Term, the Equipment will be used by Lessee only for the purpose of performing essential governmental or proprietary functions of Lessee consistent with the permissible scope of Lessee's authority. The Equipment will have a useful life in the hands of Lessee in excess of the Original Term and all Renewal Terms.
- (h) Lessee will annually provide Lessor with current financial statements, budgets, proofs of appropriation for the ensuing budget year and other such financial information relating to the ability of Lessee to continue this Agreement as may be requested by Lessor. Should Lessor assign this Agreement, Lessee will provide updated certificates regarding the use of the Equipment and Lessee's compliance with the terms hereof.
- (i) Lessee will comply with all applicable provisions of the Code, including without limitation Sections 103 and 148 thereof, and the applicable regulations of the Treasury Department to maintain the exclusion of the interest components of Rental Payments from gross income taxation.
- (j) Lessee will use the proceeds of this Agreement as soon as practicable and with all reasonable dispatch for the purpose for which the Agreement has been entered into. No part of the proceeds of the Agreement shall be invested in any securities, obligations or other investments or used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Agreement, would have caused any portion of the Agreement to become "arbitrage bonds" within the meaning of Section 103(b)(2) or Section 148 of the Code and the applicable regulations of the Treasury Department.
- (k) Lessee represents and warrants that it is a governmental unit under the laws of the State with general taxing powers; the Agreement is not a private activity bond as defined in Section 141 of the Code; 95% or more of the net proceeds of the Agreement will be used for local governmental activities of Lessee; and the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued or to be issued by Lessee and all subordinate entities thereof during the Issuance Year is not reasonably expected to exceed \$10,000,000. Lessee and all subordinate entities thereof will not issue in excess of \$10,000,000 of tax-exempt bonds (including the Agreement but excluding private activity bonds) during the Issuance Year without first obtaining an opinion of nationally-recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor that the excludability of the interest components of Rental Payments on the agreement from gross income for federal tax purposes will not be adversely affected.

**Section 2.02. Certification as to Arbitrage.** Lessee hereby represents as follows:

- (a) The Equipment has been ordered or is expected to be ordered within six months of the Commencement Date, and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within one year of the Commencement Date.
- (b) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of the Rental Payments.
- (c) The Equipment has not been and is not expected to be sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the last maturity of the Rental Payments.
- (d) Lessee has not been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer whose arbitrage certificates may not be relied upon.

**ARTICLE III. Section 3.01. Lease of Equipment.** Lessor hereby demises, leases and lets to Lessee, and Lessee rents, leases and hires from Lessor, the Equipment in accordance with this Agreement for the Lease Term. This Agreement shall be in effect and shall commence as of the Commencement Date. The Lease Term may be continued, solely at the option of Lessee, at the end of the Original Term or any Renewal Term for an additional Renewal Term up to the maximum Lease Term set forth in Exhibit B hereto. At the end of the Original Term and at the end of each Renewal Term until the maximum Lease Term has been completed, Lessee shall be deemed to have exercised its option to continue this Agreement for the next Renewal Term if Lessee budgets and appropriates or otherwise makes legally available funds to pay Rental Payments for such Renewal Term, unless Lessee shall have terminated this Agreement pursuant to Section 10.01. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Rental Payments shall be as provided on Exhibit B hereto.

**Section 3.02. Continuation of Lease Term.** It is the intent of Lessee to continue the Lease Term through the Original Term and all Renewal Terms and to pay the Rental Payments hereunder. Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments during the entire Lease Term can be obtained. Lessee and Lessor acknowledge that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform and this Agreement does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all Rental Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the Lease Term. Lessee will use funds appropriated for this Agreement for no other purpose than to pay the Rental Payments and other amounts due hereunder.

**Section 3.03. Nonappropriation.** Lessee is obligated only to pay such Rental Payments under this Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current budget year. Should Lessee fail to budget, appropriate or otherwise make available funds to pay Rental Payments following the then current Original Term or Renewal Term, this Agreement shall be deemed terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If this Agreement is terminated in accordance with this Section, Lessee agrees to peaceably deliver the Equipment, at Lessee's sole expense, to Lessor at the location(s) to be specified by Lessor.

**ARTICLE IV. Section 4.01. Rental Payments.** Lessee shall promptly pay Rental Payments to Lessor, exclusively from legally available funds, in lawful money of the United States of America, without notice or demand, in such amounts and on or before the applicable Rental Payment Dates set forth on Exhibit B hereto, at the address set forth on the first page hereof or such other address as Lessor or its assigns may from time to time request in writing. Lessee shall pay Lessor interest on any Rental Payment not paid on the date such payment is due at the rate of 12% per annum or the maximum amount permitted by law, whichever is less, from such date. Any Rental Payment not paid within 30 days of the due date thereof shall be subject to a late payment charge equal to two percent (2%) of the amount of the past due Rental Payment, but in no event less than Ten Dollars (\$10.00). A portion of each Rental Payment is paid as and represents payment of, interest, as set forth on Exhibit B hereto.

**Section 4.02. Rental Payments to Constitute a Current Expense of Lessee.** Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder shall constitute a current expense of Lessee and shall not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement governing the creation of indebtedness by Lessee, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or monies of Lessee.

**Section 4.03. RENTAL PAYMENTS TO BE UNCONDITIONAL.** EXCEPT AS PROVIDED IN SECTION 3.03, THE OBLIGATIONS OF LESSEE TO MAKE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON,

INCLUDING WITHOUT LIMITATION ANY FAILURE OF THE EQUIPMENT TO BE DELIVERED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

**ARTICLE V. Section 5.01. Delivery, Installation and Acceptance of the Equipment.** Lessee shall order the Equipment and cause the Equipment to be delivered and installed at the location specified on Exhibit A. When the Equipment has been delivered and installed, Lessee shall immediately accept the Equipment and evidence said acceptance by executing and delivering to Lessor an acceptance certificate acceptable to Lessor.

**Section 5.02. Enjoyment of Equipment.** Lessor shall provide Lessee with quiet use and enjoyment of the Equipment during the Lease Term, and Lessee shall peaceably and quietly have, hold and enjoy the Equipment during the Lease Term, without suit, trouble or hindrance from Lessor, except as otherwise expressly set forth in this Agreement.

**Section 5.03. Location; Inspection.** Lessor shall have the right at all reasonable times during regular business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

**Section 5.04. Use and Maintenance of the Equipment.** Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Agreement. Lessee shall provide all permits and licenses, if any, necessary for the installation and operation of the Equipment. In addition, Lessee agrees to comply in all respects with all applicable laws, regulations and rulings of any legislative, executive, administrative or judicial body; provided that Lessee may contest in good faith the validity or application of any such law, regulation or ruling in any reasonable manner that does not, in the opinion of Lessor, adversely affect the interest of Lessor in and to the Equipment or its interest or rights under this Agreement. Lessee agrees that it will, at Lessee's own cost and expense, maintain, preserve and keep the Equipment in good repair and working order. Lessor shall have no responsibility to maintain, repair or make improvements or additions to the Equipment. Upon the request of Lessor, Lessee will enter into a maintenance contract for the Equipment with one or more Vendors.

**ARTICLE VI. Section 6.01. Title to the Equipment.** Upon acceptance of the Equipment by Lessee, title to the Equipment shall vest in Lessee subject to Lessor's rights under this Agreement. title shall thereafter immediately and without any action by Lessee vest in Lessor, and Lessee shall immediately surrender possession of the Equipment to Lessor upon (a) any termination of this Agreement other than termination pursuant to Section 10.01 or (b) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument of conveyance. Lessee shall, nevertheless, execute and deliver any such instruments as Lessor may request to evidence such transfer. Upon termination of this Lease in accordance with Articles 3 and 12 hereof, at the election of Lessor and upon Lessor's written notice to Lessee, full and unencumbered legal title and ownership of the Equipment shall pass to Lessor, Lessee shall have no further interest therein, and Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

**Section 6.02. Security Interest.** To secure the payment of all of Lessee's obligations under this Agreement, Lessee hereby grants to Lessor a security interest constituting a first lien on the Equipment and on all additions, attachments and accessions thereto, substitutions therefor and proceeds therefrom. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, which Lessor deems necessary or in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and the security interest of any assignee of Lessor in the Equipment.

**Section 6.03. Personal Property.** The Equipment is and will remain personal property. The Equipment will not be deemed to be affixed to or a part of the real estate on which may be situated, notwithstanding that the Equipment or any part thereof may be or hereafter become in any manner physically affixed or attached to such real estate or any building thereon. Upon the request of Lessor, Lessee will, at Lessee's expense, furnish a waiver of any interest in the Equipment from any party having an interest in any such real estate or building.



**ARTICLE VII. Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges.**

Lessee shall keep the Equipment free of all levies, liens and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of the Equipment by Lessee is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee shall pay such taxes or charges as the same may become due.

**Section 7.02. Insurance.** At its own expense, Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained in the amounts and for the coverage set forth in Exhibit G. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Agreement. Lessee shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but other properties. All such insurance shall be with insurers that are acceptable to Lessor, shall name Lessee and Lessor as insureds and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially without first giving written notice thereof to Lessor at least 10 days in advance of such cancellation or modification. All such casualty insurance shall contain a provision making any losses payable to Lessee and Lessor as their respective interests may appear. With written consent of Lessor, Lessee may satisfy the insurance requirements of this Section 7.02 by self-insurance.

**Section 7.03. Advances.** In the event Lessee shall fail to either maintain the insurance required by this Agreement or keep the Equipment in good repair and working order, Lessor may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums thereof and maintain and repair the Equipment and pay the cost thereof. All amounts so advanced by Lessor shall constitute additional rent for the then current Original Term or Renewal Term and Lessee covenants and agrees to pay such amounts so advanced by Lessor with interest thereon from the due date until paid at the rate of 12% per annum or the maximum amount permitted by law, whichever is less.

**ARTICLE VIII. Section 8.01. Damage, Destruction and Condemnation.** If (a) the equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, Lessee and Lessor will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Equipment, unless Lessee shall have exercised its option to purchase the Equipment pursuant to Section 10.01. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee. For purposes of this Article, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all expenses, including attorneys' fees, incurred in the collection thereof.

**Section 8.02. Insufficiency of Net Proceeds.** If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in Section 8.01, Lessee shall either (a) complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds, or (b) purchase Lessor's interest in the Equipment pursuant to Section 10.01. The amount of the Net Proceeds, if any, remaining after completing such repair, restoration, modification or improvement or after purchasing Lessor's interest in the Equipment shall be retained by Lessee. If Lessee shall make any payments pursuant to this Section, Lessee shall not be entitled to any reimbursement therefor from Lessor nor shall Lessee be entitled to any diminution of the amounts payable under Article IV.

**ARTICLE IX. Section 9.01. DISCLAIMER OF WARRANTIES.** Lessee acknowledges and agrees that the Equipment is of a size, design and capacity selected by Lessee and that Lessor is neither a manufacturer nor a vendor of such Equipment. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN,

CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR USE OF THE EQUIPMENT OR ANY MANUFACTURER'S OR VENDOR'S WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR IN THIS AGREEMENT.

**Section 9.02. Vendors' Warranties.** Lessor hereby irrevocably appoints Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default hereunder, to assert from time to time whatever claims and rights (including without limitation warranties) related to the Equipment that Lessor may have against the Vendors. Lessee's representation shall be against the Vendors of the Equipment and not against Lessor. Any such matter shall not have any effect whatsoever on the rights and obligations of Lessor with respect to this Agreement, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor makes, and has made, no representations or warranties whatsoever as to the existence or the availability of such warranties by the Vendors of the Equipment.

**ARTICLE X. Section 10.01. Purchase Option.** Lessee shall have the option to purchase Lessor's interest in the Equipment, upon giving written notice to Lessor at least 60 days before the date of purchase except the final Rental Payment Date, at the following times and upon the following terms.

- (a) On the Rental Payment Dates specified in Exhibit B, upon payment in full of the Rental Payments then due hereunder plus the then applicable Purchase Price to Lessor; or
- (b) In the event of substantial damage to or destruction or condemnation of substantially all of the Equipment, on the day Lessee specifies as the purchase date in Lessee's notice to Lessor of its exercise of the purchase option pursuant to Article VIII, upon payment in full of the Rental Payments then due hereunder plus the then applicable Purchase Price to Lessor.

**ARTICLE XI. Section 11.01. Assignment by Lessor.** Lessor's right, title and interest in, to and under this Agreement and the Equipment may be assigned and reassigned only in whole but not in part without the necessity of obtaining the consent of Lessee. Any assignment shall not be effective until Lessee has received written notice, signed by the assignor, of the name and address of the assignee. Lessee shall retain all such notices as a register of all assignees and shall make all payments to the assignee currently designated in such register. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements that may be reasonably requested by Lessor or any assignee to protect its interests in the Equipment and in this Agreement. Lessee shall not have the right to and shall not assert against any assignee or any claim, counterclaim or other right Lessee may have against Lessor.

**Section 11.02. Assignment and Subleasing by Lessee.** None of Lessee's right, title and interest in, to and under this Agreement and in the Equipment may be assigned or encumbered by Lessee for any reason, except that Lessee may sublease all or part of the Equipment if Lessee obtains the prior written consent of Lessor and an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor that such subleasing will not adversely affect the exclusion of the interest components of the Rental Payments from gross income for federal income tax purposes. Any such sublease of all or part of the Equipment shall be subject to this Agreement and the rights of Lessor in, to and under this Agreement and the Equipment.

**ARTICLE XII. Section 12.01. Events of Default Defined.** Subject to the provisions of Section 3.03, any of the following events shall constitute an "Event of Default" under this Agreement:

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein;
- (b) Failure by Lessee to maintain required insurance coverage or to observe and perform any other covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;

- (c) Any statements, representations or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Any provision of this Agreement shall be at any time for any reason cease to be valid and binding on Lessee, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Lessee or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of Lessor, or Lessee shall deny that it has any further liability or obligation under this Agreement;
- (e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or
- (f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

**Section 12.02. Remedies on Default.** Whenever any Event of Default exists, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) With or without terminating this Agreement, may declare all Rental Payments due or to become due during the Original or Renewal Term in effect when the default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable; and
- (b) With or without termination of this Agreement, Lessor may enter the premises where the Equipment is located and disable the Equipment to prevent further use thereof by Lessee. In addition or alternatively, Lessor may take possession of any of all of the Equipment by giving written notice to deliver the Equipment in the manner provided in Section 12.03; in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon Lessee's premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments due with respect thereto during the Fiscal Year then in effect.
- (c) If Lessor terminates this Agreement and, in its discretion, takes possession and disposes of the Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorney's fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the balance of any Rental Payments owed by Lessee during the Original or Renewal Term then in effect; any disposition proceeds remaining after the requirements of the clauses (i), (ii), (iii), (iv), and (v) have been met shall be paid to Lessee; (v) the applicable Purchase Price of the Equipment and
- (d) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment, and Lessee shall pay the reasonable attorney's fees and expenses incurred by Lessor in enforcing any remedy hereunder.

**Section 12.03. Return of Equipment; Release of Lessee's Interest.** Upon termination of this Agreement hereunder prior to the payment of all Rental Payments or the applicable Purchase Price in accordance with Exhibit B: (i) Lessor may enter upon Lessee's premises where the Equipment is kept and disable the Equipment to prevent its further use by Lessee and (ii) Lessee shall promptly, but in any event within ten (10) days after such termination, at its own cost and expense: (a) perform any testing and repairs required to place the Equipment in the condition required by Section 5.04; (b) if deinstallation, disassembly or crating is required, cause the Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c)

deliver the Equipment to a location specified by Lessor, freight and insurance prepaid by Lessee. If Lessee refuses to deliver the Equipment in the manner designated, Lessor may repossess the Equipment and charge to Lessee the costs of such repossession.

**Section 12.04. No Remedy Exclusive.** No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Agreement it shall not be necessary to give any notice other than such notice as may be required in this Agreement.

**Section 12.05. Force Majeure.** If by any reason of **Force Majeure** Lessee is unable in whole or in part to carry out its agreement on its part herein contained, other than the obligations on the part of Lessee contained in Article IV and Section 7.02 hereof, Lessee shall not be deemed in default during the continuance of such inability. The term "Force Majeure" as used herein shall mean, without limitation, the following: Acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, orders or restraints of any kind of government of the United States of America or the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; or explosions.

**ARTICLE XIII. Section 13.01. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties hereto at the addresses immediately after the signatures to this Agreement (or at such other address as either party hereto shall designate in writing to the other for notices to such party) and to any assignee at its address as it appears on the registration books maintained by Lessee.

**Section 13.02. Release and Indemnification.** To the extent permitted by law, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss claim, tax and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith (including without limitation counsel fees and expenses and any federal income tax and interest and penalties connected therewith imposed on interest received) arising out of or as the result of (a) the entering into of this Agreement, (b) the ownership of any item of Equipment, (c) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any item of the Equipment, (d) or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or death to any person, and/or (e) the breach of any covenant herein or any material misrepresentation contained herein. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

**Section 13.03. Entire Agreement.** This Agreement constitutes the entire agreement between Lessor and Lessee. There are no understandings, agreements, representations or warranties, express or implied, not specified herein regarding this Agreement or the Equipment leased hereunder. Any terms and conditions of any purchase order or other document submitted by Lessee in connection with this Agreement which are in addition to or inconsistent with the terms and conditions of this Agreement will not be binding on Lessor and will not apply to this Agreement. Lessee by the signature below of its authorized representative acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and conditions. No waiver, consent, amendment, modification or change of terms of this Agreement shall bind either party unless in writing, signed by both parties, and then such waiver, consent, amendment, modification or change shall be effective only in the specific instance and for the specific purpose given.

**Section 13.04. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

**Section 13.05. Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 13.06. Amendments, Changes and Modifications.** This Agreement may be amended by Lessor and Lessee.

**Section 13.07. Execution in Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 13.08. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 13.09. Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

**IN WITNESS WHEREOF,** Lessor has executed this Agreement in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers, and Lessee has caused this Agreement to be executed in its corporate name and attested by its duly authorized officers as of the date written above.

**LESSOR**

**Welch State Bank**

By: \_\_\_\_\_

Print Name:  Sherri Mount

Title:  Vice President

**LESSEE**

**Navarro County**

By:  *H.M. Davenport, Jr.*

Print Name:  H.M. Davenport, Jr.

Title:  County Judge

(SEAL)

**ATTEST:**

By: \_\_\_\_\_

Print Name:  Kelli Langley

Title:  Loan Documentation



By:  *Sherry Dowd*

Print Name:  Sherry Dowd

Title:  County Clerk

**EXHIBIT A TO EQUIPMENT LEASE-PURCHASE AGREEMENT**  
Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.

**DESCRIPTION OF EQUIPMENT**

The following Equipment description is the subject of the attached Equipment Lease-Purchase Agreement.

Description

- 1 Kubota M9540HDC12 Cab 4x4 Tractor sn#56153
- 1 Kubota LA1353 Loader and 83" bucket sn#A5656

Together with all accessions, additions and attachments thereto.

The Equipment is located at: Precinct #2

Lessee hereby certifies that the description of the Equipment set forth above constitutes an accurate description of the "Equipment", as defined in the attached Equipment Lease-Purchase Agreement.

**STATEMENT OF ESSENTIAL USE**

Please state below, or on the letterhead stationary of Navarro County, a brief statement about why the equipment listed in Exhibit "A" has been acquired. This statement should address the following questions:

- 1. What is the essential function(s) to be performed by the equipment? How long do you expect it will be used?
- 2. Does it replace equipment that performed this (these) same function(s)? If so, how many years was the previous equipment in use?
- 3. Was this equipment chosen through competitive bidding, or by another method?
- 4. Which internal fund will be used to make the lease payments?

In answer to the above, the following is submitted:

- 1. The mowing of County Easements and Right of Ways within Precinct #2. At least 10 years.
- 2. No, not a replacement but an addition of equipment.
- 3. Chosen through quotes and test driving/renting first. Equipment cost is below competitive bidding requirement.
- 4. Road and Bridge Fund - Precinct 2 Capital Outlay line item.

Navarro County

By:   
H.M. Davenport, Jr.

Title: County Judge



**EXHIBIT B TO EQUIPMENT LEASE-PURCHASE AGREEMENT**  
**Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.**  
**RENTAL PAYMENT SCHEDULE**

Rate: 3.40 %

Equipment Cost \$42,200 – Down \$5,000.00 + Doc Fee \$200.00 = \$37,400.00

	<b>Date</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
Loan	11/05/2009				37,400.00
1	12/05/2009	834.60	106.25	728.35	36,671.65
2009 Totals		834.60	106.25	728.35	
2	01/05/2010	834.60	104.18	730.42	35,941.23
3	02/05/2010	834.60	102.10	732.50	35,208.73
4	03/05/2010	834.60	100.02	734.58	34,474.15
5	04/05/2010	834.60	97.94	736.66	33,737.49
6	05/05/2010	834.60	95.84	738.76	32,998.73
7	06/05/2010	834.60	93.74	740.86	32,257.87
8	07/05/2010	834.60	91.64	742.96	31,514.91
9	08/05/2010	834.60	89.53	745.07	30,769.84
10	09/05/2010	834.60	87.41	747.19	30,022.65
11	10/05/2010	834.60	85.29	749.31	29,273.34
12	11/05/2010	834.60	83.16	751.44	28,521.90
13	12/05/2010	834.60	81.03	753.57	27,768.33
2010 Totals		10,015.20	1,111.88	8,903.32	
14	01/05/2011	834.60	78.89	755.71	27,012.62
15	02/05/2011	834.60	76.74	757.86	26,254.76
16	03/05/2011	834.60	74.59	760.01	25,494.75
17	04/05/2011	834.60	72.43	762.17	24,732.58
18	05/05/2011	834.60	70.26	764.34	23,968.24
19	06/05/2011	834.60	68.09	766.51	23,201.73
20	07/05/2011	834.60	65.91	768.69	22,433.04
21	08/05/2011	834.60	63.73	770.87	21,662.17
22	09/05/2011	834.60	61.54	773.06	20,889.11
23	10/05/2011	834.60	59.34	775.26	20,113.85
24	11/05/2011	834.60	57.14	777.46	19,336.39
25	12/05/2011	834.60	54.93	779.67	18,556.72
2011 Totals		10,015.20	803.59	9,211.61	
26	01/05/2012	834.60	52.72	781.88	17,774.84
27	02/05/2012	834.60	50.50	784.10	16,990.74
28	03/05/2012	834.60	48.27	786.33	16,204.41
29	04/05/2012	834.60	46.03	788.57	15,415.84
30	05/05/2012	834.60	43.79	790.81	14,625.03
31	06/05/2012	834.60	41.55	793.05	13,831.98
32	07/05/2012	834.60	39.29	795.31	13,036.67
33	08/05/2012	834.60	37.04	797.56	12,239.11
34	09/05/2012	834.60	34.77	799.83	11,439.28

35	10/05/2012	834.60	32.50	802.10	10,637.18
36	11/05/2012	834.60	30.22	804.38	9,832.80
37	12/05/2012	834.60	27.93	806.67	9,026.13
2012 Totals		10,015.20	484.61	9,530.59	
38	01/05/2013	834.60	25.64	808.96	8,217.17
39	02/05/2013	834.60	23.34	811.26	7,405.91
40	03/05/2013	834.60	21.04	813.56	6,592.35
41	04/05/2013	834.60	18.73	815.87	5,776.48
42	05/05/2013	834.60	16.41	818.19	4,958.29
43	06/05/2013	834.60	14.09	820.51	4,137.78
44	07/05/2013	834.60	11.75	822.85	3,314.93
45	08/05/2013	834.60	9.42	825.18	2,489.75
46	09/05/2013	834.60	7.07	827.53	1,662.22
47	10/05/2013	834.60	4.72	829.88	832.34
48	11/05/2013	834.60	2.26	832.34	0.00
2013 Totals		9,180.60	154.47	9,026.13	
Grand Totals		40,060.80	2,660.80	37,400.00	

Navarro County

By: \_\_\_\_\_

H.M. Davenport, Jr.

Title: County Judge





EXHIBIT C TO EQUIPMENT LEASE-PURCHASE AGREEMENT  
ACCEPTANCE CERTIFICATE

Welch State Bank  
PO Box 129  
Welch, OK 74369

Re: Equipment Lease-Purchase Agreement, dated November 9, 2009 (the "Agreement") between Welch State Bank ("Lessor") and Navarro County ("Lessee")

Ladies and Gentlemen:

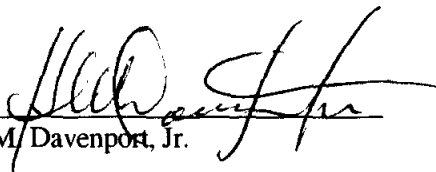
In accordance with the Agreement, the undersigned Lessee hereby certifies and represents to, and agrees with, Lessor as follows:

- (1) All of the Equipment (as defined in the Agreement) has been delivered, installed and accepted on the date hereof.
- (2) Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
- (3) Lessee is currently maintaining the required insurance coverage.
- (4) No event or condition that constitutes, or with notice or lapse of time, or both, would constitute as Event of Default (as defined in the Agreement) exists at the date hereof.

Acceptance Date: November 9, 2009

Equipment Description: Kubota M9540HDC12 Cab 4x4 Tractor SN# 56153 with Kubota LA1353 Loader and 83" bucket SN# A5656

Navarro County

By:   
H.M. Davenport, Jr.

Title: County Judge



OFFICE OF  
**R. LOWELL THOMPSON**  
 CRIMINAL DISTRICT ATTORNEY  
 NAVARRO COUNTY COURTHOUSE  
 300 WEST 3RD AVENUE, SUITE 203  
 CORSICANA, TEXAS 75110

TELEPHONE  
 903-654-3045

FAX  
 903-872-6858

**EXHIBIT D TO EQUIPMENT LEASE-PURCHASE AGREEMENT**  
**OPINION OF COUNSEL**

Welch State Bank  
 PO Box 129  
 Welch, OK 74369

As counsel for the Navarro County ("Lessee"), I have examined duly executed originals of the Equipment Lease-Purchase Agreement (the "Agreement") dated November 9, 2009, by and between Lessee and Welch State Bank ("Lessor"), the proceedings taken by Lessee to authorize and execute the Agreement together with other related documents, and the Constitution of the State of Texas the ("State") as presently enacted and construed. Based upon said examination and upon such other examination as I have deemed necessary or appropriate, it is my opinion that:

Lessee was duly organized and is validly existing under the Constitution and laws of the State as a political subdivision of the State.

The Agreement has been duly authorized, executed and delivered by Lessee, pursuant to Constitutional, statutory and/or home rule provisions which authorized this transaction and Lessee's Resolution, attached as Exhibit F to the Agreement.

The Agreement is a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms in the event Lessor obtains a judgment against Lessee in money damages, as a result of an event of default under the Agreement, Lessee will be obligated to pay such judgment.

Lessee has complied with applicable public bidding requirements.

To the best of our knowledge, no litigation is pending or threatened in any court or other tribunal, state or Federal, in any way affecting the validity of the Agreement.

The signatures of the officers of Lessee which appear on the Agreement are true and genuine; we know said officers and know them to hold the offices set forth below their names.

Lessee is a political subdivision within the meaning of Section 103 of the Internal Revenue Code and the related regulations and rulings.

The Lessee has, in its Resolution, designated the Agreement as a "qualified tax-exempt obligation" under Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

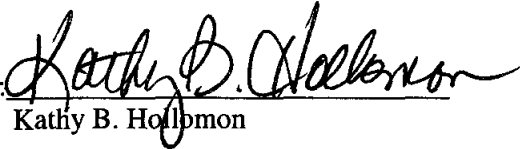
R. Lowell Thompson  
 300 West 3<sup>rd</sup> Avenue, Suite 203  
 Corsicana, Texas 75110  
 Telephone: (903) 654 - 3045  
 Facsimile: (903) 872 - 6858  
 November 6<sup>th</sup>, 2009

EXHIBIT E TO EQUIPMENT LEASE-PURCHASE AGREEMENT  
Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.  
CERTIFICATE OF CLERK OR SECRETARY OF LESSEES

I, the undersigned, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the Navarro County and I do hereby certify (i) that the officer of Lessee who executed the foregoing Agreement on behalf of Lessee and whose genuine signature appears thereon, is the duly qualified and acting officer of Lessee as stated beneath his or her signature and has been authorized to execute the foregoing Agreement on behalf of the Lessee, and (ii) that the budget year of Lessee is from

October 1, 2009 to September 30, 2010.

Dated: November 9, 2009

By:   
Kathy B. Hollomon

Title: County Auditor

**EXHIBIT F TO EQUIPMENT LEASE-PURCHASE AGREEMENT**  
**Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.**

**RESOLUTION OF GOVERNING BODY**

At a duly called meeting of the governing body of the Navarro County (the "Lessee") held on November 9, 2009, the following resolution was introduced and adopted:

RESOLVED, whereas the governing body of Lessee has determined that a true and very real need exists for the acquisition of Kubota M9540HDC12 Cab 4x4 Tractor sn#56153 with Kubota LA1353 Loader and 83" bucket sn#A5656 (the "Equipment"), Lessee desires to finance the Equipment by entering into an Equipment Lease-Purchase Agreement with Welch State Bank as Lessor and Navarro County as Lessee (the "Agreement") according to the terms set forth in the Bid Proposal from Welch State Bank dated November 9, 2009, presented at the board meeting; and the Equipment will be used by Lessee for the purpose of: The mowing of County Easements and Right of Ways within Precinct #2,

RESOLVED, whereas the governing body of Lessee has taken the necessary steps, including any legal bidding requirements, under applicable law to arrange for the acquisition of such equipment,  
RESOLVED, whereas the governing body hereby directs its legal counsel to review the Agreement and negotiate appropriate modifications to said Agreement so as to assure compliance with state law and local statutory law, prior to execution of the Agreement by those persons so authorized by the governing body for such purpose,

BE IT RESOLVED, by the governing body of Lessee that:

The terms of said Agreement are in the best interests of Lessee for the acquisition of such Equipment and the governing body of Lessee designates and confirms the following persons to execute and deliver, and to or attest, respectively, the Agreement and any related documents necessary to the consummation of the transactions contemplated by the Agreement.

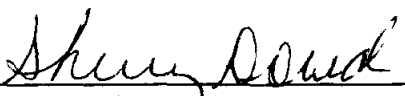
Name and Title of Persons to Execute and Attest Agreement:

H. M. Davenport, Jr., County Judge

RESOLVED, Lessee covenants that it will perform all acts within its power which are or may be necessary to insure that the interest portion of the Rental Payments coming due under the Agreement will at all times remain exempt from federal income taxation under the laws and regulations of the United States of America as presently enacted and construed or as hereafter amended.

Lessee hereby certifies that it has not issued or effected the issuance of, and reasonably anticipates that it and its subordinate entities shall not issue or effect the issuance of, more than ten million dollars (\$10,000,000.00) of tax-exempt obligations during the 2009-2010 calendar year and hereby designates the Agreement as a "qualified tax-exempt obligation", as defined by Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended.

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the above and foregoing Agreement is the same as presented at said meeting of the governing body of Lessee.

  
\_\_\_\_\_  
Sherry Dowd, County Clerk  
Secretary/Clerk of Lessee



Attachments: Related Board Minutes



**EXHIBIT G TO EQUIPMENT LEASE-PURCHASE AGREEMENT**

Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.

**INSURANCE REQUIREMENTS**

In accordance with the Equipment Lease-Purchase Agreement requirements for insurance coverage, the Lessee has instructed the insurance agent to issue:

- a. All Risk Physical Damage Insurance on the leased Equipment as defined in the Agreement, and in an amount at least equal to the then applicable Purchase Price of the Equipment, evidenced by a Certificate of Insurance and Long Form Loss Payable Clause naming Lessor "and/or its assigns" Loss Payee.
- b. Public Liability Insurance evidenced by a Certificate of Insurance naming "Lessor and/or its Assigns" as an Additional Insured and with the following minimum coverage:

Equipment Description: Kubota M9540HDC12 Cab 4x4 Tractor sn#56153 with Kubota LA1353 Loader and 83" bucket sn#A5656

\$500,000.00 per person  
 \$500,000.00 aggregate bodily injury liability  
 \$300,000.00 property damage liability

Insurance Agent (provide name, address and telephone number):

**Texas Association of Counties**  
 1210 San Antonio Street  
 Austin, Texas 78701

Proof of insurance coverage or a "Self-Insurance" Letter must be provided to Lessor prior to the time the Equipment is delivered.

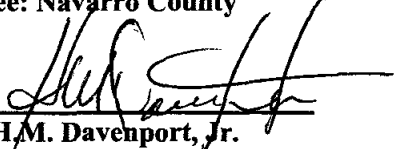
**EXHIBIT H TO EQUIPMENT LEASE-PURCHASE AGREEMENT**

Dated November 9, 2009 Between Welch State Bank as Lessor and Navarro County as Lessee.

**CERTIFICATE OF BANK ELIGIBILITY**

This Certificate of Bank Eligibility is entered into and executed by the Navarro County as Lessee, supplementing and adding to the Equipment Lease-Purchase Agreement (the "Agreement"). Lessee hereby certifies that it has not issued or effected the issuance of, and reasonably anticipates that it and its subordinate entities shall not issue or effect the issuance of, more than ten million dollars (\$10,000,000.00) of tax-exempt obligations during the 2009-2010 calendar year and hereby designates the Agreement as a "qualified tax-exempt obligation", as defined by Section 256 (b)(3) of the Internal Revenue Code of 1986, as amended.

Lessee: Navarro County

By:   
 H.M. Davenport, Jr.

Title: County Judge

# RISK MANAGEMENT POOL

## CERTIFICATE OF PROPERTY COVERAGE

The Texas Association of Counties Risk Management Pool is created to enable each county or county-related governmental entity to provide self insurance coverage against physical damage claims. The specified county or county related governmental entity participates in this Fund under an agreement pursuant to the provisions of and operates under the Chapter 791, Texas Government Code Annotated.

### NAME AND ADDRESS OF COVERED COUNTY:

Navarro County  
300 West Third Avenue, Suite 14  
Corsicana, TX 75110

Coverage Agreement No.: PR 1750 2009 07 01

Coverage Period: 11/3/2009 to 7/1/2010

### PROPERTY

Includes the following coverages:

All risk of physical loss subject to coverage terms, exclusions and conditions.

Actual cash value

Deductible: \$5,000

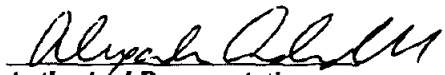
With respect to the following property:

2009 Kubota #56153  
2009 Kubota #A5656

Total Value: \$42,200

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the Pool. The certificate does verify that coverage has been placed in force for the period indicated above. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the coverage provided by the Pool described herein is subject to all the terms, exclusions and conditions of the coverage document issued by the Pool. The coverage is primary without right of contribution from any insurance carried by any additional insured. Should any of the above described coverage be altered or cancelled the Pool will endeavor to mail ten days written notice to the certificate holder, but failure to mail such notice shall impose no obligation or liability of any kind upon the Pool.

**Certificate Holder**  
Welch St. Bank  
396 S. Commercial  
Welch, OK 74369

  
**Authorized Representative**  
Texas Association of Counties  
1210 San Antonio St.  
Austin, TX 78701-1834  
(512) 478-8753

*Certificate Issued*  
*Friday, November 06, 2009*

**INVOICE INSTRUCTIONS**

Please fill in below the address that invoices for the payments should be sent to:

Person/Department: Auditors Office

Name of Lessee: Navarro County

Street/P.O. Box: 300 W. Third Ave., Suite 10

City, State, Zip: Corsicana, Texas 75110

Equipment Lease-Purchase Agreement between Welch State Bank as Lessor and Navarro County as Lessee dated November 9, 2009

Equipment Description: Kubota M9540HDC12 Cab 4x4 Tractor SN#56153 with Kubota LA1353 Loader and 83" bucket SN#A5656

Purchase Order or other information that must be on the invoice:

Name and phone number of person to contact if payment is not received by due date:

Name: Jeannie Keeney, Assistant County Auditor

Phone Number: (903)654-3095

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Form **8038-GC**

(Rev. May 2009)

Department of the Treasury  
Internal Revenue Service

**Information Return for Small Tax-Exempt  
Governmental Bond Issues, Leases, and Installment Sales**

► Under Internal Revenue Code section 149(e)

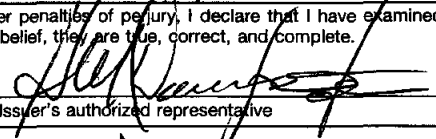
OMB No. 1545-0720

Caution: If the issue price of the issue is \$100,000 or more, use Form 8038-G.

<b>Part I Reporting Authority</b>		Check box if Amended Return ► <input type="checkbox"/>	
1 Issuer's name <b>Navarro County</b>	2 Issuer's employer identification number <b>75 6001092</b>		
3 Number and street (or P.O. box if mail is not delivered to street address) <b>300 West 3rd Ave,</b>	Room/suite <b>10</b>		
4 City, town, or post office, state, and ZIP code <b>Corsicana, Tx 75110</b>	5 Report number (For IRS Use Only) <b>5</b>		
6 Name and title of officer or legal representative whom the IRS may call for more information <b>H.M. Davenport, Jr., County Judge</b>	7 Telephone number of officer or legal representative <b>( 903 ) 654-3030</b>		

<b>Part II Description of Obligations</b>		Check one: a single issue <input checked="" type="checkbox"/> or a consolidated return <input type="checkbox"/>	
8a Issue price of obligation(s) (see instructions)	8a	<b>37,400</b>	<b>00</b>
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ► <b>11 / 09 / 2009</b>			
9 Amount of the reported obligation(s) on line 8a that is:			
a For leases for vehicles	9a		
b For leases for office equipment	9b		
c For leases for real property	9c		
d For leases for other (see instructions)	9d	<b>37,400</b>	<b>00</b>
e For bank loans for vehicles	9e		
f For bank loans for office equipment	9f		
g For bank loans for real property	9g		
h For bank loans for other (see instructions)	9h		
i Used to refund prior issue(s)	9i		
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j		
k Other	9k		
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box	► <input type="checkbox"/>		
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions)	► <input type="checkbox"/>		
12 Vendor's or bank's name:			
13 Vendor's or bank's employer identification number:			

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here** ►  **11-9-09** ► **H.M. Davenport, Jr., County Judge**  
 Issuer's authorized representative Date Type or print name and title

<b>Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no. ( )	

**General Instructions**  
 Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**  
 Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

**Who Must File**  
 Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.  
 Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

**Filing a separate return for a single issue.** Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.  
 An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that

an election was made to pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

**Filing a consolidated return for multiple issues.** For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.  
 Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.

**When To File**  
 To file a separate return for a single issue, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.  
 To file a consolidated return for multiple issues, file Form 8038-GC on or before February 15th of the calendar year following the year in which the issue is issued.  
**Late filing.** An issuer may be granted an extension of time to file Form 8038-GC under Section 3 of Rev.

Proc. 2002-48, 2002-2 C.B. 531, if it is determined that the failure to file on time is not due to willful neglect. Type or print at the top of the form, "Request for Relief under Section 3 of Rev. Proc. 2002-48." Attach to the Form 8038-GC a letter briefly stating why the form was not submitted to the IRS on time. Also indicate whether the obligation in question is under examination by the IRS. Do not submit copies of any bond documents, leases, or installment sale documents. See *Where To File* below.

**Where To File**  
 File Form 8038-GC, and any attachments, with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

**Other Forms That May Be Required**  
 For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal Government, use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate. For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

**Form 8038-GC Receipt Acknowledgement**  
 If you wish to request an acknowledgement receipt of this return by the IRS you must provide the following:



# Request for Taxpayer Identification Number and Certification

Give form to the  
requester. Do not  
send to the IRS.

Print or type  
See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name, if different from above <b>Navarro County</b>	
Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Other ▶ .....	<input type="checkbox"/> Exempt from backup withholding
Address (number, street, and apt. or suite no.) <b>300 West 3rd Ave, Suite 10</b>	Requester's name and address (optional)
City, state, and ZIP code <b>Corsicana, TX 75110</b>	
List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
or								
Employer identification number								
7	5	6	0	0	1	0	9	2

## Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

<b>Sign Here</b>	Signature of U.S. person	<i>Kathy B. Holloman</i>	Date	11/6/09
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## Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

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**ADDENDUM 1**

**TO  
ANALYST'S NOTEBOOK SOFTWARE LICENSE  
(Between i2 Inc. ("i2") and North Texas HIDTA (Licensee"))  
("Software License")**

**ADDENDUM 1 EFFECTIVE DATE:  
October 14, 2009**

This addendum ("Addendum") is effective as of the effective date set forth above, and amends the Software License between the parties as follows:

1. **General.** The Software License as amended by this Addendum shall constitute the Software License, and shall supersede and replace any conflicting provisions in the Software License.
2. **Annual Support Program.** In accordance with i2's Annual Support Program set forth in i2's, October 14th, 2009, letter to Licensee and attached hereto as Attachment A, i2 agrees to defer Licensee's Annual Support Program option for the following dongles licenses under the Software License ("Dongles"), and to retain the Dongle until such time that Licensee desires to reinstate the support for:

**Dongle Number(s):** 72808 \_ 1 AN  
72807 - 2 ANs

To be returned to i2 and held until support is reinstated. Dongle exchange required.

3. **Reinstatement of Dongles.** Licensee agrees that reinstatement of the Dongles will be pursuant to Attachment A hereto.
4. **Miscellaneous.** Neither the Software License nor this Addendum may be modified or altered except by a written instrument executed by both parties.

In witness whereof, the parties have executed this Addendum as of the effective date noted above.

**i2 Inc.**

**North Texas HIDTA**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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Navarro County, Texas  
Request for Proposals 2009-A-010  
Page 8 of 11

**NAVARRO COUNTY, TEXAS  
REQUEST FOR PROPOSALS NO. 2009-A-010  
FINANCIAL AUDIT SERVICES  
COST ESTIMATE SHEET  
THIS FORM MUST BE RETURNED WITH YOUR PROPOSAL**

**OFFEROR:** Pattillo, Brown & Hill, L.L.P.

**NAVARRO COUNTY AUDIT**

Maximum Fee:	Fiscal Year ending September 30, 2009	<u>\$28,500</u>
	Fiscal Year ending September 30, 2010	<u>\$29,700</u>
	Fiscal Year ending September 30, 2011	<u>\$31,000</u>

Indicate the methods that would be used to calculate costs for future optional terms. Include detail of price including the number of staff and staff hours that will be committed to the audit.

PB&H estimates fees will increase by approximately 3% each year due to increase in costs of doing business. - See proposal for estimated hours and rates

**NAVARRO COUNTY JUVENILE PROBATION AUDIT**

Maximum Fee:	Fiscal Year ending August 31, 2009	<u>\$3,500</u>
	Fiscal Year ending August 31, 2010	<u>\$3,700</u>
	Fiscal Year ending August 31, 2011	<u>\$3,900</u>

Indicate the methods that would be used to calculate costs for future optional terms. Include detail of price including the number of staff and staff hours that will be committed to the audit.

PB&H estimates fees will increase by approximately 3% each year due to increase in costs of doing business. - See proposal for estimated hours and rates

**NAVARRO COUNTY COMMUNITY SUPERVISION AND CORRECTIONS AUDIT**

Maximum Fee:	Fiscal Year ending August 31, 2009	<u>\$4,000</u>
	Fiscal Year ending August 31, 2010	<u>\$4,200</u>
	Fiscal Year ending August 31, 2011	<u>\$4,400</u>

Indicate the methods that would be used to calculate costs for future optional terms. Include detail of price including the number of staff and staff hours that will be committed to the audit.

PB&H estimates fees will increase by approximately 3% each year due to increase in costs of doing business. - See proposal for estimated hours and rates

**NOTE: Proposals not accompanied by this Cost Estimate form will not be considered.**