

NAVARRO COUNTY COMMISSIONER'S COURT

A REGULAR MEETING OF THE NAVARRO COUNTY COMMISSIONER'S COURT WAS HELD ON MONDAY THE, 8TH DAY OF MARCH, 2010 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. 10:00 A.M. MOTION TO CONVENE BY HERRINGTON SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
2. OPENING PRAYER BY COMMISSIONER HOLT
3. PLEDGE OF ALLEGIANCE
4. PUBLIC COMMENTS-BARNEY THOMAS-EUREKA LIQUOR ELECTION
EDDIE PEVEHOUSE -JOSE ANTONIO NAVARRO

CONSENT AGENDA

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

5. APPROVE THE MINUTES FROM THE PREVIOUS MEETING OF
FEBRUARY 22ND, 2010 AND MARCH 1ST, 2010
6. APPROVE AND PAY BILLS AS SUBMITTED BY COUNTY AUDITOR

REGULAR AGENDA

7. MOTION TO APPROVE ORDERING LOCAL OPTION LIQUOR
ELECTION FOR THE CITY OF DAWSON BY WARREN SEC BY JUDGE
DAVENPORT **TO WIT PG 563-564**
ALL VOTED AYE MOTION CARRIED
8. MOTION TO APPROVE INTERLOCAL AGREEMENTS WITH THE CITY
OF DAWSON AND WITH THE CITY OF EUREKA BY HOLT SEC BY
WARREN **TO WIT PG 565-568**
ALL VOTED AYE MOTION CARRIED
9. MOTION TO APPROVE RESOLUTION SUPPORTING THE EFFORTS OF
NAVARRO COUTNY COMMISSIONERS COURT TO EXECUTE

RESTORATION OF THE NAVARRO COUNTY COURTHOUSE BY
HERRINGTON SEC BY OLSEN **TO WIT PG 569**
ALL VOTED AYE MOTION CARRIED

10. MOTION TO APPROVE PROCLAMATION OF MARCH 14-20, 2010 AS
POISON PREVENTION WEEK BY OLSEN SEC BY WARREN
ALL VOTED AYE MOTION CARRIED **TO WIT PG 570**
11. MOTION TO APPROVE ACCEPTING UNBUDGETED FUNDS FROM THE
CITY OF CORSICANA FOR JOINT FUNDED ROAD REPAIRS TO SE CR
2240 PCT. 2 BY HOLT SEC BY WARREN **TO WIT PG 571**
ALL VOTED AYE MOTION CARRIED
12. MOTION TO APPROVE A RESOLUTION OF NAVARRO COUNTY TEXAS
APPROVING AND AUTHORIZING THE SUBMISSION OF AN
APPLICATION FOR FUNDING THROUGH THE TEXAS DEPARTMENT OF
RURAL AFFAIRS FOR THE TEXAS COMMUNITY DEVELOPMENT
PROGRAM-DISASTER RELIEF FUNDS BY HOLT SEC BY WARREN
ALL VOTED AYE MOTION CARRIED **TO WIT PG 572-576**
13. NO ACTION TAKEN TO APPROVE THE MINUTES OF THE JANUARY 7,
2010 PLANNING AND ZONING MEETING
14. MOTION TO APPROVE ZONING CHANGE #10-416 FOR MOHAMED
AZAM. THIS REQUEST IS FROM AGRICULTURE TO COMMERCIAL. THE
PROPERTY CONSIST OF 15.0 ACRES LOCATED IN THE ROLLING
MEADOWS RANCH SUBDIVISION LOCATED ON INTERSTATE 45 BY
WARREN SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
15. MOTION TO APPROVE SPECIFIC USE PERMIT #10-417 FOR LIVING
ESSENCE, INC. THIS REQUEST IS FOR A TRAVEL TRAILER WHILE
HOME IS UNDER CONSTRUCTION. THE PROPERTY IS LOCATED AT
1017 SECR 3136, CORSICANA, TEXAS BY HOLT SEC BY WARREN
ALL VOTED AYE MOTION CARRIED
16. MOTION TO APPROVE REPLAT OF LOTS 36 AND 37 OF MATTIE
CASTON SHORES PHASE III BY ORVAL AND DONNA BOATMAN WITH
P & Z RECOMMENDATION BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED
17. MOTION TO APPROVE A FINAL PLAT FOR THE GRAND OASIS BY JULI
D. JONILI. THIS PROPERTY CONSISTS OF 31.01 ACRES IN THE D.T.
DUNHAM SURVEY LOCATED ON SECR 3305 BY HOLT SEC BY

WARREN
ALL VOTED AYE MOTION CARRIED

18. NO ACTION TAKEN TABLED BY P & Z ON REPLAT OF LOTS 45, 46, & 47
BLK.I OF FRANCISCO BAY BY J. RICHARD GUEST
19. MOTION TO APPROVE TAX REPORT BY RUSSELL HUDSON BY OLSEN
SEC BY WARREN **TO WIT PG 577-581**
ALL VOTED AYE MOTION CARRIED
20. MOTION TO APPROVE OF FINANCING A BACKHOE FOR PRECINCT 4
BY OLSEN SEC BY WARREN **TO WIT PG 582-602**
ALL VOTED AYE MOTION CARRIED
21. MOTION TO APPROVE CERTIFYING ADDITIONAL REVENUE
RECEIVED FROM CITY OF CORSICANA PURSUANT TO LOCAL
GOVERNMENT CODE 111.0707 BY HOLT SEC BY WARREN
ALL VOTED AYE MOTION
22. MOTION TO APPROVE SPECIAL BUDGET AMENDMENT IN
ACCORDANCE WITH LOCAL GOVERNMENT CODE 111.0707 BY HOLT
SEC BY WARREN **TO WIT PG 603**
ALL VOTED AYE MOTION CARRIED
23. MOTION TO APPROVE CERTIFYING ADDITIONAL REVENUE
RECEIVED FROM TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
PURSUANT TO LOCAL GOVERNMENT CODE 111.0707 BY
HERRINGTON SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
24. MOTION TO APPROVE SPECIAL BUDGET AMENDMENT IN
ACCORDANCE WITH LOCAL GOVERNMENT CODE 111.0707 BY
HERRINGTON SEC BY OLSEN **TO WIT PG 604**
ALL VOTED AYE MOTIN CARRIED
25. MOTION TO APPROVE REQUEST FOR BUDGET AMENDMENT BY
COUNTY COMMISSIONER, PCT 1 TO MOVE \$30,437.00 FROM DEPUTIES
AND ASSISTANTS (ACCT#211-611-103) TO PART TIME HELP
(ACCT#211-611-114) DUE TO THE USE OF PART TIME WORKERS
RATHER THAN FILING A BUDGETED FULL TIME POSITION BY
HERRINGTON SEC BY HOLT
ALL VOTED AYE MOTION CARRIED

26. MOTION TO APPROVE BUDGET AMENDMENT REQUEST BY COUNTY COMMISSIONER, PCT3, TO MOVE \$10,856.00 FROM OPERATING EQUIPMENT (ACCT. #213-613-320) TO MACHINERY AND EQUIPMENT (ACCT. # 213-613-575) TO PURCHASE A NEW MOWER FOR PCT.3 BY WARREN SEC BY HOLT
ALL VOTED AYE MOTION CARRIED
27. MOTION TO APPROVE NAVARRO COUNTY RETIREE HEALTH CARE PLAN ACTUARIAL VALUATION REPORT BY JUDGE DAVENPORT SEC BY OLSEN **TO WIT PG 607-651**
ALL VOTED AYE MOTION CARRIED
28. MOTION TO APPROVE TAC HEALTH INSURANCE WORKSHOP AT 1:30 P.M. BY JUDGE DAVENPORT SEC BY WARREN
ALL VOTED AYE MOTION CARRIED
29. MOTION TO GO INTO EXECUTIVE SESSION PURSUANT TO THE TEXAS GOVERNMENT CODE SECTION 551.071 TO DISCUSS PENDING /ANTICIPATED LITIGATION BY HOLT SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
30. MOTION TO GO INTO EXECUTIVE SESSION PURSUANT TO THE TEXAS GOVERNMENT CODE SECTION 551.072 TO DISCUSS REAL PROPERTY BY HOLT SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED
31. MOTION TO GO INTO EXECUTIVE SESSION PURSUANT TO THE TEXAS GOVERNMENT CODE SECTION 551.074 TO DISCUSS PERSONNEL BY HOLT SEC BY OLSEN
ALL VOTE AYE MOTION CARRIED
MOTION TO GO BACK INTO REGULAR SESSION BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED
- NO ACTION TAKEN
32. MOTION TO RECESS UNTIL 1:30 P.M. BY WARREN SEC BY OLSEN
MOTION TO COME OUT OF RECESS BY HERRINGTON SEC BY OLSEN
ALL VOTED AYE MOTION CARRIED

TAC HEALTH INSURANCE WORKSHOP **TO WIT PG 652-665**

33. MOTION TO ADJOURN BY HOLT SEC BY HERRINGTON
ALL VOTED AYE MOTION CARRIED

THESE MINUTES ARE HEREBY APPROVED THIS 22 DAY OF
MARCH 2010.

JUDGE HM DAVENPORT [Signature]

COMR.PCT.1 KIT HERRINGTON [Signature]

COMR.PCT.2 FAITH HOLT [Signature]

COMR.PCT.3 DAVID "BUTCH" WARREN [Signature]

COMR.PCT.4 JAMES OLSEN [Signature]

I, SHERRY DOWD, NAVARRO COUNTY CLERK, ATTEST THAT THE
FOREGOING IS A TRUE AND ACCURATE ACCOUNTING OF THE
COMMISSIONERS COURT'S AUTHORIZED PROCEEDING FOR MARCH
8, 2010.

SIGNED 22 DAY OF MARCH, 2010.

[Signature]
SHERRY DOWD, COUNTY CLERK



The remarks herein were presented in remembrance
Of the birthday of Jose Antonio Navarro for whom
This county was named.

Jose Antonio Navarro

Jose Antonio Navarro was born in San Antonio de Bexar, Province of Texas on February 27, 1795. His father was Angel Navarro, who was born about 1750 on the Isle of Corsica, which he left at the age of 13 or 14 and was in San Antonio by 1779. Angel Navarro married Maria Josefa Pena, a member of a Saltillo family with San Antonio links.

The Navarro family came to know young Antonio Lopez de Santa Anna when he visited San Antonio as a young Lieutenant in the Spanish army. Jose Antonio Navarro learned something about commerce and the law in New Orleans and Saltillo, but he was largely self-educated, reading every book he could get his hands on.

After his father's death in 1808, Jose Antonio Navarro was a participant in the Magee, Guitierrez and Toledo resistance movement against Spanish rule from 1812 – 1813. We now refer to that as the Magee – Guitierrez Expedition. His San Antonio relative Jose Francisco Ruiz and his brother-in-law Juan Martin Veramendi were also participants.

He was a personal friend of Stephen F. Austin, and stated in a letter to Mirabeau Lamar that "Stephen F. Austin was and will be the most illustrious Anglo-American who will fructify our native soil with his remains". Navarro was a fierce champion of the liberal Federal Constitution of 1824 and development of the state through colonization. Governor Jose Maria Viesca appointed Navarro Commissioner of DeWitt's Colony in January of 1831. His signature appears on all the land title documents of that colony. The year 1835 saw him elected as a deputy to the National Mexican Congress representing Coahuila y Texas. He later resigned as the movement for independence gained momentum.

Jose Antonio played an often forgotten leading part in the colonization and independence movement of Texas. On March 2nd, 1836, he was a signer of the Texas Declaration of Independence and served as an elected Senator in the Congress of the Republic of Texas.

Navarro owned granted and purchased lands in current Atascosa, Karnes, Guadalupe, Travis and Bastrop Counties on which he developed productive ranch enterprises, while he practiced law, was a merchant and served the people

of Texas at all levels of government. The Navarro family home ranch in 1838 was north of current Seguin (which was then Walnut Springs) on San Geronimo Creek near Ewing Springs.

He was active in the movement to annex more Mexican territory to the Republic of Texas. Lamar asked Navarro, and he agreed to accompany the Santa Fe Expedition as a commissioner because of his knowledge of Mexican law, his fluency in that language and his persuasiveness as a orator. His role was to persuade the residents of Santa Fe and New Mexico to secede from Mexico and join the Texas republic.

He was captured and imprisoned in the infamous dungeon in San Juan Ulloa prison. The Mexican government singled him out as a native Tejano and sentenced him to death as a traitor. It might have also singled him out because Santa Anna had wanted to marry Navarro's sister. The family would not agree to that because of Santa Anna's bad character. In spite of that, Santa Anna offered Navarro his freedom if Navarro would renounce his Republic of Texas citizenship. To this Navarro responded, even against the advice of his family, "I have sworn to be a Texan. I shall not forswear".

His sentence was later commuted to life imprisonment. With the help of local Mexican Army officers, after Santa Anna had been deposed, in 1845 Jose Antonio Navarro escaped to Havana, Cuba and from there to New Orleans, then on to Galveston.

William G. Cooke, who had also been on the Santa Fe Expedition and imprisoned by Santa Anna, was released in April of 1842. He returned to San Antonio and married Navarro's niece, Angela Navarro.

Navarro was the only native Hispanic Texan who served as a delegate to the Texas Statehood Convention of 1845. Though he generally disagreed with the policies and views of Sam Houston, Navarro was instrumental in preventing factions who attempted to limit suffrage.

Don Jose Antonio Navarried married Margarita de la Garza of Mier, Tamaulipas, Mexico in 1825. His will dated 15 February 1871 mentions four surviving children. Other sources name three children in addition to the ones named in the will.

Jose Antonio Navarro died on the 13th day of January, 1871. Some records report he died at his home ranch near Seguin in Guadalupe County. According to Guadalupe County Courthouse records, Deed Book E, page 137, however, Navarro sold what remained of his original DeWitt Colony in 1853 and moved to Atascosa County. Others say he died in his San Antonio home as described by Feliciano Flores: "After more than twenty years of service to his beloved country, at his home in San Antonio in an old fashioned stone building which is still standing at the corner of Nueva and Laredo Streets, surrounded by his loving family, there passed away one of the greatest characters in Texas history..."

Navarro is buried beside his wife in San Fernando Cemetery in San Antonio. The Navarro home at the corner of South Laredo and Nueva Streets in downtown San Antonio is a State Historic Park. Navarro County was named in honor of this unwavering Hispanic Texan who can be claimed by the DeWitt Colony as one of its own and one of its greatest. The Navarro county seat, Corsicana, was named in honor of Navarro's Corsican-born father.

*Eddie L. Levehouse
President, José Antonio Navarro Chapter,
Daughters of the Republic of Texas*

#7 563

**ORDER TO CALL LOCAL OPTION ELECTION
(ORDEN PARA ELECCION DE OPCION LOCAL)**

On this the 8th day of March, 2010, the Commissioners' Court of the County of Navarro, Texas, convened in regular session open to the public.

(En este el día 8, de marzo, del 2010, la Corte de los comisionados del Condado de Navarro, Texas, se convocó en sesión regular abierta público)

The proper petition serially numbered 003 was timely filed with the Elections Administrator and it is therefore ordered by the Commissioners Court of Navarro County:

(Las peticiones apropiadas enumeradas en serie 003 se registraron a tiempo con el Administrador de Elección de esta Corte y así se ordenó por la Corte de Comisionados del Condado de Navarro)

That a Local Option Election be held on the 8th day of May, 2010 from 7:00 a.m. to 7:00 p.m. for the registered voters of the City of Dawson to determine the following issue:

(Que una Elección de Opción Local se llevara a cabo el día 8 de mayo del 2010 de las 7:00 a.m. hasta las 7:00 p.m. para los votantes registrados de la Ciudad de Dawson para determinar el asunto siguiente)

**FOR "THE LEGAL SALE OF ALL ALCOHOLIC
(A FAVOR) BEVERAGES INCLUDING MIXED BEVERAGES"**

**AGAINST "LA VENTA LEGAL DE TODAS BEBIDAS ALCOHOLICAS
(EN CONTRA) INCLUIDOS LOS MITOS BEBIDAS"**

Early voting by personal appearance will be conducted each weekday at: City of Dawson

(la votación adelantada en persona se llevará a cabo cada día de la semana en la: Ciudad de Dawson)

Voting will be conducted on the following dates and times:

(La votación se llevará a cabo las fechas y las horas siguientes)

Monday, April 26, 2010 through Tuesday, May 4, 2010.

(del lunes, el 26 de abril de 2010 hasta el martes el 4 de mayo, 2010)

During the hours of 8:00 a.m. until 5:00 p.m.

(durante las horas de las 8:00 a.m. hasta las 5:00 p.m.)

Also with extended hours on April 26, 2010 and May 3, 2010 hours from 7:00 a.m. until 7:00 p.m.

(También con horario extendido el 26 de abril de 2010 y 3 de mayo 2010 horas a partir de las 7:00 a.m. hasta las 7:00 p.m.)

Election Day voting will be conducted on May 8, 2010 at Dawson ISD

(Elección de la jornada electoral se llevará a cabo el 8 de mayo de 2010 a Dawson ISD.)

Applications for ballots by mail shall be mailed to:

(Las solicitudes de boletas por correo deberán enviarse a)

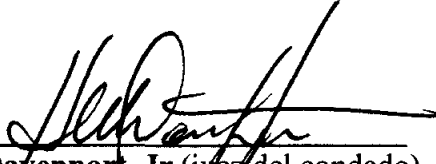
Danda Parker
Navarro County
Elections Administrator
P.O. Box 1018
Corsicana, TX 75151

Application for ballots by mail must be received no later than the close of business day on April 30, 2010

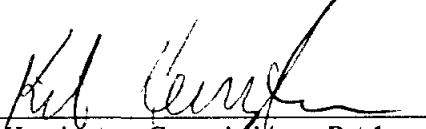
(Solicitud de voto por correo deberán recibirse a más tardar al cierre del día hábil en el 30 de abril 2010)

Issued this the 8th day of March, 2010

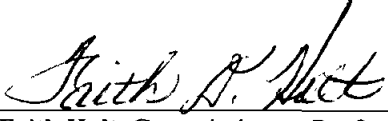
(Emitido este día 8 de marzo 2010)




H. M. Davenport, Jr (juez del condado)
Navarro County Judge (Candado de Navarro)




Kit Herrington, Commissioner, Pct 1
(Kit Herrington, comisionado, Pct 1)



Faith Holt, Commissioner, Pct 2
(Faith Holt, comisionado, Pct 2)



David "Butch" Warren, Commissioner, Pct 3
(David "Butch" Warren, comisionado, Pct 3)



James Olsen, Commissioner, Pct 4
(James Olsen, comisionado, Pct 4)

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INTERLOCAL COOPERATION AGREEMENT BETWEEN NAVARRO COUNTY AND THE CITY OF DAWSON REGARDING PLACEMENT OF AN EARLY VOTING SITE

THIS INTERLOCAL COOPERATION AGREEMENT is made and entered into by and between Navarro County, Texas, a political subdivision of the State of Texas (*hereinafter referred to as "COUNTY"*), and the City of Dawson, a governmental entity of the State of Texas (*hereinafter referred to as "CITY."*)

WHEREAS, the COUNTY provides election administration services to cities located in Navarro County; and

WHEREAS, the CITY being located within Navarro County intends to call a Local Option Election during the May 8, 2010 General Election; and

WHEREAS, the CITY desires to provide convenient access to the early voting location for its citizens for the Local Option Election; and

WHEREAS, both the COUNTY and CITY desire to enter into an Interlocal Cooperation Agreement, pursuant to Texas Government Code Chapter 791.011 (a), whereby the COUNTY and the CITY will agree upon the terms of said written agreement;

NOW, THEREFORE, the COUNTY and the CITY mutually agree as follows:

**I.
TERM OF AGREEMENT**

- A. The COUNTY and the CITY mutually agree that the term of this Agreement will be from the date it is formally and duly executed by both the COUNTY and the CITY until May 8, 2010.
- B. Notwithstanding the foregoing, this Agreement may be terminated by either party by giving thirty (30) days' written notice of intent to terminate this Agreement to the other party. Any notice of intent to terminate must be delivered by deposit in the United States mail, certified, return mail receipt requested, to the other party at the addresses set out herein. Upon termination of this Agreement, neither party will have any obligations to the other party under this Agreement, except with respect to payment for services already rendered under this Agreement, but not yet paid.

**II.
COUNTY RESPONSIBILITIES**

- A. The COUNTY through the Navarro County Elections Administrator will provide staffing, equipment and all other needed materials for an Early Voting site at the City of Dawson for the City of Dawson's Local Option Election

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**III.
CITY RESPONSIBILITIES**

A. The CITY will reimburse the COUNTY up to the sum of \$5,000, subject to additional charges as needed, in exchange for the COUNTY's supervision of Early Voting for the City of Dawson's Local Option Election.

**IV.
GENERAL PROVISIONS**

A. General Administration:

The COUNTY and the CITY will designate their respective representatives for the general administration of this Agreement.

B. Alteration, Amendment or Modification:

This Agreement may not be altered, amended, or modified except in writing signed by all parties to this Agreement.

C. Notice:

All notices sent pursuant to this Agreement will be in writing and must be sent by registered or certified mail, postage prepaid, return receipt requested.

Notices sent pursuant to this Agreement will be sent to the Navarro County Election Administrators Office at the following address:

*Navarro County Elections Administrator
Danda Parker
P.O. Box 1018
Corsicana, Texas 75151*

Notices sent pursuant to this Agreement may be delivered or sent to the City at the following address:

*Linda Bryant
Mayor, City of Dawson
P.O. Box 400
Dawson, Texas 76639*

When notices sent pursuant to this Agreement are mailed by registered or certified mail, notices will be deemed effective three (3) days after deposit in a U.S. mail box or at a U.S. postal office.

D. **Severability:** If any provision of this Agreement is found to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not effect the remaining provisions of this Agreement.

E. Breach :

The failure of either party to comply with the terms and conditions of this Agreement will constitute a breach of this Agreement. Either party will be entitled

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to any and all rights and remedies allowed under Texas law for any breach of this Agreement by the other party.

F. Non-Waiver:

The waiver by either party of a breach of this Agreement will not constitute a continuing waiver of such breach or of a subsequent breach of the same or a different provision. Nothing in this Agreement is intended by either party to constitute a waiver of any immunity from suit or liability to which it is entitled under applicable law.

G. Entire Agreement:

This Interlocal Cooperative Agreement constitutes the entire Agreement between the COUNTY and the CITY. No other agreement, statement, or promise relating to the subject matter of this Agreement and which is not contained in this Agreement or incorporated by reference in this Agreement will be valid or binding.

H. Terms used in Document:

As used in this Agreement, the terms "Interlocal Cooperation Agreement", "Interlocal Agreement", "Agreement", and "Contract" are synonymous.

I. Non-Defined Terms:

If not specifically defined in this Agreement, words and phrases used in this Agreement will have their ordinary meaning as defined by common usage.

EXECUTED THIS 8 day of March 2010.

Navarro County

Attest:

By: [Signature] 3-8-10
Honorable H. M. Davenport
Navarro County Judge

EXECUTED THIS 4th day of March 2010.

City of Dawson

Attest:

By: [Signature] [Signature]
Linda Bryant, Mayor

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NAVARRO COUNTY, TEXAS
 ELECTIONS ADMINISTRATION
 ELECTION ESTIMATED COST ANALYSIS

CITY OF EUREKA
 ENTITY HOLDING ELECTION

CITY OF EUREKA

05/08/2010

TYPE OF ELECTION

ELECTION DATE

DESCRIPTION	UNIT	COST PER UNIT	NO. UNITS	AMOUNT	CATEGORY TOTALS
PERSONNEL CHARGES					
EARLY VOTING					
JUDGE	HR	8.00	60	480.00	
CLERK	HR	8.00	60	480.00	
ELECTION DAY					
JUDGE	DAY	96.00	-	-	
CLERK	DAY	96.00	-	-	
PICK-UP FEE	PCT	25.00	-	-	
ELECTION ADMIN STAFF					
REGULAR WORK HRS (8-5)	HR	16.30			
OVERTIME HRS	HR	24.50	-	-	
PART-TIME HELP	HR	8.00	-	-	
DELIVERY & PICKUP	HR	25.00			
TOTAL PERSONNEL					960.00
SERVICES & SUPPLIES					
PUBLICATION		430.00	-	-	
POSTAGE		100.00	-	-	
EARLY VOTING KIT	EA	40.00	1	40.00	
CENTRAL COUNTING STATION KIT	EA	-		-	
PRECINCT KITS/ELECTION DAY	PCT	23.00	-	-	
TOTAL SERVICES & SUPPLIES					40.00
EQUIPMENT RENTAL					
DRE RENTAL - EARLY VOTING	ADA DRE	300.00	1	300.00	
DRE RENTAL-EARLY VOTING	REG DRE	250.00	-	-	
PRINTER		75.00	1	75.00	
PROVISIONAL BALLOT BAG		20.00	1	20.00	
PEB		5.00	2	10.00	
FLASHCARD		5.00	3	15.00	
DRE RENTAL-ELECTION DAY	ADA DRE	300.00		-	
DRE RENTAL-ELECTION DAY	REG DRE	250.00	-	-	
PRINTER		75.00		-	
PROVISIONAL BALLOT BAG		20.00	-	-	
PEB		5.00		-	
FLASHCARD		5.00		-	
TOTAL EQUIPMENT RENTAL					420.00
TOTAL ELECTION COST					1,420.00
ADMINISTRATIVE FEE		10%			142.00
TOTAL AMOUNT DUE NAVARRO COUNTY					1,562.00

1/2 if mildred HAS AN election

STATE OF TEXAS
COUNTY OF NAVARRO

RESOLUTION

**A RESOLUTION SUPPORTING THE EFFORT OF NAVARRO COUNTY
TO EXECUTE RESTORATION OF THE NAVARRO COUNTY COURTHOUSE**

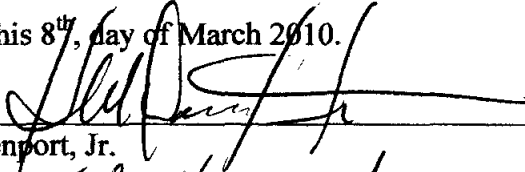
WHEREAS, the historic Navarro County Courthouse, having served the county since the first official commissioners court meeting was held in this building in 1905
Is in need of repair and upgrades; and

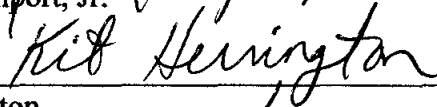
WHEREAS, the county submitted an application in Round VI to the Texas Historic Courthouse Preservation Program (THCPP) seeking funding assistance for the rehabilitation/restoration work described in the Master Plan authored by Wade Ellison, Wharry Engineering dated January, 2000 followed by a supplement to the Master Plan by 1113 Architects, of Georgetown Texas dated August 2003.

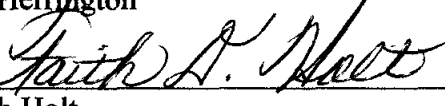
WHEREAS, the proposed project has been selected to receive a THCPP planning grant awarded in the amount of \$394,741.00 by the Texas Historical Commission, the state agency administering the THCPP, contingent upon compliance with the terms of the Funding Agreement, to which this document is attached.

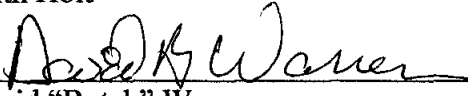
NOW, THEREFORE, BE IT RESOLVED THAT the Commissioners Court of Navarro County, Texas, affirms by this vote its willingness to accept this funding award, to contribute the funding necessary to complete the planning project, to enter into the aforementioned Funding Agreement and to hereby declare its complete support for this important project to preserve the Navarro County Courthouse for future generations.

Resolved this 8th, day of March 2010.


_____, County Judge
H.M. Davenport, Jr.


_____, Commissioner, Pct. 1
Kit Herrington


_____, Commissioner, Pct. 2
Faith Holt


_____, Commissioner, Pct. 3
David "Butch" Warren


_____, Commissioner, Pct 4
James Olsen

A PROCLAMATION

Whereas, our society has become increasingly dependent on household chemicals to perform labor-saving, time-saving miracles; and on medicine to provide health-giving, life-sustaining benefits;

Whereas, these products, when not used as intended or directed, may be hazardous, particularly if children gain access to them;

Whereas, over the past 48 years, the nation has been observing Poison Prevention Week to call attention to these hazards and how proper handling and disposal of these substances and proper use of safety packaging can help eliminate them;

Whereas, the efforts of our community organizations, complemented by the efforts of the North Texas Poison Center have reduced childhood poisonings in Navarro, County.

Whereas, the North Texas Poison Center, a regional poison center, located at Parkland Memorial Hospital, provides the ultimate in human service programming, immediate, accessible emergency information to save lives of victims of poison-related emergencies, and;

Whereas, these programs must continue as long as even one child swallows a household product or medicine by mistake.

Now, Therefore, I, Judge H. M. Davenport, Jr., and the Commissioners of Navarro County, do hereby proclaim the week of March 14-20, 2010, as Poison Prevention Week in this County. Further, I direct the appropriate agencies in our local government to continue their cooperation with concerned citizens and community organizations, including our schools, to develop programs which will alert our people to the continued danger of misusing medicines and household products and to promote effective safeguards against accidental poisonings among young children.

LUMP SUM DAMAGE AGREEMENT FOR CR 2240

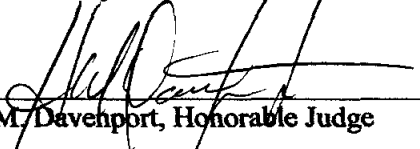
**CITY OF CORSICANA
AND
COUNTY OF NAVARRO**

On November 4, 2009 Mr. Cliff NeSmith and Mr. Ron Lynch, Representatives for the City of Corsicana met with Mr. H. M. Davenport and Ms. Faith Holt, Representatives for the County of Navarro concerning possible damages to CR 2240 that occurred during the installation of the 36" Raw Waterline from Richland/Chambers Reservoir to Lake Halbert Reservoir by the City of Corsicana's contractor, S.J. Louis Construction.

All parties in attendance generally agreed that the condition of CR 2240 was already in need of repairs before the City's project started and was impacted very little by the project. During the meeting County Officials noted that plans were to totally re-condition CR 2240 and that any money spent by the City to repair the damage done by the City's contractor would be wasteful.

Therefore, all parties were in agreement that a lump sum payment of \$42,000 by the City to the County would cover all damages to CR 2240 due to installation of the City's waterline.

I, H. M. Davenport, Honorable Judge for the County of Navarro accepts full payment of \$42,000 from the City of Corsicana for all damages to CR 2240.



H. M. Davenport, Honorable Judge

2-19-10

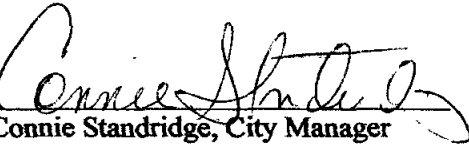
Date



Faith Holt, Commissioner Pct. 2

Feb. 19, 2010

Date



Connie Standridge, City Manager

2/16/10


Date



Ron Lynch, Public Works Dir.

2/16/10

Date



Cliff NeSmith, Project Inspector

2-16-2010

Date

RESOLUTION NO 2010-07

A RESOLUTION OF NAVARRO COUNTY, TEXAS, APPROVING AND AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FUNDING THROUGH THE TEXAS DEPARTMENT OF RURAL AFFAIRS FOR TEXAS COMMUNITY DEVELOPMENT PROGRAM - DISASTER RELIEF FUNDS.

WHEREAS, adverse conditions caused by a severe storm exist in the County which represents a potential threat to human health and safety; and

WHEREAS, immediate attention and effort must be given to rectifying the problem.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners Court of Navarro County, Texas, as follows:

SECTION 1. That a Texas Community Development Program application for Disaster Relief Funds is hereby approved and authorized to be filed on behalf of the County with the Texas Department of Rural Affairs.

SECTION 2. That the Disaster Relief Fund application be in the amount of \$254,827 and shall be used to reconstruct storm damaged roads and culverts which are necessary and essential to the County in order to eliminate a present and serious threat to the health and safety of residents.

SECTION 3. The Commissioners Court hereby agrees to comply with all assurances executed in connection with the application and, if awarded, the grant.

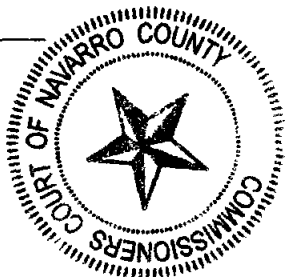
SECTION 4. The County Judge is hereby authorized and directed to act on the County's behalf in all matters pertaining to this application.

PASSED AND APPROVED this 8 day of March, 2010.

[Signature]
County Judge

ATTEST:

[Signature]
County Clerk



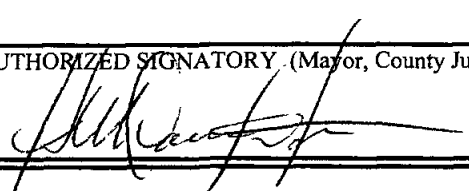
ATTACHMENT 4 **TCDBG MINORITY EMPLOYMENT FORM**

The Information provided by the applicant in this form must include current information on **All Full-Time Permanent Employees**. Elected Officials, Part- Time, or Temporary Employees must not be included on this form.

APPLICANT JURISDICTION: Navarro County

MALE	FEMALE
White <u>126</u>	White <u>145</u>
Black/ (African American) <u>18</u>	Black (African American) <u>11</u>
Asian _____	Asian _____
American Indian/Alaskan Native _____	American Indian/Alaskan Native _____
Native Hawaiian/Other Pacific Islander _____	Native Hawaiian/Other Pacific Islander _____
Black/African American and White _____	Black/African American and White _____
Asian and White _____	Asian and White _____
American Indian/Alaskan Native & White _____	American Indian/Alaskan Native & White _____
American Indian/Alaskan Native and Black/African American _____	American Indian/Alaskan Native and Black/African American _____
Hispanic <u>3</u>	Hispanic <u>11</u>
Other or Multi-Racial _____	Other or Multi-Racial <u>1</u>
TOTAL FULL-TIME PERMANENT MALE EMPLOYEES <u>147</u>	TOTAL FULL-TIME PERMANENT FEMALE EMPLOYEES <u>168</u>
	TOTAL FULL-TIME PERMANENT EMPLOYEES (Male and Female) 315

CERTIFICATION: I certify that the information given on this form is correct and true to the best of my knowledge and was reported in accordance with the instructions. I also attest that this information reflects current information prior to submission of the application and supporting documentation will be maintained and available at any time for review by the Office of Rural Community Affairs.

NAME OF TCDBG MINORITY FORM PREPARER (PLEASE PRINT)	TITLE
SIGNATURE	TELEPHONE NUMBER
AUTHORIZED SIGNATORY (Mayor, County Judge, Local Official)	DATE REVIEWED/SIGNED
	903.654.3025
	3-8-10

ATTACHMENT 5 TCDBG APPLICANT/RECIPIENT DISCLOSURE/UPDATE REPORT

PART I APPLICANT/RECIPIENT INFORMATION

Indicate Whether This Is An Initial Report Or An Update Report

1. Applicant Name, Address, And Phone Number (Include Area Code) Navarro County 300 W. 3 rd Ave Corsicana, Texas 75110 903.654.3025	TCDP Assigned Number pending
2. Project Assisted/To Be Assisted (Project/Activity Description And Its Location By City And County) Reconstruction of storm damaged roads and/or water crossings in Precincts 2 and 3	3. Amount Requested/Received \$254,827

PART II OTHER GOVERNMENT ASSISTANCE PROVIDED/REQUESTED

No Other Government Assistance To Disclose

1. Department/State/Local Agency Name US Department of Agriculture	Address (City, State and Zip Code)	
Program Natural Resources and Conservation Services	Type Of Assistance grant	Amount Requested/Provided \$449,760
2. Department/State/Local Agency Name	Address (City, State and Zip Code)	
Program	Type Of Assistance	Amount Requested/Provided
3. Department/State/Local Agency Name	Address (City, State and Zip Code)	
Program	Type Of Assistance	Amount Requested/Provided
4. Department/State/Local Agency Name	Address (City, State and Zip Code)	
Program	Type Of Assistance	Amount Requested/Provided

PART III		INTERESTED PARTIES	
There Are No Persons With A Reportable Financial Interest To Disclose <input type="checkbox"/>			
List All Persons With A Reportable Financial Interest In The Project Or Activity	Social Security Number Or Employee ID Number	Type Of Participation In Project/Activity	Financial Interest In Project/Activity (Dollars And %)

PART IV	REPORT ON EXPECTED SOURCES AND USES OF FUNDS
Source Of Funds	
See Table 1	
Use Of Funds	
See Table 1	

CERTIFICATION: I certify that the information given on this form is true and complete.

Signature 	Date 3-08-2010
---	-------------------

ATTACHMENT 8 TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM APPLICATION COMPLETION SURVEY

Fund Type (check one):

Disaster Relief Fund **Urgent Need Fund**

The Texas Community Development Block Grant Program (TCDBG) was requested to help address our agency's need to identify the customers of the services provided by ORCA and to assess the level of satisfaction by customers with the services provided by ORCA. A Customer Satisfaction Assessment is required by Section 68, Article IX, House Bill 1, 75th Legislature. The TCDBG has identified two main sets of "customers", grantees and applicants. A survey will be administered to grantees as they approach closure of their grants. **The survey below is required to be submitted with the application.**

Name of locality: Navarro County Region: North Central
Name of person completing survey: [Signature] Title: County Judge
Number of years in this position: _____
Signature (Should be the local person authorized to sign the application)

1. The locality received information regarding the application process in a helpful fashion:
 Yes No

2. Rank the order (#1, #2, #3) with #1 indicating your opinion of which entity was most responsible for ensuring satisfactory completion of the application:
1 City or county 2 Consultant 3 state

3. The application process now completed or being completed was:
 satisfactory Unsatisfactory

4. If applicable, any difficulty experienced was associated with:
- Completion of the application within the time allotted
 - Fulfillment of requirements, (e.g., hearings, proof of low/mod income person benefit, etc.)
 - Turnover of local officials and/or staff
 - Insufficient performance, technical assistance and/or reporting by consultants, regional council
 - Existing grant monitoring findings or audit problems
 - Insufficient technical assistance from TCDP about application requirements
 - Other: _____

5. Locality has its application guide and a copy of its completed application on file:
 Yes No Why Not? _____

6. A local official attended application workshop(s) prior to preparation of the application:
 Yes
 No Why not? Used consultant

7. The consultant(s) and local officials met regularly to discuss activities being accomplished toward application completion.
 Yes
 No Why not? _____
 Not applicable

8. The locality would like more technical assistance or information to be offered regarding:
 TCDBG requirements;
 TCDBG Application requirements;
 TCDBG Contract requirements;
 Other services offered from the Office of Rural Community Affairs

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I, RUSSELL P HUDSON, NAVARRO COUNTY TAX ASSESSOR/COLLECTOR, DO HEREBY SWEAR UNDER OATH,
THAT THE ATTACHED REPORT IS A TRUE AND CORRECT REPORT.

FILED FOR RECORD
AT 9:00 O'CLOCK 2 M.

MAR 08 2010

SHERRY BOWD
COUNTY CLERK NAVARRO COUNTY, TEXAS
BY [Signature] DEPUTY

TOTAL PAGES INCLUDING COVER SHEET 5

#19

NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING FEBRUARY 2010

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
NAVARRO COUNTY								LEVY
CURRENT	1,891,195.98		21,079.63	1,912,275.61	14,725.95	1,897,549.66	326.11	15,513,534.57
DELINQUENT	21,659.95		6,242.67	27,902.62	1,669.06	26,233.56	5,555.35	%
TOTAL	1,912,855.93	-	27,322.30	1,940,178.23	16,395.01	1,923,783.22	5,881.46	12.19%
NAVARRO COLLEGE								LEVY
CURRENT	356,232.01		4,072.88	360,304.89	2,799.42	357,505.47	53.74	3,013,737.80
DELINQUENT	4,598.07	-	1,340.41	5,938.48	358.12	5,580.36	1,182.15	%
TOTAL	360,830.08	-	5,413.29	366,243.37	3,157.54	363,085.83	1,235.89	11.82%
CITY OF RICE								LEVY
CURRENT	20,565.05	-	242.05	20,807.10	163.36	20,643.74		111,678.45
DELINQUENT	190.45		55.60	246.05	14.85	231.20	49.21	%
TOTAL	20,755.50	-	297.65	21,053.15	178.21	20,874.94	49.21	18.41%
CITY OF KERENS								LEVY
CURRENT	22,410.41		467.67	22,878.08	229.00	22,649.08		244,872.02
DELINQUENT	566.64	-	153.07	719.71	41.11	678.60	143.95	%
TOTAL	22,977.05	-	620.74	23,597.79	270.11	23,327.68	143.95	9.15%
CITY OF CORSICANA								
CURRENT	950,875.95	-	8,132.61	959,008.56	6,787.54	952,221.02	252.62	7,513,503.60
DELINQUENT	11,141.01	-	3,323.67	14,464.68	886.65	13,578.03	2,871.63	%
TOTAL	962,016.96	-	11,456.28	973,473.24	7,674.19	965,799.05	3,124.25	12.66%

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NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING FEBRUARY 2010

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
CITY OF BARRY								LEVY
CURRENT	1,731.98		24.41	1,756.39	14.77	1,741.62		15,241.67
DELINQUENT	94.91		36.87	131.78	9.69	122.09	26.35	%
TOTAL	1,826.89	-	61.28	1,888.17	24.46	1,863.71	26.35	11.36%
CITY OF EMHOUSE								LEVY
CURRENT	1,519.17	-	21.53	1,540.70	12.99	1,527.71		8,598.91
DELINQUENT	23.24		5.81	29.05	1.57	27.48	5.81	%
TOTAL	1,542.41	-	27.34	1,569.75	14.56	1,555.19	5.81	17.67%
CITY OF RICHLAND								LEVY
CURRENT	1,639.44	-	29.07	1,668.51	15.47	1,653.04		14,105.26
DELINQUENT	40.95		10.23	51.18	2.77	48.41	10.24	%
TOTAL	1,680.39	-	39.30	1,719.69	18.24	1,701.45	10.24	11.62%
CITY OF GOODLOW								LEVY
CURRENT	576.73	-	27.11	603.84	9.69	594.15		3,018.27
DELINQUENT	58.19		18.80	76.99	4.99	72.00	15.40	%
TOTAL	634.92	-	45.91	680.83	14.68	666.15	15.40	19.11%
CITY OF FROST								LEVY
CURRENT	6,482.20		206.60	6,688.80	84.07	6,604.73		70,744.20
DELINQUENT	461.88		118.95	580.83	32.05	548.78	116.17	%
TOTAL	6,944.08	-	325.55	7,269.63	116.12	7,153.51	116.17	9.16%
CITY OF DAWSON								LEVY
CURRENT	6,667.33		123.26	6,790.59	64.16	6,726.43		69,133.57
DELINQUENT	94.55		25.35	119.90	6.82	113.08	23.97	%
TOTAL	6,761.88	-	148.61	6,910.49	70.98	6,839.51	23.97	9.64%

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AD VALOREM TAXES COLLECTED DURING THE MONTH ENDING FEBRUARY 2010

DESCRIPTION	TAXES	DISCOUNT	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTY FEES	% CURRENT COLLECTED
CITY-BLOOMING GROVE								LEVY
CURRENT	8,753.19		240.65	8,993.84	103.96	8,889.88		93,120.68
DELINQUENT	141.74		34.03	175.77	9.24	166.53	35.15	%
TOTAL	8,894.93	-	274.68	9,169.61	113.20	9,056.41	35.15	9.40%
NAVARRO COUNTY ESD #1								LEVY
CURRENT	7,638.79	-	150.17	7,788.96	75.76	7,713.20		109,001.80
DELINQUENT	100.47	-	25.00	125.47	6.77	118.70	25.11	%
TOTAL	7,739.26	-	175.17	7,914.43	82.53	7,831.90	25.11	7.01%
BLOOMING GROVE ISD								LEVY
CURRENT	214,669.14		3,535.60	218,204.74	1,957.26	216,247.48	7.83	1,382,061.05
DELINQUENT	1,039.20		344.67	1,383.87	91.36	1,292.51	276.77	%
TOTAL	215,708.34	-	3,880.27	219,588.61	2,048.62	217,539.99	284.60	15.53%
DAWSON ISD								LEVY
CURRENT	140,695.74		1,777.19	142,472.93	1,147.83	141,325.10	8.26	1,205,100.46
DELINQUENT	889.84		272.40	1,162.24	72.57	1,089.67	231.31	%
TOTAL	141,585.58	-	2,049.59	143,635.17	1,220.40	142,414.77	239.57	11.68%
RICE ISD								LEVY
CURRENT	135,718.22		2,765.87	138,484.09	1,370.10	137,113.99		1,154,992.39
DELINQUENT	3,095.18		1,134.67	4,229.85	299.19	3,930.66	846.00	%
TOTAL	138,813.40	-	3,900.54	142,713.94	1,669.29	141,044.65	846.00	11.75%
GRAND TOTAL	3,811,567.60	-	56,038.50	3,867,606.10	33,068.14	3,834,537.96	12,063.13	

MEMO:	
TOTAL COLLECTED	<u>3,879,669.23</u>
ROLLBACK TAXES	<u> </u>
TAX CERTIFICATES	<u>1,030.00</u>
HOT CK FEES	<u>60.00</u>

YR-TO-DATE % CURRENT COLLECTED:	
COUNTY	<u>89.26%</u>
COLLEGE	<u>89.20%</u>
RICE	<u>85.36%</u>
KERENS	<u>85.75%</u>
CORSICANA	<u>90.70%</u>
BARRY	<u>84.88%</u>
EMHOUSE	<u>69.26%</u>
RICHLAND	<u>78.29%</u>
GOODLOW	<u>65.63%</u>
FROST	<u>82.89%</u>
CITY-DAWSON	<u>81.90%</u>
CITY-BL GROVE	<u>85.04%</u>
NC ESD #1	<u>87.60%</u>
B G ISD	<u>87.15%</u>
DAWSON ISD	<u>87.77%</u>
RICE ISD	<u>86.02%</u>

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NAVARRO COUNTY, TEXAS
AD VALOREM TAXES COLLECTED DURING THE MONTH OF FEBRUARY 2010

185
581

	TAXES	PENALTY & INTEREST	SUBTOTAL	COLLECTION FEE	NET TAXES DUE	MEMO ONLY ATTORNEY FEES
CURRENT TAXES						
COUNTY	1,540,222.88	17,204.65	1,557,427.53	12,002.30	1,545,425.23	273.72
ROAD & BRIDGE	321,885.35	3,579.59	325,464.94	2,504.36	322,960.58	48.38
FLOOD CONTROL	29,087.75	295.39	29,383.14	219.29	29,163.85	4.01
TOTAL	1,891,195.98	21,079.63	1,912,275.61	14,725.95	1,897,549.66	326.11
DELINQUENT TAXES						
COUNTY	17,774.04	5,129.53	22,903.57	1,371.30	21,532.27	4,559.13
STATE	-	-	-	-	-	-
ROAD & BRIDGE	3,552.53	1,016.79	4,569.32	271.98	4,297.34	910.26
FLOOD CONTROL	333.38	96.35	429.73	25.78	403.95	85.96
TOTAL	21,659.95	6,242.67	27,902.62	1,669.06	26,233.56	5,555.35
TOTAL ALLOCATION						
COUNTY	1,557,996.92	22,334.18	1,580,331.10	13,373.60	1,566,957.50	4,832.85
STATE	-	-	-	-	-	-
ROAD & BRIDGE	325,437.88	4,596.38	330,034.26	2,776.34	327,257.92	958.64
FLOOD CONTROL	29,421.13	391.74	29,812.87	245.07	29,567.80	89.97
TOTAL	1,912,855.93	27,322.30	1,940,178.23	16,395.01	1,923,783.22	5,881.46

COUNTY TAX REPORT
Prepared by Gail Smith
Navarro County Tax Office

#20

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EXHIBIT F TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated March 8, 2010, 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 March 8, 2010, 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 2010 John Deere 310 SJ Backhoe SN#1T0310SJCA0181409 (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 March 8, 2010, presented at the board meeting; and the Equipment will be used by Lessee for the purpose of: Road Construction, loading material, maintenance and clearing of ditches within Navarro County Precinct #4,

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.

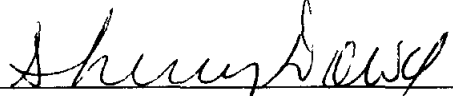
Name and Title of Persons to Execute and Attest Agreement:

H. M. Davenport, Jr., County Judge

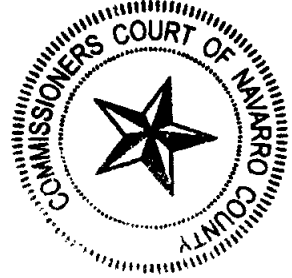
RESOLVED, Lessee covenants that it will perform all acts within its power which are or may be necessary to insure that the interest portion of the Rental Payments coming due under the Agreement will at all times remain exempt from federal income taxation under the laws and regulations of the United States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



EQUIPMENT LEASE-PURCHASE AGREEMENT

By and between

**Welch State Bank
as Lessor**

and

**Navarro County
as Lessee**

Dated as of March 8, 2010

EQUIPMENT LEASE-PURCHASE AGREEMENT

This EQUIPMENT LEASE-PURCHASE AGREEMENT (the "Agreement"), dated as of **March 8, 2010**, and entered into between **Welch State Bank**, 396 S. Commercial, 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. 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. 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 of Texas.

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 J. Mount

Title: Vice President

LESSEE

Navarro County

By: _____

Print Name: H.M. Davenport, Jr.

Title: County Judge

(SEAL)

ATTEST:

By: _____

Print Name: Kelli Langley

Title: Notary Public

(SEAL)

ATTEST:

By: _____

Print Name: Sherry Dowd

Title: County Clerk



EXHIBIT A TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated March 8, 2010 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 **2010 John Deere 310 SJ Backhoe SN# 1T0310SJCA0181409
Together with all accessions, additions and attachments thereto.**

The Equipment is located at: **Precinct #4**

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 stationery 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?
Navarro County Road & Bridge Fund – Pct.4**

In answer to the above, the following is submitted:

- 1 **Road & Bridge Construction. Loading Material, Maintenance and clearing ditches. 20 years.**
- 2 **Yes. It was used for 40 years.**
- 3 **This piece of equipment was chosen from the Texas Association of School Boards "Buy Board".**
- 4 **Navarro County Road & Bridge Fund – Pct 4**

Navarro County

By: _____

H.M. Davenport, Jr.

Title: **County Judge**

EXHIBIT B TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated March 8, 2010 Between Welch State Bank as Lessor and Navarro County as Lessee.

RENTAL PAYMENT SCHEDULE

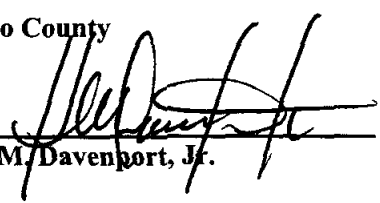
Rate: 4.12 %

Equipment Cost \$87,615.18 + Doc Fee \$200.00 = \$87,815.18

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
Loan	03/08/2010				87,815.18
1	04/08/2010	1,622.32	302.07	1,320.25	86,494.93
2	05/08/2010	1,622.32	297.53	1,324.79	85,170.14
3	06/08/2010	1,622.32	292.97	1,329.35	83,840.79
4	07/08/2010	1,622.32	288.40	1,333.92	82,506.87
5	08/08/2010	1,622.32	283.81	1,338.51	81,168.36
6	09/08/2010	1,622.32	279.21	1,343.11	79,825.25
7	10/08/2010	1,622.32	274.59	1,347.73	78,477.52
8	11/08/2010	1,622.32	269.95	1,352.37	77,125.15
9	12/08/2010	1,622.32	265.30	1,357.02	75,768.13
2010 Totals		14,600.88	2,553.83	12,047.05	
10	01/08/2011	1,622.32	260.63	1,361.69	74,406.44
11	02/08/2011	1,622.32	255.95	1,366.37	73,040.07
12	03/08/2011	1,622.32	251.25	1,371.07	71,669.00
13	04/08/2011	1,622.32	246.53	1,375.79	70,293.21
14	05/08/2011	1,622.32	241.80	1,380.52	68,912.69
15	06/08/2011	1,622.32	237.05	1,385.27	67,527.42
16	07/08/2011	1,622.32	232.28	1,390.04	66,137.38
17	08/08/2011	1,622.32	227.50	1,394.82	64,742.56
18	09/08/2011	1,622.32	222.70	1,399.62	63,342.94
19	10/08/2011	1,622.32	217.89	1,404.43	61,938.51
20	11/08/2011	1,622.32	213.06	1,409.26	60,529.25
21	12/08/2011	1,622.32	208.21	1,414.11	59,115.14
2011 Totals		19,467.84	2,814.85	16,652.99	
22	01/08/2012	1,622.32	203.35	1,418.97	57,696.17
23	02/08/2012	1,622.32	198.47	1,423.85	56,272.32
24	03/08/2012	1,622.32	193.57	1,428.75	54,843.57
25	04/08/2012	1,622.32	188.65	1,433.67	53,409.90
26	05/08/2012	1,622.32	183.72	1,438.60	51,971.30
27	06/08/2012	1,622.32	178.77	1,443.55	50,527.75
28	07/08/2012	1,622.32	173.81	1,448.51	49,079.24
29	08/08/2012	1,622.32	168.82	1,453.50	47,625.74
30	09/08/2012	1,622.32	163.82	1,458.50	46,167.24
31	10/08/2012	1,622.32	158.81	1,463.51	44,703.73
32	11/08/2012	1,622.32	153.77	1,468.55	43,235.18
33	12/08/2012	1,622.32	148.72	1,473.60	41,761.58
2012 Totals		19,467.84	2,114.28	17,353.56	
34	01/08/2013	1,622.32	143.65	1,478.67	40,282.91
35	02/08/2013	1,622.32	138.57	1,483.75	38,799.16
36	03/08/2013	1,622.32	133.46	1,488.86	37,310.30

37	04/08/2013	1,622.32	128.34	1,493.98	35,816.32
38	05/08/2013	1,622.32	123.20	1,499.12	34,317.20
39	06/08/2013	1,622.32	118.05	1,504.27	32,812.93
40	07/08/2013	1,622.32	112.87	1,509.45	31,303.48
41	08/08/2013	1,622.32	107.68	1,514.64	29,788.84
42	09/08/2013	1,622.32	102.47	1,519.85	28,268.99
43	10/08/2013	1,622.32	97.24	1,525.08	26,743.91
44	11/08/2013	1,622.32	91.99	1,530.33	25,213.58
45	12/08/2013	1,622.32	86.73	1,535.59	23,677.99
2013 Totals		19,467.84	1,384.25	18,083.59	
46	01/08/2014	1,622.32	81.45	1,540.87	22,137.12
47	02/08/2014	1,622.32	76.15	1,546.17	20,590.95
48	03/08/2014	1,622.32	70.83	1,551.49	19,039.46
49	04/08/2014	1,622.32	65.49	1,556.83	17,482.63
50	05/08/2014	1,622.32	60.14	1,562.18	15,920.45
51	06/08/2014	1,622.32	54.76	1,567.56	14,352.89
52	07/08/2014	1,622.32	49.37	1,572.95	12,779.94
53	08/08/2014	1,622.32	43.96	1,578.36	11,201.58
54	09/08/2014	1,622.32	38.53	1,583.79	9,617.79
55	10/08/2014	1,622.32	33.08	1,589.24	8,028.55
56	11/08/2014	1,622.32	27.62	1,594.70	6,433.85
57	12/08/2014	1,622.32	22.13	1,600.19	4,833.66
2014 Totals		19,467.84	623.51	18,844.33	
58	01/08/2015	1,622.32	16.63	1,605.69	3,227.97
59	02/08/2015	1,622.32	11.10	1,611.22	1,616.75
60	03/08/2015	1,622.32	5.57	1,616.75	0.00
2015 Totals		4,866.96	33.30	4,833.66	
Grand Totals		97,339.20	9,524.02	87,815.18	

Navarro County

By: 

H.M. Davenport, Jr.

Title: County Judge

**EXHIBIT C TO EQUIPMENT LEASE-PURCHASE AGREEMENT
ACCEPTANCE CERTIFICATE**

**Welch State Bank
396 S. Commercial
Welch, OK 74369**

Re: Equipment Lease-Purchase Agreement, dated March 8, 2010 (the "Agreement") between Welch State Bank ("Lessor") and Navarro County ("Lessee")

Ladies and Gentlemen:

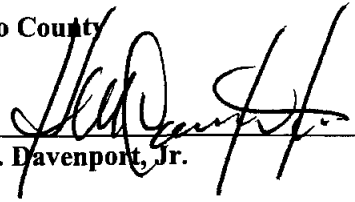
In accordance with the Agreement, the undersigned Lessee hereby certifies and represents to, and agrees with, Lessor as follows:

- (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: 3/8/2010

Equipment Description: **2010 John Deere 310SJ Backhoe sn#1T0310SJCA0181409**

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
CORNICANA, TEXAS 75110

TELEPHONE
903-654-3045

FAX
903-872-6858

EXHIBIT D TO EQUIPMENT LEASEPURCHASE AGREEMENT
OPINION OF COUNSEL
(On Counsel's Letterhead)

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 March 8, 2010, 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)(9) of the Internal Revenue Code of 1986, as amended.

Signature: 

Printed Name: R. Lowell Thompson

Address: 300 West 3rd Suite 203

Telephone: (903) 654-3045

Date: 3/8/10

EXHIBIT E TO EQUIPMENT LEASE-PURCHASE AGREEMENT

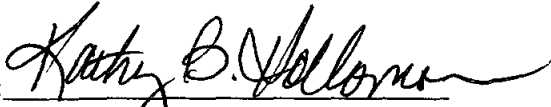
Dated March 8, 2010, Between Welch State Bank as Lessor and Navarro County as Lessee.

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: March 8, 2010

By: 
Kathy B. Hollomon

Title: County Auditor

EXHIBIT F TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated March 8, 2010, 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 December 14, 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 2010 John Deere 310 SJ Backhoe SN#1T0310SJCA0181409 (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 March 8, 2010, presented at the board meeting; and the Equipment will be used by Lessee for the purpose of: Road Construction, loading material, maintenance and clearing of ditches within Navarro County Precinct #4,

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.

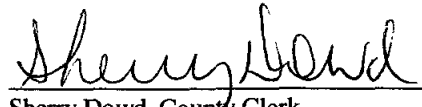
Name and Title of Persons to Execute and Attest Agreement:

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 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 March 8, 2010 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: 2010 John Deere 310SJ Backhoe sn#1T0310SJCA0181409

\$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):

TAC
1210 San Antonio St
Austin, TX 78701-1834 512-478-8753

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

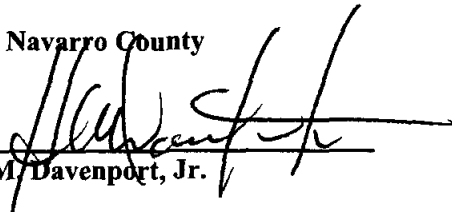
Dated March 8, 2010 Between Welch State Bank as Lessor and Navarro County as Lessee.

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 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

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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: 3/2/2010 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:

2010 John Deere Backhoe 310SJ
#1409

Total Value: \$87,615

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.

Lien Holder / Loss Payee
Welch State 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
Tuesday, March 02, 2010

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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 March 8, 2010

Equipment Description: 2010 John Deere 310SJ Backhoe SN#1T0310SJCA0181409

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 Keenev, 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.

Part I Reporting Authority Check box if Amended Return

1 Issuer's name
Navarro County

2 Issuer's employer identification number
75 ; 6001092

3 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
300 West 3rd Ave ; 10

4 City, town, or post office, state, and ZIP code
Corsicana, Tx 75110

5 Report number (For IRS Use Only)
5

6 Name and title of officer or legal representative whom the IRS may call for more information
H.M. Davenport, Jr.

7 Telephone number of officer or legal representative
(903) 654-3030

Part II Description of Obligations Check one: a single issue or a consolidated return

8a Issue price of obligation(s) (see instructions) **8a 87,815.18**

b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ► **03 / 08 / 2010**

9 Amount of the reported obligation(s) on line 8a that is:

a For leases for vehicles	9a 87,815.18
b For leases for office equipment	9b
c For leases for real property	9c
d For leases for other (see instructions)	9d
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

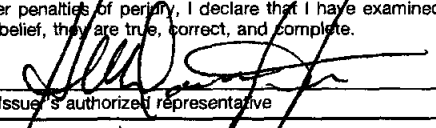
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box . . . ►

11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) . . . ►

12 Vendor's or bank's name: _____

13 Vendor's or bank's employer identification number: _____

Sign Here 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.

 **3-8-10** **H.M. Davenport, Jr.**
Issuer's authorized representative Date Type or print name and title

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed 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:

22

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SPECIAL BUDGET

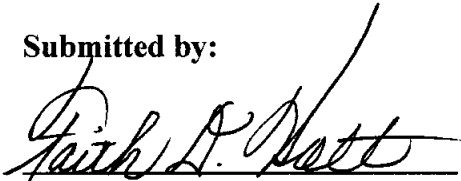
**FROM REVENUE RECEIVED AFTER THE START OF THE FISCAL YEAR
LOCAL GOVERNMENT CODE 111.0707**

NO REQUESTED EXPENDITURE INCREASE


Fund- Department – Account	Description	Current Budget	Requested Increase	Amended Budget
212-333-070	Intergovernment - City of Corsicana (received 2/19/2010)	\$ -0-	\$42,000.00	\$ 42,000.00
212-612-445	Repairs & Maintenance	\$90,000.00	\$42,000.00	\$132,000.00

This budget adjustment is needed to record funds received from the City of Corsicana for possible damages to CR 2240 due to installation of the City's waterline. The amount received is being added to Pct. 2 Commissioner's expenditure budget for Repairs and Maintenance/Lateral Road.

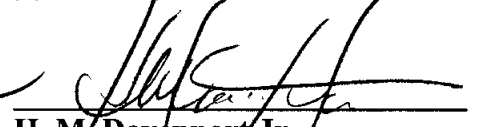
Submitted by:


Faith Holt
Commissioner Pct. #2

Revenue Certified by:


Kathy B. Hollomon
Navarro County Auditor

Approved by Commissioners Court:


H. M. Davenport Jr.
Navarro County Judge

Date: 3-3-10

Date: 3/3/10

Date: 3/8/10

SPECIAL BUDGET


**FROM REVENUE RECEIVED AFTER THE START OF THE FISCAL YEAR
LOCAL GOVERNMENT CODE 111.0707**

NO REQUESTED EXPENDITURE INCREASE

Fund- Department – Account	Description	Current Budget	Requested Increase	Amended Budget
101-551-429	Training - Leose	\$ 8,000.00	\$ 1,939.00	\$ 9,939.00

This budget adjustment is needed due to funds received from the TX Comptroller for LEOSE training for Constable Pct. 1 for 2008 – 2010. The amount received is being added to Constable's expenditure budget for Training.

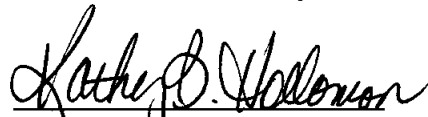
Submitted by:



Mike Davis
Constable Pct. #1

Date: 3-4-2010

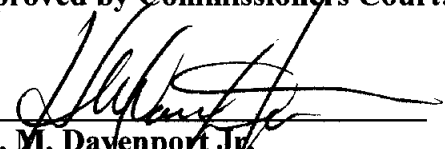
Revenue Certified by:



Kathy B. Hollomon
Navarro County Auditor

Date: 3/4/2010

Approved by Commissioners Court:



H. M. Davenport Jr.
Navarro County Judge

Date: 3/8/2010

#

25

605

No Attachment
Needed

#26

606

No Attachment
needed

#27

607



NAVARRO COUNTY AUDITOR'S OFFICE

Tim Easley, First-Assistant
Terri Gillen, Assistant
Jeannie Keeney, Assistant
Ann Tanner, Assistant
Julie Jennings, Assistant

300 West Third Avenue, Suite 10
Corsicana, TX 75110-4672

Kathy B. Hollomon, CPA

Phone: (903) 654-3095

e-mail: khollomon@navarrocounty.org

Fax: (903) 654-3097

March 4, 2010

To: James Lagomarsino, 13th Judicial District Judge
H. M. Davenport, County Judge
Kit Herrington, Commissioner Pct 1
Faith Holt, Commissioner Pct 2
David Warren, Commissioner Pct 3
James Olsen, Commissioner Pct 4
Sherry Dowd, County Clerk

Re: Navarro County Retiree Health Care Plan Actuarial Valuation Report

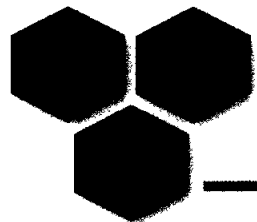
Navarro County is required to implement GASB No. 43 and No. 45 for the first time in our Combined Annual Financial Report for the year ending September 30, 2009 (2009 CAFR). Paula (with Commissioners' Court approval) had already engaged Gabriel Roeder Smith and Company (GRS) to provide the actuarial services to compute the information needed for the 2009 CAFR. The attached report is the product of their analysis.

Under the requirements of these GASBs, Navarro County is required to accrue a liability for future healthcare costs for our retirees. Navarro County does not pay any retiree healthcare premiums. Retirees pay the same premium as Navarro County pays for active participants, which is less than current market rates for healthcare. Since Navarro County is deemed to be supplementing retiree healthcare premiums by paying a higher rate for our active employees than we would pay if retirees could not be covered under our plan, we have an imputed liability. Therefore, our accrual represents the difference between the market rate for healthcare premiums and the amount our retirees pay under our retiree health plan. I know... it's complicated!!

Our liability ranks in the bottom 2% of entities required to compute a liability for future retiree benefits. The attached power point slide was provided by GRS to show how Navarro County's liability ranks in comparison with their Texas clients. They have offered to make a presentation to Commissioners' Court. I declined their offer, since this is just an audit requirement and we would probably have to pay them to do it.

Sincerely,

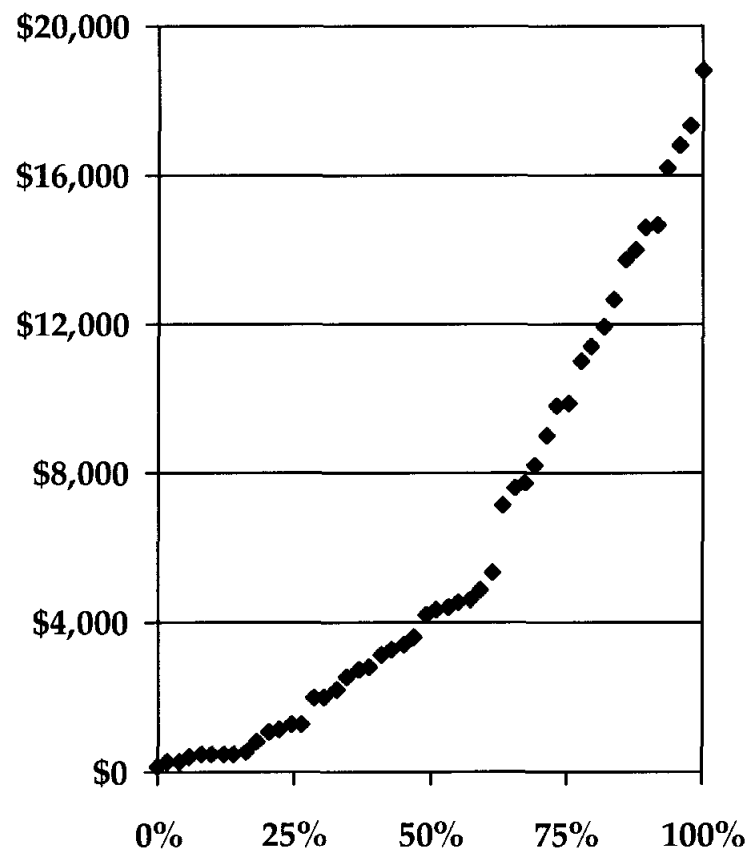
Kathy B. Hollomon, CPA
County Auditor



ARC per Active Member

◆ The ARC per active member is a good measure for comparison with other entities

- ▶ 75th percentile - \$9,838
- ▶ 50th percentile - \$4,346
- ▶ 25th percentile - \$1,264
- Navarro County - \$247



608

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

**NAVARRO COUNTY RETIREE HEALTH CARE PLAN
ACTUARIAL VALUATION REPORT
AS OF DECEMBER 31, 2008**

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March 2, 2010

Kathy B. Hollomon, CPA
Navarro County Auditor
300 W. Third Avenue, Suite 10
Corsicana, TX 75110

Dear Ms. Hollomon,

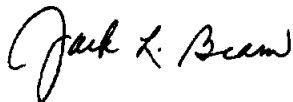
Submitted in this report are the results of an Actuarial Valuation of the assets and benefit values associated with the employer financed retiree health benefits provided by Navarro County. The date of the valuation was December 31, 2008. The annual required contribution has been calculated for the fiscal year beginning October 1, 2008.

The actuarial calculations were prepared for purposes of complying with the requirements of Statements No. 43 and No. 45 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying Navarro County's financial reporting requirements may produce significantly different results. This report may be provided to parties other than Navarro County only in its entirety and only with the permission of Navarro County.

The valuation was based upon information, furnished by Navarro County, concerning retiree health benefits and individual employees, and financial data. Data was checked for internal consistency but was not otherwise audited.

To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. One or more of the undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,



Jack L. Beam, ASA, EA, MAAA



Joseph Newton, FSA, MAAA

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Annual Required Contribution

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Government Accounting Standards Board Statement No. 45. In addition, the plan may also need to comply with GASB Statement No. 43. Please consult with legal counsel and the auditors to determine whether you have a plan for GASB Statement No. 43 purposes.

The Annual Required Contribution (ARC) for the fiscal year beginning October 1, 2008 has been calculated under the two different interest rate assumptions. Below is a summary of the Annual Required Contribution. In the first year GASB Statement No. 45 is adopted, the annual OPEB cost required to be disclosed on the employer's financial statements is equal to the ARC. Actual claims/premiums paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation (NOO).

<u>Annual Required Contribution</u>	<u>Unfunded PAYGO</u>	<u>Funding policy</u>
Fiscal Year Beginning 2008	\$69,942	\$57,518

For additional details please see Section B of the report.

Additional OPEB Reporting Requirements

In addition to the annual OPEB cost described above, employers will have to disclose a Net OPEB Obligation (or asset). The Net OPEB Obligation is the cumulative difference between annual OPEB costs and annual employer contributions in relation to the ARC, accumulated from the implementation of Statement No. 45. The Net OPEB Obligation is zero as of the beginning of the fiscal year that Statement No. 45 is implemented, unless the employer chooses to recognize a beginning balance. The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of Statement No. 45.

EXECUTIVE SUMMARY

Liabilities and Assets

Unfunded PAYGO Assumption

This scenario assumes the current pay-as-you-go (PAYGO) funding policy will continue, i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return earned on the employer's general assets. In this valuation, the discount rate is 4.50%.

The present value of all benefits expected to be paid to current plan members as of December 31, 2008 is \$1,036,336. The actuarial accrued liability, which is the portion of the \$1,036,336 attributable to service accrued by plan members as of December 31, 2008, is \$512,204. As of December 31, 2008, there is \$0 in valuation assets available to offset the liabilities of the plan.

The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of December 31, 2008 is 0.00%.

Funding policy Assumption

This scenario assumes the employer will set up an irrevocable trust and change the funding policy so that the annual employer contributions are equal to the ARC. Under this funding policy, GASB 45 allows the use of a discount rate consistent with the investment return earned on the plan's assets. Dependent on the asset allocation of the investment pool, this rate should be based on longer term investments. In this valuation, the discount rate is 7.50%.

The present value of all benefits expected to be paid to current plan members as of December 31, 2008 is \$691,729. The actuarial accrued liability, which is the portion of the \$691,729 attributable to service accrued by plan members as of December 31, 2008, is \$391,240. As of December 31, 2008, there is \$0 in valuation assets available to offset the liabilities of the plan.

The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of December 31, 2008 is 0.00%.

SECTION A
OVERVIEW

GASB BACKGROUND

The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees – however, this report includes the liabilities for benefits expected to be paid to current active employees when they terminate employment at a future date.

The rising cost of health care has been a cause of concern to both individuals and employers who sponsor health care plans. The accounting community became concerned that many sponsors of public plans were accounting for the cost of their OPEB plans solely on the basis of benefits paid and that this method did not accurately reflect the ultimate cost of benefits promised to current and former employees. In 1988, the Governmental Accounting Standards Board (GASB) began working on a project to develop comprehensive standards for financial reporting of OPEB plans.

The GASB determined that an OPEB plan was similar to a pension plan in that benefits are earned during an active employee’s working lifetime but paid out at a future date. In the GASB’s view, accounting for OPEB should follow the same basic principle as accounting for public plan pension cost: these benefits are compensation for employees’ services and should be accounted for during the period of time that services are performed.

GASB BACKGROUND (CONCLUDED)

The GASB worked on comprehensive standards for OPEB accounting for more than a decade, culminating with the release of GASB Statements No. 43 and No. 45 in the Spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB *plans* while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans. The effective dates of the Statements are based on the implementation of GASB Statement No. 34, based on the sponsor's annual revenue for the first fiscal year ending on or after June 15, 1999, and follow the schedule below:

Total Annual Revenue In the First Fiscal Year Ending After June 15, 1999	GASB No. 43 OPEB Standards for the Plan's Financial Statements will be Effective for Periods Beginning After	GASB No. 45 OPEB Standards for the Employer's Financial Statements will be Effective for Periods Beginning After
Phase 1 Govts. - \$100 million or more	December 15, 2005	December 15, 2006
Phase 2 Govts. - \$10 million or more, But less than \$100 million	December 15, 2006	December 15, 2007
Phase 3 Govts. - Less than \$10 million	December 15, 2007	December 15, 2008

GASB STANDARDS

Unlike pension plans, OPEB plans often do not have a formal document detailing the specific terms of the plan. Under GASB No. 43 and No. 45 the benefits to be accounted for are those provided by the *substantive plan* – loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation. The substantive plan provisions used in this valuation are summarized in Section D.

GASB also requires that the calculations assume the terms of the substantive plan continue indefinitely. It has been argued that there is a likelihood future OPEB plan provisions would be different than the current substantive plan (due to rising health care costs or social changes) and therefore liabilities based on the current substantive plan may overstate what will actually occur. However, the GASB Statement is designed to measure liabilities for the plan as it currently exists. While it may be reasonable to assume future changes in the OPEB plan for other purposes, recognition of anticipated changes is not allowed for purposes of accounting for OPEB.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB No. 43 and No. 45. In general terms, though, the plan sponsor is required to disclose an annual OPEB cost, the funded status of the plan and the funding progress on the valuation date. Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution, or ARC. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years.

The funded status of the plan is a ratio of the plan's assets (if any) to the actuarial accrued liability on the valuation date. The plan is also required to disclose the cumulative difference between the ARC and the employer's actual contribution to the plan. This amount is known as the Net OPEB Obligation (NOO). Each year, the NOO accumulates with interest, plus the difference between the ARC and actual contributions for the year, plus some technical adjustments. **For most plans the NOO is set to zero as of the effective date of the GASB OPEB standard. It is the NOO, and not the actuarial accrued liability, that will be disclosed on the employer's Statement of Net Assets.**

OPEB SPECIFIC ASSUMPTIONS

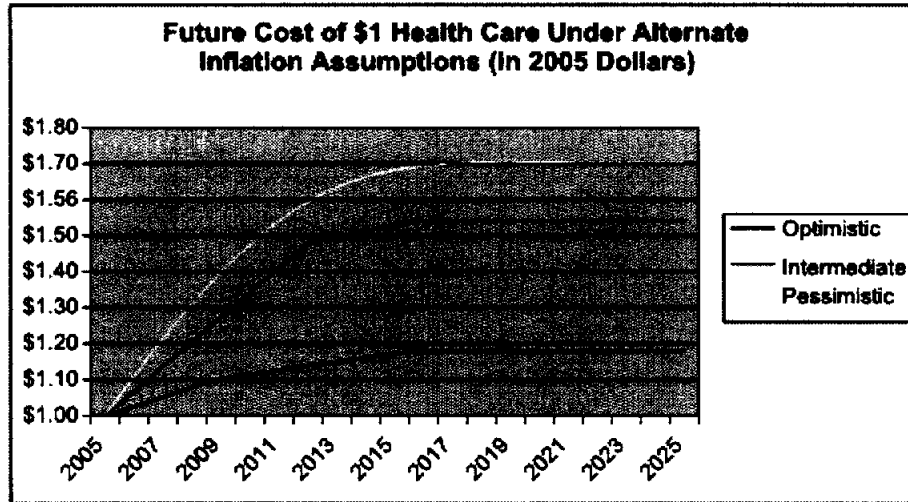
In any long-term actuarial valuation (such as for pensions and OPEB) certain demographic, economic and behavioral assumptions must be made concerning the population, investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, benefits to be provided, and contributions to be collected. The investment return rate assumption is used to discount the future benefits to a present value on the valuation date. While assumptions such as future rates of retirement and mortality are similar for both OPEB and pension plans, there are some additional assumptions required when projecting benefits for a health care plan.

The cost of providing medical services has been increasing more rapidly than prices in general for many years. During the period from 1955 to 2005 general inflation averaged 4.0%, while health expenditures increased by an average of about 10% per year. If this trend is projected to continue for years to come, it implies that years from now virtually all our expenditures will be for health care. The seemingly more reasonable alternative is that in the not too distant future medical expense inflation will stabilize at a level at or near general inflation. It is on this basis that we project that retiree health care costs will continue to exceed general inflation in the near term, but by less each year until leveling off at an ultimate rate that is similar to general price increases.

Health care increase rates used in this valuation lie within a range of reasonable assumptions, and are described in Section G of this report. The health care increase rate assumption has a major effect on the calculation of plan liabilities. To illustrate the effect of differing future medical inflation rates, the following chart projects the growth of \$1 of health care benefit under three sets of assumptions.

In this illustration, each set of assumptions trends smoothly to an assumed long term rate of inflation over the next ten years: The assumption set labeled "Pessimistic" begins at a rate of 10% in excess of general inflation, the "Intermediate" assumption begins at a rate of 7% in excess of general inflation, while the "Optimistic" assumption begins at a rate of 3% in excess of general inflation.

OPEB SPECIFIC ASSUMPTIONS (CONCLUDED)



The chart above shows that the cost of providing health care is expected to increase over 50% in inflation-adjusted dollars over the next 20 years, using the “Intermediate” health care increase assumption set. To put this in perspective, assuming health care increases are brought under control almost immediately, as in the “Optimistic” assumption set, implies future per capita health care costs will be expected to increase less than 20% over current levels. In addition to the per capita health care inflation, costs are expected to rise as the retiree population increases.

The selection of an investment return rate also has a major impact on the calculation of the reported GASB OPEB expense.

It is important to note that GASB Statements No. 43 and No. 45 require the selection of an interest rate assumption to be based on the expected long-term rate of return on the assets expected to pay the OPEB when due. GASB states that the return should be based on expected returns of:

- Plan assets – if the sponsor has been contributing the ARC on a regular basis;
- The employer’s general assets – where no OPEB assets have been accumulated;
- A blend of plan and employer assets – in cases where OPEB assets exist but the plan is contributing amounts less than the ARC.

ACTUARIAL COST METHOD

GASB Statement No. 45 provides some flexibility to governmental employers (and their actuaries) in the use of various actuarial cost methods. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees. The choice of a particular method does not change the ultimate cost of the promised benefits.

The Projected Unit Credit, Level Percent of Payroll actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, the ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year to year basis. This is both an acceptable and reasonable cost method. The use of another actuarial cost method would produce different results.

OPEB PREFUNDING

Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. The employer's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. This method of funding will result in increasing contributions over time. First, per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services, increases. Second, the number of retired members is likely to increase for years to come. The more retirees, the greater the disbursements as a percentage of employee payroll.

A retiree health care plan is similar to a defined benefit pension plan, in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors a common funding objective is to contribute annual amounts to a fund which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Plan to current and future retirees.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to reconcile the often conflicting needs of benefit security for members and fiscal responsibility for the Municipality. The GASB accounting standards noted in the previous section of the report can factor into decisions concerning the level of pre-funding.

SECTION B
VALUATION RESULTS

NAVARRO COUNTY
DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION

Contributions for	Development of the Annual Required Contribution	
	<u>Fiscal Year Beginning 2008</u>	
	<u>Unfunded PAYGO</u>	<u>Funding policy</u>
Employer Normal Cost	\$48,744	\$34,202
Amortization of UAL*	\$21,198	\$23,316
Annual Required Contribution (ARC)	\$69,942	\$57,518
ARC Per Active Participant	\$247	\$203

* Unfunded Actuarial Accrued Liabilities (UAAL) were amortized over 30 years.

The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.00% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements.

NAVARRO COUNTY
DETERMINATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
AS OF DECEMBER 31, 2008

	<u>Unfunded PAYGO</u>	<u>Funding policy</u>
A. Present Value of Future Benefits		
i) Retirees and Beneficiaries	\$67,300	\$62,988
ii) Vested Terminated Members	\$0	\$0
iii) Active Members	<u>\$969,036</u>	<u>\$628,741</u>
Total Present Value of Future Benefits	\$1,036,336	\$691,729
B. Present Value of Future Normal Costs	\$524,132	\$300,489
C. Actuarial Accrued Liabilities (A.-B.)	\$512,204	\$391,240
D. Actuarial Value of Assets	\$0	\$0
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$512,204	\$391,240
F. Funded Ratio (D./C.)	0.00%	0.00%

The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer's Statement of Net Assets. Nevertheless, it is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer's financial statements.

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of post-employment benefits is the rate of return on Plan assets. Higher assumed investment returns will result in a lower ARC. Lower returns will tend to increase the computed ARC. Under the first scenario (Unfunded PAYGO) the discount rate is based on the employer's general assets (short term bonds and cash) and the assumed rate is 4.50%. Under the pre-funded scenario, the assumed asset allocation is a mix of equities and bonds and therefore a 7.50% discount rate is assumed.

COMMENT B: Based on the number of plan members as of this valuation, the plan sponsor is required by GASB to perform annual actuarial valuations at least biennially. An annual actuarial valuation will re-compute the required contribution rate each year. This will permit fluctuations and trends in experience to be reflected in the contribution rate on a regular basis.

COMMENT C: The contribution rates shown include amortization of the unfunded actuarial accrued liability over 30 years. This is the maximum time period permitted by the Governmental Accounting Standards Board Statement No. 43 and No. 45. A shorter amortization period would result in a higher ARC.

SECTION C
SENSITIVITY ANALYSIS

POSTEMPLOYMENT HEALTH INSURANCE -- SENSITIVITY TESTS

Actuarial valuations deal with the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date (for a young, newly hired employee who may retire many years from now and live many years after that). In order to establish a present day cost for these future benefit obligations, the actuary bases the valuation on a number of assumptions about future occurrences. The occurrences that must be considered include employee turnover, pay increases, disablement, retirements, deaths and investment income on anticipated plan assets.

When the benefits being valued are health care benefits, a key factor is the future cost of the medical benefits being promised. This is projected using the current cost of the System's health care benefits and assumed future health care cost increases. The final cost of providing retiree health care benefits will depend upon how the charges for health care services actually increase in the future.

In order to demonstrate how the cost of these benefits can vary depending upon future health care cost increases, we have performed additional valuations based upon alternative health care cost increase assumptions. The schedule on page C-2 compares (i) the computed cost of the retiree health care benefits using the valuation (Intermediate) assumptions to (ii) results of alternate valuations. One of the alternate valuations is based upon a pessimistic health care cost increase assumption. The other is based upon a more optimistic health care cost increase assumption. The schedule on page C-3 exhibits the health care cost increase assumptions used in each of the valuations.

NAVARRO COUNTY SENSITIVITY ANALYSIS

The selection of future health care cost increases is one of the key assumptions in determining plan liabilities. If the health care cost trend rates upon which the calculation of the Annual Required Contribution is based were changed to either the pessimistic or optimistic trends noted on page C-3, the annual contribution for the combined groups (illustrated using the entry age normal funding method) would change as follows.

Contributions for	Development of the Annual Required Contribution		
	<u>Fiscal Year Beginning 2008</u>		
	<u>Pessimistic</u>	<u>Intermediate</u>	<u>Optimistic</u>
Employer Normal Cost	\$59,095	\$48,744	\$39,379
Amortization of UAL*	<u>\$24,665</u>	<u>\$21,198</u>	<u>\$17,885</u>
Annual Required Contribution (ARC)	\$83,760	\$69,942	\$57,264
ARC Per Active Participant	\$296	\$247	\$202

* Unfunded Actuarial Accrued Liabilities (UAAL) were amortized over 30 years.
All three scenarios above based on an un-funded 4.50% discount rate

	<u>Pessimistic</u>	<u>Intermediate</u>	<u>Optimistic</u>
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	\$70,289	\$67,300	\$63,055
ii) Vested Terminated Members	\$0	\$0	\$0
iii) Active Members	<u>\$1,204,398</u>	<u>\$969,036</u>	<u>\$759,242</u>
Total Present Value of Future Benefits	\$1,274,687	\$1,036,336	\$822,297
B. Present Value of Future Normal Costs	\$678,700	\$524,132	\$390,133
C. Actuarial Accrued Liabilities (A.-B.)	\$595,987	\$512,204	\$432,164
D. Actuarial Value of Assets	\$0	\$0	\$0
E. Unfunded Actuarial Accrued Liability (C.-D.)	\$595,987	\$512,204	\$432,164
F. Funded Ratio (D./C.)	0.00%	0.00%	0.00%

NAVARRO COUNTY SENSITIVITY ANALYSIS

Health care trend rates used in the sensitivity analysis are shown below.

Year	Medical and Prescription Drugs		
	Pessimistic	Intermediate	Optimistic
2008	13.0%	10.0%	7.0%
2009	12.3	9.5	6.8
2010	11.5	9.0	6.5
2011	10.8	8.5	6.3
2012	10.0	8.0	6.0
2013	9.3	7.5	5.8
2014	8.5	7.0	5.5
2015	7.8	6.5	5.3
2016	7.0	6.0	5.0
2017	6.5	5.5	4.5
2018	6.0	5.0	4.0
2019	5.5	4.5	3.5
2020	5.5	4.5	3.5
2021	5.5	4.5	3.5
2022	5.5	4.5	3.5
2023 & Later	5.5	4.5	3.5

SECTION D
RETIREE PREMIUM RATE DEVELOPMENT

RETIREE PREMIUM RATE DEVELOPMENT

Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

The monthly one-person premium including medical and prescription drug benefits at select ages are shown below:

FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
40	\$243.64	\$381.72
50	447.85	507.44
60	735.35	706.83
64	855.91	793.35

RETIREE PREMIUM RATE DEVELOPMENT

Based on the guidance provided by GASB on issues related to Medicare Part D payments to State and Local Governments effective June 30, 2006, an employer should apply the measurement requirements of GASB Statement No. 45 to determine the actuarial accrued liabilities, the annual required contribution of the employer, and the annual OPEB cost without reduction for Retiree Drug Subsidy (RDS) payments. Therefore, the impact of the RDS that is part of the Medicare Prescription Drug Improvement and Modernization Act of 2003 is not reflected in this report.

SECTION E
SUMMARY OF BENEFITS

**NAVARRO COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF BENEFITS AS OF DECEMBER 31, 2008**

PLAN PARTICIPANTS

Retirees are eligible to elect retiree coverage within sixty days of retirement, unless they are already over age 65. Retirees pay the full amount of the premiums. If the retiree is paying for coverage of a spouse and/or dependents at time of retirement, dependent coverage may be continued. Navarro County does not pay any of the premiums and charges a \$10/month administrative fee.

NORMAL RETIREMENT BENEFITS

Health Care Benefit Eligibility Conditions

Retirees are eligible to continue existing health coverage, if elected within sixty days of retirement

Health Care Benefit Provided by Plan

- Member:** Continued coverage paid by retiree, if elected within 60 days
- Spouse:** Continued coverage paid by retiree, if elected within 60 days
- Dependent:** Continued coverage paid by retiree, if elected within 60 days

EARLY RETIREMENT BENEFITS

Same coverage is offered for all retirees

DEFERRED RETIREMENT BENEFITS

Retiree must be under age 65 to elect retiree coverage. If retiree is over age 65, spouse may elect COBRA coverage and the premium paid is the employee rate.

DUTY DEATH IN SERVICE RETIREMENT BENEFITS

Surviving spouse and/or dependents with existing coverage may elect COBRA within 60 days of retirement. Premiums paid by surviving spouse or dependents.

NON-DUTY DEATH IN SERVICE RETIREMENT BENEFITS

Same as above

DUTY DISABLED RETIREMENT BENEFITS

Same as above - Navarro County does not provide disability coverage for employees or dependents.

**NAVARRO COUNTY RETIREE HEALTH CARE PLAN
SUMMARY OF BENEFITS AS OF DECEMBER 31, 2008**

NON-DUTY DISABLED RETIREMENT BENEFITS

Same as above

BENEFITS FOR SPOUSES OF RETIRED EMPLOYEES

Spouses are only eligible for continuing coverage if they were covered at the time of retirement.

NON-MEDICARE AND MEDICARE-ELIGIBLE PROVISIONS

Retiree coverage ends when retiree reaches age 65. Spouse may elect COBRA coverage and will pay the employee premium until the 18 months of coverage are utilized or the spouse reaches age 65, whichever occurs first.

VISION COVERAGE

No vision coverage is provided.

DENTAL COVERAGE

No dental coverage is provided.

LIFE INSURANCE COVERAGE

Retirees may elect to continue coverage, except Accidental Death & Dismemberment is not offered.

RETIREE OPT-OUT

Retirees who do not elect health or life coverage within sixty days of termination or retirement may not opt in for any benefits.

SECTION F
SUMMARY OF PARTICIPANT DATA

NAVARRO COUNTY
TOTAL ACTIVE MEMBERS AS OF DECEMBER 31, 2008
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	
Under 20								
20-24	10							10
25-29	18	9						27
30-34	11	6	7					24
35-39	15	11	3	3				32
40-44	10	11	6	4				31
45-49	14	9	5	6	4	3		41
50-54	9	7	5	7	3	2	1	34
55-59	8	9	6	7	6	6	1	43
60-64	6	8	3	3	4	1	1	26
65 & Over	3	5	2	2	1	2		15

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age: 46.4 years
Service: 9.4 years

**NAVARRO COUNTY
TOTAL RETIRED MEMBERS AS OF DECEMBER 31, 2008
BY ATTAINED AGE**

Attained Age	Number of Retirees		
	Male	Female	Total
Under 55	0	0	0
55-59	1	1	2
60-64	0	1	1
65 & Over	4	0	4

The number counts above only include those retirees who have elected to receive retiree health care coverage through the Navarro County Retiree Health Care Plan.

SECTION G

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

VALUATION METHODS FOR
NAVARRO COUNTY
AS OF DECEMBER 31, 2008

Actuarial Cost Method. The **Projected Unit Credit Cost Method** was used in the valuation. The actuarial present value of benefits allocated to the valuation year is the Normal Cost. The actuarial present value of benefits allocated to all prior periods is the Actuarial Accrued Liability. Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent-of-payroll required to fully amortize the UAAL over a 30 year period.

Actuarial Value of System Assets. The Actuarial Value of Assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.50%. The assets may not be allowed for consideration as GASB assets, but are shown for illustrative purposes.

**ACTUARIAL ASSUMPTIONS FOR
NAVARRO COUNTY
AS OF DECEMBER 31, 2008**

The rate of investment return for the Unfunded PAYGO run was 4.50% a year, compounded annually net after investment expenses. For the Funding Policy run, we assumed a 7.50% rate of investment return.

The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, the nominal rates translate to a net real return of 1.50% a year on the Unfunded PAYGO basis and 4.50% on the Funding Policy basis.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which future contributions will be based.

Years of Service	% Increase in Salary at Sample Years of Service and Entry Ages			
	Before 30	Ages 30 – 39	Ages 40 – 49	Ages 50 and later
0	5.25%	4.75%	4.25%	3.75%
1	4.50	4.00	3.50	3.00
2	4.00	3.50	3.00	2.50
3	3.50	3.00	2.50	2.00
4	3.00	2.50	2.00	1.50
5	2.65	2.15	1.65	1.15
10	1.85	1.35	0.85	0.35
15	1.35	0.85	0.35	0.25
20	0.85	0.35	0.25	0.25
25	0.60	0.25	0.25	0.25
30 & Over	0.35	0.25	0.25	0.25

The number of active members is assumed to remain constant in the future.

The payroll growth rate for financing Unfunded Actuarial Accrued Liabilities was assumed to be 3.00% per year.

**ACTUARIAL ASSUMPTIONS FOR
NAVARRO COUNTY
AS OF DECEMBER 31, 2008 (CONTINUED)**

The rates of post retirement mortality used for individual members are in accordance with the following tables.

For normal retirees, the probabilities of dying at sample attained ages were as follows:

Sample Attained Ages	Probability of Dying Next Year (Healthy)		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.28%	0.15%	30.01	34.24
55	0.48	0.25	25.49	29.53
60	0.86	0.48	21.20	24.97
65	1.56	0.93	17.26	20.69
70	2.55	1.48	13.77	16.77
75	4.00	2.44	10.66	13.11
80	6.67	4.24	7.97	9.88

For disabled retirees, the probabilities of dying at sample attained ages were as follows:

Sample Attained Ages	Probability of Dying Next Year	
	Men	Women
50	3.16%	1.35%
55	3.80	1.87
60	4.50	2.41
65	5.45	3.13
70	6.94	4.29
75	9.21	5.95
80	12.19	8.23

These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

**ACTUARIAL ASSUMPTIONS FOR
 NAVARRO COUNTY
 AS OF DECEMBER 31, 2008 (CONTINUED)**

The rates of mortality for active members are in accordance with the following tables.

Sample Attained Ages	Probability of Ordinary Death Next Year	
	Men	Women
20	0.05%	0.03%
25	0.08	0.03
30	0.07	0.03
35	0.09	0.04
40	0.12	0.06
45	0.18	0.10
50	0.27	0.16
55	0.47	0.24
60	0.90	0.34
65	1.45	0.51

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows:

Retirement Ages	Rates of Retirement	
	Male	Female
40-44	5%	5%
45-49	10	10
50-61	14	16
62	32	32
63	18	18
64	18	18
65	35	35
66-74	25	25
75	100	100

**ACTUARIAL ASSUMPTIONS FOR
 NAVARRO COUNTY
 AS OF DECEMBER 31, 2008 (CONTINUED)**

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	male	female	male	female	male	female	male	female
0	26.50%	28.70%	21.89%	23.71%	19.58%	21.22%	17.28%	18.72%
1	17.66%	19.14%	14.59%	15.81%	13.06%	14.14%	11.52%	12.48%
2	13.25%	14.35%	10.94%	11.86%	9.79%	10.61%	8.64%	9.36%
3	10.60%	11.48%	8.76%	9.48%	7.83%	8.49%	6.91%	7.49%
4	8.83%	9.57%	7.30%	7.90%	6.53%	7.07%	5.76%	6.24%
5	7.51%	8.13%	6.20%	6.72%	5.55%	6.01%	4.90%	5.30%
6	6.18%	6.70%	5.11%	5.53%	4.57%	4.95%	4.03%	4.37%
7	5.30%	5.74%	4.38%	4.74%	3.92%	4.24%	3.46%	3.74%
8	4.86%	5.26%	4.01%	4.35%	3.59%	3.89%	3.17%	3.43%
9	4.42%	4.78%	3.65%	3.95%	3.26%	3.54%	2.88%	3.12%
10	3.97%	4.31%	3.28%	3.56%	2.94%	3.18%	2.59%	2.81%
11	3.53%	3.83%	2.92%	3.16%	2.61%	2.83%	2.30%	2.50%
12	3.18%	3.44%	2.63%	2.85%	2.35%	2.55%	2.07%	2.25%
13	2.83%	3.06%	2.33%	2.53%	2.09%	2.26%	1.84%	2.00%
14	2.47%	2.68%	2.04%	2.21%	1.83%	1.98%	1.61%	1.75%
15	2.12%	2.30%	1.75%	1.90%	1.57%	1.70%	1.38%	1.50%
16	1.85%	2.01%	1.53%	1.66%	1.37%	1.49%	1.21%	1.31%
17	1.59%	1.72%	1.31%	1.42%	1.18%	1.27%	1.04%	1.12%
18	1.41%	1.53%	1.17%	1.26%	1.04%	1.13%	0.92%	1.00%
19	1.32%	1.44%	1.09%	1.19%	0.98%	1.06%	0.86%	0.94%
20	1.32%	1.44%	1.09%	1.19%	0.98%	1.06%	0.86%	0.94%
21	1.19%	1.29%	0.98%	1.07%	0.88%	0.95%	0.78%	0.84%
22	1.06%	1.15%	0.88%	0.95%	0.78%	0.85%	0.69%	0.75%
23	0.93%	1.00%	0.77%	0.83%	0.69%	0.74%	0.60%	0.66%
24	0.79%	0.86%	0.66%	0.71%	0.59%	0.64%	0.52%	0.56%
25	0.71%	0.77%	0.58%	0.63%	0.52%	0.57%	0.46%	0.50%
26	0.62%	0.67%	0.51%	0.55%	0.46%	0.50%	0.40%	0.44%
27	0.53%	0.57%	0.44%	0.47%	0.39%	0.42%	0.35%	0.37%
28	0.44%	0.48%	0.36%	0.40%	0.33%	0.35%	0.29%	0.31%
29	0.35%	0.38%	0.29%	0.32%	0.26%	0.28%	0.23%	0.25%
30	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**ACTUARIAL ASSUMPTIONS FOR
 NAVARRO COUNTY
 AS OF DECEMBER 31, 2008 (CONTINUED)**

Rates of disability among active members.

Ordinary Disability	
Sample Ages	% Becoming Disabled within Next Year
20	0.02%
25	0.02
30	0.02
35	0.05
40	0.11
45	0.18
50	0.33
55	0.58
60	0.70
65	0.70

Duty Disability	
Sample Ages	% Becoming Disabled within Next Year
20	0.00%
25	0.00
30	0.00
35	0.00
40	0.01
45	0.02
50	0.02
55	0.04
60	0.07
65	0.07

**ACTUARIAL ASSUMPTIONS FOR
NAVARRO COUNTY
AS OF DECEMBER 31, 2008 (CONTINUED)**

Health cost increases for active members are displayed in the following table:

Year	Pre Commencement Health Care Trend Inflation Rates
	Medical and Drug
2008	10.0%
2009	9.5
2010	9.0
2011	8.5
2012	8.0
2013	7.5
2014	7.0
2015	6.5
2016	6.0
2017	5.5
2018	5.0
2019	4.5
2020	4.5
2021	4.5
2022	4.5
2023 & later	4.5

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS FOR
NAVARRO COUNTY
AS OF DECEMBER 31, 2008

- Administrative Expenses** No explicit assumption has been made for administrative expenses.
- Decrement Operation** Disability and mortality decrements do not operate during the first 5 years of service. Disability also does not operate during retirement eligibility.
- Decrement Timing** Decrement of all types are assumed to occur mid-year.
- Eligibility Testing** Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
- Incidence of Contributions** Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
- Marriage Assumption** Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
- Medicare Coverage** Assumed to be available for all covered employees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.
- Election Percentage** It was assumed that 75% of retirees would choose not to receive retiree health care benefits through the City. Of those assumed to elect coverage, 0% of males and 0% of females were assumed to elect two-person coverage, if eligible.

GLOSSARY

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

GLOSSARY (CONCLUDED)

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Post-Employment Employee Benefits (OPEB). OPEB are post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.

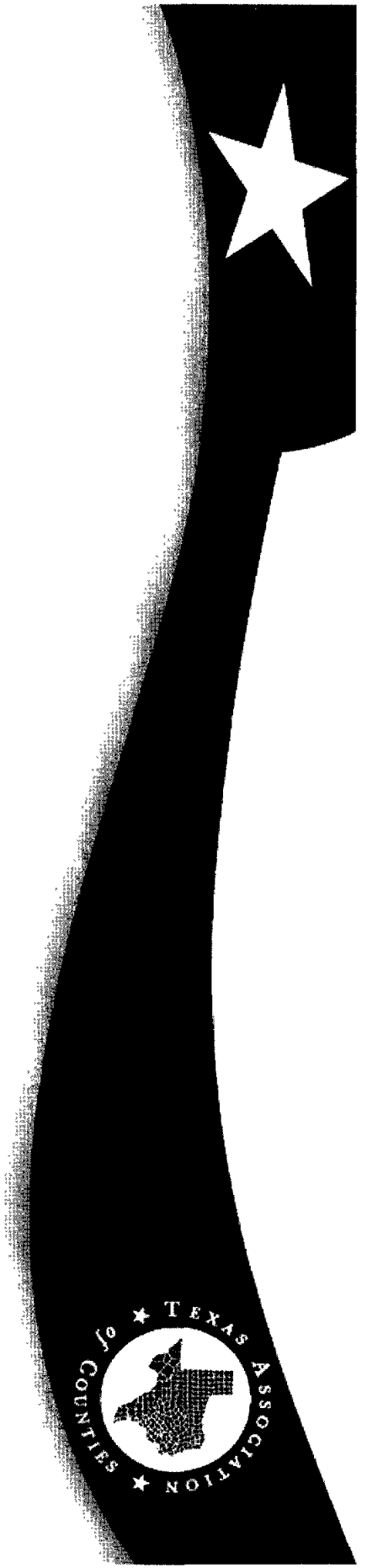
NAVARRO COUNTY HEALTH INSURANCE COMPARISON SELF-FUNDING VS TEXAS ASSOCIATION OF COUNTIES HEALTH EMPLOYEES
BENEFITS POOL

Self-Funding - Claims & Premiums

TAC - HEALTH EMPLOYEES BENEFIT POOL

FY 2004	CLAIMS	PREMIUMS	TOTAL PAID	FY 2010	PREMIUMS	TAC-REFUND	TOTAL PAID
November, 2003	76,475.75	114,960.86	191,436.61	MARCH, 2010	161,614.26	13,707.00	147,907.26
October, 2003	106,448.41	113,582.06	220,030.47	FEBRUARY, 2010	162,690.84	13,707.00	148,983.84
TOTAL	182,924.16	228,542.92	411,467.08	JANUARY, 2010	161,699.82	13,707.00	147,992.82
				DECEMBER, 2009	158,866.50	13,707.00	145,159.50
FY 2003				NOVEMBER, 2009	159,502.12	13,707.00	145,795.12
SEPTEMBER, 2003	140,342.53	103,705.36	244,047.89	OCTOBER, 2009	158,198.82	13,707.00	144,491.82
AUGUST, 2003	319,780.70	106,722.35	426,503.05	TOTAL	962,572.36	82,242.00	880,330.36
JULY, 2003	187,097.44	108,180.75	295,278.19				
JUNE, 2003	134,181.06	111,110.85	245,291.91	FY 2009			
MAY, 2003	103,591.73	111,052.75	214,644.48	SEPTEMBER, 2009	149,010.14	10,021.25	138,988.89
APRIL, 2003	88,851.81	110,745.25	199,597.06	AUGUST, 2009	152,755.69	10,021.25	142,734.44
MARCH, 2003	93,118.91	110,781.80	203,900.71	JULY, 2009	152,112.27	10,021.25	142,091.02
FEBRUARY, 2003	147,311.07	109,485.70	256,796.77	JUNE, 2009	152,913.69	10,021.25	142,892.44
JANUARY, 2003	78,689.77	109,253.60	187,943.37	MAY, 2009	152,709.33	10,021.25	142,688.08
DECEMBER, 2002	115,107.25	111,356.20	226,463.45	APRIL, 2009	153,640.72	10,021.25	143,619.47
NOVEMBER, 2002	98,929.94	111,245.60	210,175.54	MARCH, 2009	152,700.04	10,021.25	142,678.79
OCTOBER, 2002	75,935.94	109,614.90	185,550.84	FEBRUARY, 2009	151,729.12	10,021.25	141,707.87
TOTAL	1,582,938.15	1,313,255.11	2,896,193.26	JANUARY, 2009	153,710.19	10,021.25	143,688.94
				DECEMBER, 2008	153,786.56	10,021.25	143,765.31
FY 2002				NOVEMBER, 2008	152,379.54	10,021.25	142,358.29
SEPTEMBER, 2002	63,632.63	107,888.55	171,521.18	OCTOBER, 2008	153,309.31	10,021.25	143,288.06
AUGUST, 2002	43,471.58	106,968.48	150,440.06	TOTAL	1,830,756.60	120,255.00	1,710,501.60
JULY, 2002	106,521.90	108,051.33	214,573.23				
JUNE, 2002	94,088.95	107,245.38	201,334.33	FY 2008			
MAY, 2002	52,792.42	109,102.28	161,894.70	SEPTEMBER, 2008	142,806.10	5,928.58	136,877.52
APRIL, 2002	158,821.42	108,220.38	267,041.80	AUGUST, 2008	145,195.62	5,928.58	139,267.04
MARCH, 2002	95,940.34	107,368.83	203,309.17	JULY, 2008	145,175.48	5,928.58	139,246.90
FEBRUARY, 2002	47,839.94	107,464.28	155,304.22	JUNE, 2008	145,339.04	5,928.58	139,410.46
JANUARY, 2002	112,335.60	108,405.54	220,741.14	MAY, 2008	142,186.02	5,928.58	136,257.44
DECEMBER, 2001	86,411.59	105,580.38	191,991.97	APRIL, 2008	142,580.83	5,928.58	136,652.25
NOVEMBER, 2001	134,881.09	105,267.28	240,148.37	MARCH, 2008	139,304.09	5,928.58	133,375.51
OCTOBER, 2001	136,231.57	105,000.28	241,231.85	FEBRUARY, 2008	139,742.46	5,928.58	133,813.88
TOTAL	1,132,969.03	1,286,562.99	2,419,532.02	JANUARY, 2008	141,480.97	5,928.58	135,552.39
				DECEMBER, 2007	144,161.61	5,928.58	138,233.03
				NOVEMBER, 2007	138,233.03	5,928.58	132,304.45
				OCTOBER, 2007	138,906.59	5,928.58	132,978.01
				TOTAL	1,705,111.84	71,142.96	1,633,968.88

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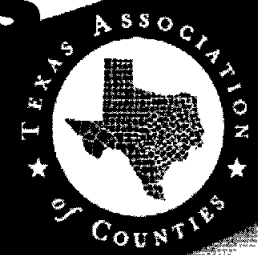


Navarro County

March 8, 2010



TAC HEBP Basics



- Self-insured pool covering 37,000+ county members in 185 county entities
- Offering medical, prescription, dental and life coverage for actives and retirees
- TAC HEBP has experienced renewals well below trend each of the last 7 years for pooled funding groups

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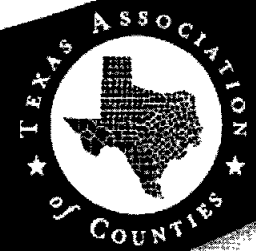
Cost Control



- Volume purchasing
 - Access to markets reserved for large employers
 - Pricing is advantageous because TAC HEBP is larger than any single county
- Loss control for health care
 - Healthy County Wellness Program
 - Condition Management
 - 100% Colonoscopy
 - Medicine Match
 - Tobacco Cessation
 - Weight Loss Special Programs
 - Rx pricing advantage



Public Entity



- A group of individual entities that share risks and purchasing to gain leverage and credibility in high volume benefits markets
- TAC pools formed via Interlocal Agreements
- Advantages to the county:
 - Pools risk over many members thereby decreasing risk to any one member
 - Enhances predictability of costs
 - Reduces volatility of cost increases (budget impact)
 - Large volume purchasing discounts become available

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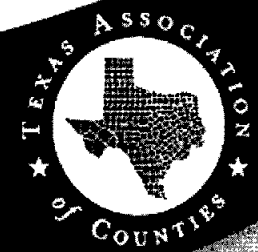
Why counties choose



- Governed by trained county officials
- Customized coverage to fit unique county needs
- Strength in numbers provides financial stability and advantage
- Outstanding customer service
- Trust in TAC



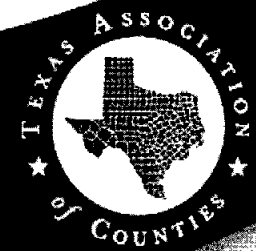
Self-Insurance



- The formal decision to RETAIN risk rather than insure it
- Reinsurance is usually available to provide extra protection for unpredictable or unacceptable losses
- Losses can be paid from
 - Current financial resources (reserves and cash flow)
 - Borrowing to pay losses as they come due (not the way we recommend at TAC)



Credibility



The “Newton’s Law” of Risk Management; i.e., the Law of Large Numbers

In health benefits:

< 100 ees = < 20% credibility. **80% you cannot predict or control!**

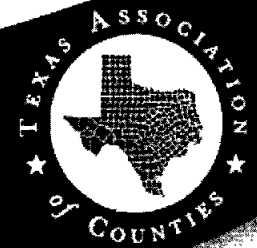
< 500 ees – 20-50% credibility

1,000 ees – 70% credibility

5,000 ees+ - 98% credibility



Exposure



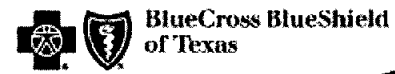
Self-funded

- County 100% risk to attachment point.
- Stop-loss carrier above specific and aggregate county retention one year at a time.
- Credibility in stop-loss market is dependent on size.
- Stop-loss risk is assessed each year and high claims may be excluded

Fully Insured

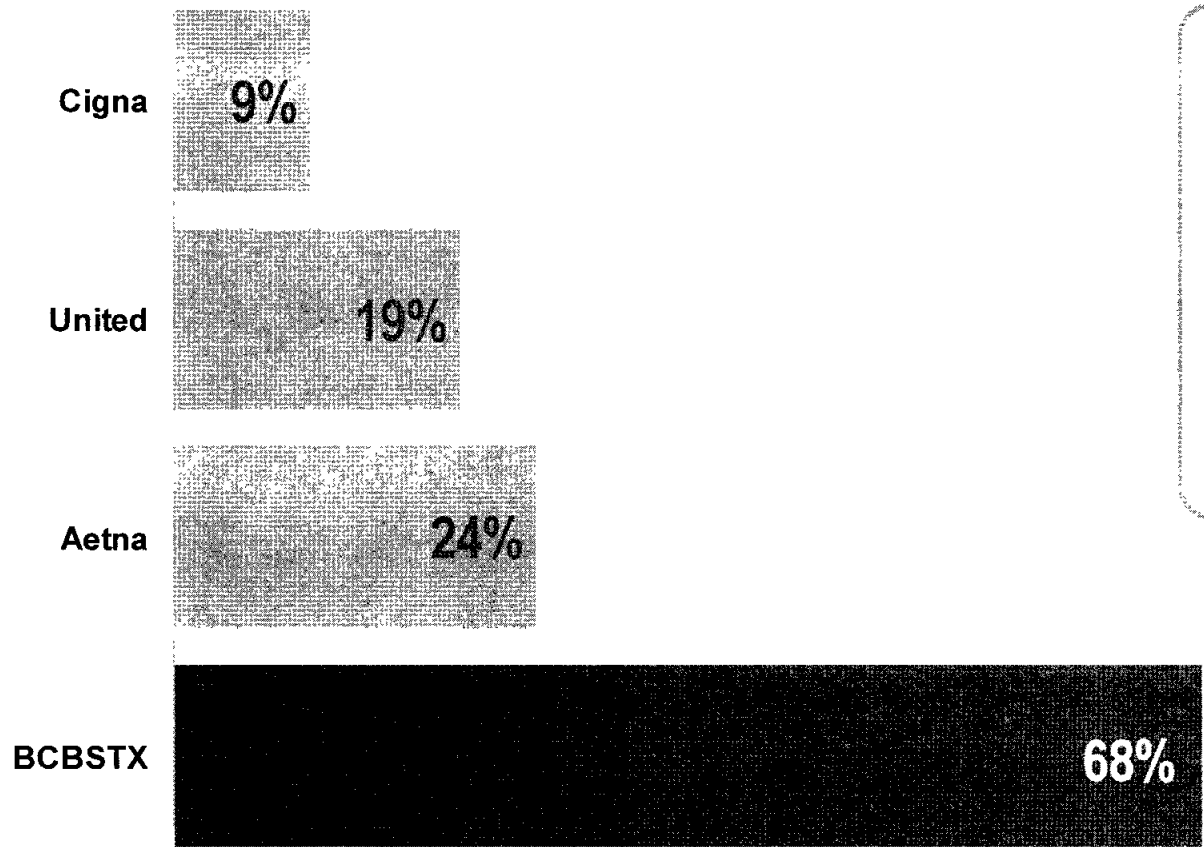
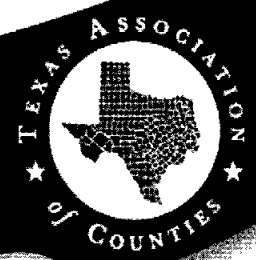
- Insurance carrier 100% risk in a contract year.
- Large Group – Experience is largely credible. More leverage than a small group.

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Brand Strength

TAC's Member



The Blue Cross and Blue Shield brand is the strongest among competitors in the health care industry



Source: Blue Cross and Blue Shield Association

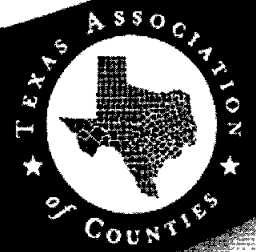
TEXAS ASSOCIATION of COUNTIES

662



BlueCard[®] National

Access Away from



BCBS offers benefits portability in all 50 states, District of Columbia, and Puerto Rico

National Discounts:	
Inpatient	54%
Outpatient	51%
Physician	48%



 In-network

P.R.



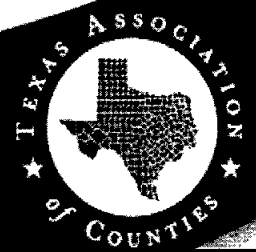
More than **764,000** physicians and **5,700** hospitals in the U.S.

TEXAS ASSOCIATION of COUNTIES

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BlueCross BlueShield of Texas



The pro...

An Employer Savings of \$ 7,526.68

A Patient Savings of \$1,436.72

Provider Amount	BCBSTX Allowed	Competing Network Allowed	Their Discount	Savings as a %
RETAIL	BCBSTX	Competing PPO		
Claim # 17	Allowed Amount	Allowed Amount		
Gallbladder Surgery	\$3,316.39	\$12,279.79		
Billed Amount	\$500 Ded. + 20% Coins./\$10K	\$500 Ded. + 20% Coins./\$10K		
\$15,349.74	Patient Share	Patient Share		
	\$1,063.28	\$2,500.00		

17	Gallbladder Surgery	A West TX Hospital	\$ 3,316.39	\$ 3,316.39	\$ 12,279.79	70%	\$ 12,279.79	\$ 3,500.00	28%
18	Acute Renal Failure	A DFW Area Hospital	\$ 199,273.05	\$ 92,000.00	\$ 107,273.05	54%	\$ 149,454.79	\$ 49,818.26	25%
19	Cancer	A DFW Area Hospital	\$ 166,750.67	\$ 25,928.13	\$ 140,822.54	84%	\$ 133,400.54	\$ 33,350.13	20%
20	Myeloid Lukemia	A DFW Area Hospital	\$ 40,334.08	\$ 5,563.18	\$ 34,770.90	86%	\$ 32,267.26	\$ 8,066.82	20%
21	Myeloid Lukemia	A Houston Area Hospital	\$ 296,459.26	\$ 207,521.48	\$ 88,937.78	30%	\$ 251,990.37	\$ 44,468.89	15%
			\$ 1,481,030.12	\$ 561,025.18	\$ 920,004.94	62%	\$ 1,001,690.39	\$ 479,339.73	32%

On these 21 claims, the additional network savings with BCBSTX was \$440,665!!!

TEXAS ASSOCIATION of COUNTIES

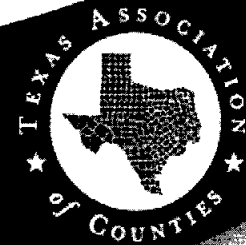


Blue Access

Self Service:



BlueCross BlueShield
of Texas



664
699

Claims and Customer Service

BlueCross BlueShield | Shining Through of Texas Contact Us | Help | Log Out

Home My Health My Coverage Visits & Claims Doctors & Hospitals User Profile

News & Updates
[Benefit Details Now Online](#)

Message Center
You have 1 NEW messages!
One or more of your claims have been finalized.

User Profile
> [Receive email notifications of claim activity](#)
> [Update your online profile](#)
> [Change your password](#)

My Coverage

Subscriber: **Aaron J Smith**
Coverage Effective Date: **Medical 01/01/2006**
[More...](#)

Who is my primary care physician(PCP)?
Dr. Nathan Johns Md

How Can We Help You?

I need to...

- > [Need to print a temporary ID card?](#)
- > [Want to view your claim status?](#)
- > [Need to find a doctor or hospital in your area?](#)
- > [Need to download a form?](#)

Medical Visits & Claims

Your 3 most recent visits :

Date	Patient	Physician/Provider
03/04/2006	AARON SMITH	NATHAN JOHNS MD
03/01/2006	SAMATHA SMITH	NATHAN JOHNS MD
03/01/2006	SAMATHA SMITH	NATHAN JOHNS MD

Members can:

- Check status of claims
- View Explanation of Benefits
- Communicate with Customer Advocates through e-mail
- View provider selections
- Confirm covered dependents
- Order new ID cards or print temporary copies

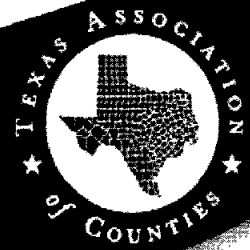
Blue Access is also the doorway to other health benefits tools, such as:

- the Treatment Cost Advisor
- Hospital Comparison Tool
- Personal Health Manager
- and Health Risk Assessment

TEXAS ASSOCIATION of COUNTIES



Navarro County Facts



- Joined TAC HEBP October 1, 2000
- Went from Self-funded to Fully Insured October 1, 2003.
- Navarro County received a total of \$355,882.00 in renewal credits from FY 2008 – FY 2010. A total of \$24 million went to Pool members in that same time period.

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