

June 26, 1995, the Sabine County Commissioners' Court met in regular session. The following members were present:

John L. Hyden	County Judge
Keith Clark	Commissioner Pct. #1
Lynn Smith	Commissioner Pct. #2
Charles Ellison	Commissioner Pct. #3
Will Smith, Sr.	Commissioner Pct. #4
Janice McDaniel	County Clerk

Judge Hyden called the meeting to order at 8:30 A.M. and stated for the record that proper notice was posted.

Bro. Clarence Howell led the Court in prayer.

Minutes of the following Court meetings were read:

May 31st. special called meeting;
June 1st. emergency meeting;
June 1st. special called meeting;
June 2nd special called meeting;
June 5th special called meeting;
June 5th emergency meeting;
June 9th special called meeting;
June 12th regular meeting.

Commissioner Lynn Smith moved to approve the minutes as read with one correction on the June 5th emergency called meeting. The correction is on the motion made by Judge Hyden to go out for proposals for bids on insurance. There was not a seconded recorded. The seconded was made by Commissioner Clark and the record is corrected as so. Commissioner Clark seconded the motion.

All voted for. Motion carried.

Tax Assessor/Collector, Tammy Reeves gave her report for the month of May, 1995. She also informed the Court that the Hemphill ISD Tax Collector, Jim Nethery, about the possibility of consolidating the Hemphill ISD tax collections with Sabine County tax collections. This has been discussed with the between Jim Nethery and the school board and Mr. Butler and Judge Hyden. Also between Judge Hyden and Mrs. Reeves. The contract is being worked out at this time. They are wanting Sabine County to take the collections at a 1 percent revenue. This would pay for another persons salary in the tax office and the increase in the cost of appraisal.

Also under general business, the Resolution regarding the ISTE A grant on the Courthouse. Judge Hyden moved that the Resolution be approved. Commissioner Lynn Smith seconded. All voted for. Motion carried. See attached copy.

Judge Hyden ask the Court to approve the agenda for today. Commissioner Clark moved to approve the agenda for today. Commissioner Will Smith seconded. All voted for. Motion carried.

Agenda item #2-Broadway--Piney Point

Commissioner Will Smith ask to remove this item from the agenda.

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Agenda item #3-Adopt A Road Name--Thomas Johnson Community
Commissioner Will Smith ask to remove this item from the
agenda.

Agenda item #4-Award Contract for Urgent Need Grant--
Appropriate Resolutions

Mr. Pat oakes from Goodwin Lasiter of Lufkin, Tx. met with the
Court to inform them of bids received on June 12th for the FM road
944 Urgent Need Water Project. The low bidder is ATS Construction
of Trinidad, Tx. in the amount of \$59,550.00. They checked the
references of ATS Construction and all references were
satisfactory. They recommend to the Court that this bid be
accepted.

Judge Hyden moved that the bid of ATS Construction for the
construction of the extension water line down 944 road under the
urgent Need Grant be approved. Commissioner Will Smith seconded.
All voted for. Motion carried. Lee Martin with G-M Water will be
doing full time inspections. Goodwin Lassiter will be doing
periodic inspections.

Agenda item #5-Approve Travel Expense and Per Diem--Nat Willey
LEPC Conference--Amarilla, Tx. 7-24-1995 through 7-27-1995

Commissioner Will Smith moved to approve expenses for Nat
Willey. Judge Hyden seconded. After discussion and the fact that
the Court did not have a dollar amount, Judge Hyden moved to table
this item. Commissioner Will smith seconded. All voted for.
Motion carried.

Judge Hyden moved that an emergency meeting be called for
9:00 A.M. Wednesday for this one agenda item. Commissioner Ellison
seconded. All voted for. Motion carried.

Agenda item #6-Approve Soliciting Bids--Used/Surplus Office
Equipment

Judge Hyden moved to post notice and go out for bids.
Commissioner Clark seconded. All voted for. Motion carried.
See attached copy of bid notice.

Agenda item #7-Approve Line Item Transfers

Commissioner Lynn Smith moved to approve line item transfers.
Commissioner Clark seconded. All voted for. Motion carried. See
attached.

Agenda item #8-Approve Lease/Purchase Contracts Capital City
These contracts are for a 1990 Powerscreen and 2 conveyors.
Interest rate is to be 6.54 percent.

Commissioner Lynn Smith moved to approve both leases with
Capital City Leasing. Commissioner Will Smith seconded.
Commissioners Will Smith and Lynn Smith and Judge Hyden voted for.
Commissioners Clark and Ellison voted against. Motion carried.
See attached copy of leases.

There is 1 resolution for each lease. The resolutions are
identical in wording. Judge Hyden read 1 resolution.

Judge Hyden moved to approve the resolutions and authorize the

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County Judge to sign on behalf of the County. Commissioner Will Smith seconded. All voted for. Motion carried. See attached copy of resolutions.

Agenda item #9-Appoint Personnel Committee

Commissioner Clark moved to not appoint a personnel committee. Commissioner Ellison seconded.

In discussion, Commissioner Clark stated that he felt a personnel committee was not necessary. A personnel committee can not tell the office heads how to run their office.

Judge Hyden stated that the biggest purpose of the personnel committee is to make any appropriate changes in the policy and procedures manual. They would have to come before the Court for approval.

Commissioner Lynn Smith stated that they had ask the representative from the Countys' liability insurance carrier to come and give the Court his opinion and that they should follow his recommendations.

Commissioner Clark withdrew his motion. Commissioner Ellison withdrew his second.

Judge Hyden moved to table this item and place it on the next regular Court agenda. Commissioner Will Smith seconded. All voted for. Motion carried.

Agenda item #10-Edward Ferrell--County Rock

At this time, Judge Hyden stated that the Court recognizes Mr. Ferrell and he that he did not have to fill out a public participation form if he is on the agenda.

Mr. Ferrell ask the Court if anyone on the Court takes issue with the fact that he has a right to speak here today. Number 2, is there anyone on the Court that takes issue to the fact that I or any other citizen of this County has the right to come before their elected leaders, which you are, and ask ligitimate questions about ligitimate issues and expect ligitimate answers. The first question is how much does it cost the people of Sabine County to harvest 1 cubic yard of glauconite road base from the Sabine County Rock mine. He stated that he would like to have an answer from all 5 of the Court. He feels that each one should be able to answer that question at any and all times that it is ask of them.

Judge Hyden told Mr. Ferrell that he, Mr. Ferrell, does have a right to ask any question at any time, but he would remind Mr. Ferrell that he has the same right to refuse to answer. Just because there is a question doesn' t mean that there has to be an answer and he choses not to answer. He stated that he has made his comments public.

Mr. Ferrell told Judge Hyden that he was put into office by the people of this County and anytime someone who lives in this County comes before this Court and ask a ligitimate question about a ligitimate issue, you have a responsibility to answer that question.

Commissioner Will Smith stated that he would like to speak. He said that he thinks the 2 Commissioners not supporting the rock pit should tell why.

Mr. Ferrell told Commissioner Will Smith that the question was not why but how much and what was his answer.

Commissioner Will Smith stated that he answered the question with a question.

Mr. Ferrell ask Commissioner Clark what was his answer.

Commissioner Clark stated that he did not know.

Mr. Ferrell ask Commissioner Lynn Smith what was his answer.

Commissioner Lynn Smith stated to Mr. Ferrell that all the figures are public record. Any day you figure, it will vary and since Mr. Ferrell has more time to investigate he suggest that he figure it.

Mr. Ferrell ask Commissioner Ellison his answer.

Commissioner Ellison stated that he had no idea.

Commissioner Lynn Smith stated that he would like for this statement to be made on record: that a lot of this information that has been in the paper is just totally lies and if he had the time he would reply to those things but he just simply does not have the time and continue to carry out his duties at the same time. He would appreciate Mr. Lane putting it in the paper that he is stating that a lot of the information is just lies.

Mr. Ferrell ask Commissioner Lynn Smith to be specific on what is lie.

Commissioner Lynn Smith stated that he had no more comments for Mr. Ferrell.

Judge Hyden stated that a vast majority of the people of this County understand that when people makes comments and puts articles in the paper that this is a burden upon taxpayers of this County. The fact is that not one dollar from ad valorm taxes goes on R&B neither has there been since 1992. The funds from R&B comes from other sources. When people say that this is a burden upon the taxpayers, they do not know what they are talking about.

Commissioner Will Smith moved that Davis Felts be assigned over the rock pit. Judge Hyden seconded.

Commissioner Clark stated that Mr. Felts is the only one that knows how to run the gradall and if he is over the rock pit then he can't run the gradall.

Judge Hyden moved to amend the motion by adding the words that someone be identified with an alternate no later than July 5th. Commissioner Will Smith seconded the amendment. All voted for the amendment. All vote for motion as amended. Motion carried.

Agenda item #11-Karen Livingston--Consider Posting Signs in Frontier Park

Commissioner Will Smith moved to remove this item from the agenda. Judge Hyden seconded. All voted for. Motion carried.

Agenda item #12-Plants Outside Annex

John Toner, County Extension Agent, spoke to the Court about putting some evergreen shrubs and plants outside the Annex.

Commissioner Lynn Smith moved to allow spending up to \$200.00 for plants and shrubbery around the annex. Commissioner Ellison seconded. All voted for. Motion carried.

Commissioner Ellison informed the Court that he had told Tammy Reeves to go ahead and purchase a water hose.

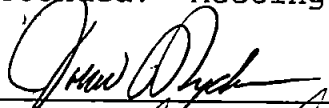
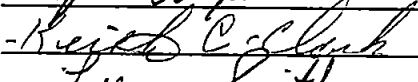
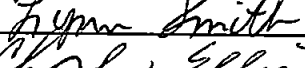
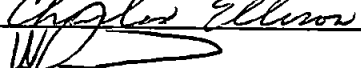
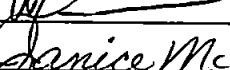
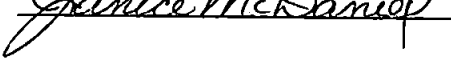
Agenda item #13-Reports

Judge Hyden moved to approve the report from the County Clerk. Commissioner Lynn Smith seconded. All voted for. Motion carried.

Agenda item #14-Pay Accounts and Salaries

Commissioner Clark moved to pay accounts and salaries. Judge Hyden seconded. Commissioner Lynn Smith moved to amend the motion by making this stipulation, that the bills be paid with the exception of the one bill on his oil collection shed in Yellowpine in the amount of \$1880.00. Judge Hyden seconded. All voted for the amendment. All voted for the motion as amended. Motion carried.

Commissioner Clark moved to adjourn. Commissioner Will Smith seconded. Meeting adjourned.

	COUNTY JUDGE
	COMMISSIONER PCT. #1
	COMMISSIONER PCT. #2
	COMMISSIONER PCT. #3
	COMMISSIONER PCT. #4
	COUNTY CLERK

Approve These

SABINE COUNTY GENERAL FUND
ACCOUNTS PAYABLE LEDGER
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Entry	Date	Description	Account R	Document	Stat	Due	Amount
(BARC)							
			BARCHEERS E.M.S., INC.				
45	04-29-95	JASON WILLIAMS	6543.5600	95069D		-54	650.00
Total							\$650.00
(BRAD)							
			WILLIAM G. BRADBERRY SR.				
35	06-14-95	TRIP TO TYLER	6425.5600	PETTY		-9	32.26
36	06-14-95	TRIP TO CARTHAGE	6425.5600	PETTY		-9	3.82
37	06-14-95	FILM	6500.5600	PETTY		-9	27.99
38	06-14-95	POSTAGE	6315.5600	PETTY		-9	3.21
39	06-14-95	GASOLINE	6335.5600	PETTY		-9	74.00
Total							\$141.28
(CAGR)							
			CAPITAL GRAPHICS, INC.				
15	06-01-95	4 WORKSTATIONS DELL	6650.4090	9500666		-22	5,700.00
22	06-10-95	1000 GEN. COMPLAINTS	6310.4550	9500705		-13	85.50
23	06-10-95	1000 ARREST WARRANTS	6310.4550	9500705		-13	85.50
Total							\$5,871.00
(CTSS)							
			CORLEY'S TEXACO SERVICE STATIO				
40	06-09-95	OIL, GREASE, FILTER	6335.5600	R65		-14	22.75
Total							\$22.75
(DPFE)							
			D & P FEED AND TACK				
57	06-07-95	FLEA & TICK SUPPLIES	6541.5600	10003		-16	13.45
Total							\$13.45
(EPSS)							
			EUGENE PROCELLA SERVICE STA.				
18	06-15-95	BATTERY, RECYCLE FEE	6106.4350	0		-8	48.95
Total							\$48.95
(FAFR)							
			FAT FREDS				
60	05-19-95	ICE	6106.4350	R17		-34	1.00
61	05-20-95	ICE	6106.4350	R18		-33	1.00
Total							\$2.00

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Entry	Date	Description	Account R	Document	Stat	Due	Amount
(FNBC) FIRST NATIONAL BANK IN CAMERON							
16	06-22-95	PAYMENT R9 OF 60	6613.4090	M410AA		-1	621.30
Total							<u>621.30</u>
(GALL) GALL'S INC.							
46	06-07-95	NAMETAG/JEFF COULTER	6540.5600	50166021		-16	5.99
47	06-07-95	SHIPPING	6540.5600	50166021		-16	4.95
48	06-12-95	SHIPPING	6500.5600	50171375		-11	4.95
49	06-12-95	DC OUTLET BOX	6500.5600	50171375		-11	12.99
Total							<u>\$28.88</u>
(GTEM) GTE MOBILNET							
31	06-16-95	MOBILE PHONE BILL	6420.6650	275-6330		-7	14.11
Total							<u>\$14.11</u>
(HARA) HILL & ASSOCIATES REPORTING							
58	06-15-95	COURT REPORTER FEE	6534.4350	DW19200		-8	240.00
Total							<u>\$240.00</u>
(HART) HART INFORMATION SERVICES							
3	06-09-95	300 DOCKET LEAVES	6310.4030	692439		-14	114.00
4	06-09-95	SHIPPING & HANDLING	6310.4030	692439		-14	3.85
Total							<u>\$117.85</u>
(JAWI) JAMIE WILLIAMS							
56	06-07-95	WIN. RANGER SXT	6500.5600	0386		-16	27.75
Total							<u>\$27.75</u>
(LUTY) LUFKIN TYPEWRITER & CASH REG.							
25	06-08-95	ADJUST LINE LOCATOR	6450.4990	013671		-15	50.00
26	06-08-95	SW SCRIPT 12	6450.4990	013671		-15	13.00
Total							<u>\$63.00</u>

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Entry	Date	Description	Account R	Document	Stat	Due	Amount
(MCJA)							
			JANICE MCDANIEL				
2	06-13-95	7 PACKAGES TAPES	6310.4030	0		-10	44.48
Total							\$44.48
(MINE)							
			MINE SAFETY ASSOCIATES				
1	06-16-95	POCKET EDITION W/IND	6310.4000	00950576		-7	10.00
Total							\$10.00
(MOTO)							
			MOTOROLA INC.				
42	06-03-95	SERVICE AGREEMENT	6500.5600	S0223325		-20	480.00
Total							\$480.00
(POBP)							
			POSTAGE BY PHONE				
17	06-22-95	POSTAGE FOR METER	6315.4090	17993379		-1	1,000.00
Total							\$1,000.00
(POST)							
			POSTMASTER				
11	06-22-95	BOX RENTAL FEE	6315.4090	BOX 310		-1	13.00
12	06-22-95	BOX RENTAL FEE	6315.4090	BOX 716		-1	8.00
13	06-22-95	BOX RENTAL FEE	6315.4090	BOX 597		-1	13.00
14	06-22-95	BOX RENTAL FEE	6315.4090	BOX 536		-1	8.00
41	06-22-95	BOX RENTAL FEE	6315.5600	BOX 848		-1	24.00
Total							\$66.00
(PRPR)							
			PRAISES & PROMISES				
5	06-12-95	TAPES	6310.4030	39484F		-11	7.49
6	06-16-95	THREE DESK PADS	6310.4030	39500F		-7	14.49
7	06-02-95	TWO ROLLADEX	6310.4030	39466F		-21	33.50
Total							\$55.48
(RACH)							
			RACH VETERINARY CLINIC				
43	06-07-95	BATH/DIP, FOOD	6541.5600	R33		-16	48.99
44	05-19-95	BATH AND DIP	6541.5600	R12		-34	10.00
Total							\$58.99

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Entry	Date	Description	Account R	Document	Stat	Due	Amount	
(ROSU)		ROGERS OFFICE SUPPLY						
9	06-15-95	100 SHEETS	6524.4030	12128		-8	32.10	
10	06-01-95	TWO INK ROLLERS	6524.4030	11860		-22	5.50	
19	06-08-95	PKG COLMUNAR SHEETS	6310.4500	11947		-15	32.10	
24	06-15-95	6 ROLLS SCOTCH TAPE	6310.4970	12137		-8	16.20	
27	06-14-95	5RM 301 ASST PENCILS	6310.4990	11970		-9	10.75	
28	06-14-95	6 BXS STD STAPLES	6310.4990	11970		-9	4.20	
29	06-14-95	BOX 10X13 CLASP ENV	6310.4990	11970		-9	9.39	
30	06-14-95	3 PKGS GRAB-ON GRIPS	6310.4990	11970		-9	4.05	
32	06-15-95	BOX DISKETTES	6480.6690	12127		-8	9.65	
33	06-15-95	HI-LITER	6480.6690	12127		-8	0.52	
34	06-15-95	DOZEN LEGAL PADS	6480.6690	12127		-8	9.59	
59	06-15-95	RIBBON, RUBBER BANDS	6310.4500	12132		-8	13.20	
Total							\$147.25	
(SCOT)		SCOTT - MERRIMAN, INC.						
20	06-12-95	CIVIL DOCKET LEAVES	6310.4500	007742		-11	107.25	
21	06-12-95	FREIGHT	6310.4500	007742		-11	6.70	
Total							\$113.95	
(SOWE)		SOUTHWEST UNIFORMS						
50	06-07-95	3 SHIRTS/JEFF	6540.5600	08878		-16	109.50	
51	06-07-95	3 US FLAGS	6540.5600	08878		-16	3.00	
52	06-07-95	2 SHIRTS/JAMIE	6540.5600	08878		-16	73.00	
53	06-07-95	2 LONG SLEEVE SHIRTS	6540.5600	08878		-16	79.00	
54	06-07-95	4 US FLAGS	6540.5600	08878		-16	4.00	
55	06-07-95	SHIPPING	6540.5600	08878		-16	3.93	
Total							\$272.43	
(WEPC)		WEST PUBLISHING CORPORATION						
8	06-01-95	TX PARKS & WILD PAM	6524.4030	10195		-22	21.50	
Total							\$21.50	
Total of Ledger							\$10,132.40	

SIGN HERE FOR PAYMENT APPROVAL

John L. Hyden
John L. Hyden
County Judge

SIGN HERE FOR PAYMENT APPROVAL

Janice McDaniel
Janice McDaniel
County Clerk

SIGN HERE FOR PAYMENT APPROVAL

Keith C. Clark
Keith C. Clark
Commissioner, Pct. #1

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Lynn Smith
Lynn Smith
Commissioner, Pct. #2

SIGN HERE FOR PAYMENT APPROVAL

Charles Ellison
Charles Ellison
Commissioner, Pct. #3

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Will Smith Sr.
Will Smith Sr.
Commissioner, Pct. #4

APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

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Entry	Date	Description	Account R	Document	Stat	Due	Amount
(BEWI)		BEN WILKERSON					
33	06-09-95	STATE INSPECTION	6355.6040	0		-14	10.50
Total							\$10.50
(CCLI)		CAPITAL CITY LEASING, INC.					
24	06-22-95	PAYMENT R4 OF 60	6653.6030	M503AB		-1	739.17
Total							\$739.17
(ELLO)		ELVIN LOGGINS WELDING					
11	06-10-95	INSTALL TOOL BOX	6355.6030	0		-13	150.00
Total							\$150.00
(ETAC)		EAST TEXAS ASPHALT CO.					
30	06-03-95	10.84 UNITS HOT MIX	6378.6040	71417		-20	330.62
Total							\$330.62
(ETCO)		EASTEX COMMUNICATIONS					
27	06-05-95	GM300,45WATT,8CHN	6652.6040	017821		-18	625.00
28	06-05-95	CREDIT	6652.6040	017820		-18	-450.00
Total							\$175.00
(EVFC)		EVERGREEN FUNDING CORPORATION					
34	06-14-95	2 VEHICLE FIRST AID	6657.6040	1989		-9	45.90
35	06-14-95	METAL FIRST AID KIT	6657.6040	1989		-9	69.95
36	06-14-95	FREIGHT IN	6657.6040	1989		-9	4.89
Total							\$120.74
(GEOB)		GEO. P. BANE, INC.					
12	06-08-95	FIELD LABOR	6345.6030	01000936		-15	903.00
13	06-08-95	FILTER	6356.6030	01000936		-15	15.69
14	06-08-95	10 EDGES	6356.6030	01000936		-15	210.00
15	06-08-95	16 PLOW BOLTS	6356.6030	01000936		-15	12.32
16	06-08-95	16 NUTS	6356.6030	01000936		-15	7.52
17	06-08-95	KNOB ASSY	6356.6030	01000936		-15	143.18
18	06-08-95	CIRCLE GUIDE	6356.6030	01000936		-15	767.56
19	06-08-95	FILTER ELEMENT	6356.6030	01000936		-15	22.42
20	06-08-95	TWO O-RINGS	6356.6030	01000936		-15	45.62
21	06-08-95	FREIGHT IN	6356.6030	01000936		-15	48.25

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Entry	Date	Description	Account R	Document	Stat	Due	Amount
GEO. P. BANE, INC. (CONTINUED)							
22	06-08-95	182 MILES	6356.6030	01000936		-15	136.50
23	06-08-95	SHOP SUPPLIES	6356.6030	01000936		-15	18.06
Total							\$2,330.12
(GMWS) G-M WATER SUPPLY CORP.							
5	06-01-95	WATER BILL	6440.6020	1262		-22	17.59
Total							\$17.59
(HHCO) H & H CONSTRUCTION							
39	06-22-95	RECYCLE OIL STATION	6000.8000	0		-1	1,880.00
Total							\$1,880.00
(HTFA) HAMMOCK TV, FURNITURE & APP.							
38	06-22-95	4 MOWER BLADES	6357.6010	0		-1	35.80
Total							\$35.80
(JTGR) J.T. GREENE TRUCK & EQUIPMENT							
31	06-15-95	WORK ON GRADALL	6346.6040	0621		-8	75.00
32	06-21-95	REPLACE SPRING ASSY	6344.6040	0624		-2	120.00
37	06-22-95	WORK/BLUE MACK DUMP	6344.6030	0626		-1	60.00
Total							\$255.00
(LBAU) L & B AUTO							
1	04-04-95	REPAIR ALT BRACKET	6344.6010	0090317		-79	30.00
2	06-13-95	FOUR CANS R12	6355.6010	0090403		-10	60.00
3	06-13-95	REPLACE A/C HOSE	6344.6010	0090403		-10	32.50
Total							\$122.50
(MINE) MINE SAFETY ASSOCIATES							
6	06-16-95	POCKET EDITION	6657.6020	00950576		-7	10.00
29	06-16-95	POCKET EDITION	6657.6040	00950576		-7	10.00
Total							\$20.00

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Entry	Date	Description	Account R	Document	Stat	Due	Amount
(SAPW)		SABINE PRESSURE WASHERS					
4	06-19-95	55 GALLON DRUM RED	6342.6020	561		-4	195.00
Total							\$195.00
(SGMI)		STEWART GLASS & MIRROR INC.					
7	06-15-95	TINT	6355.6020	55377		-8	406.40
8	06-15-95	LESS DISCOUNT	6355.6020	55377		-8	-203.20
9	06-15-95	URETHANE	6355.6020	55377		-8	13.95
10	06-15-95	LABOR	6344.6020	55377		-8	32.00
Total							\$249.15
(SPLW)		SPEEDY LUBE & WASH					
25	06-21-95	SUPER LUBE	6340.6040	2549		-2	23.95
26	06-21-95	AIR FILTER	6355.6040	2549		-2	7.00
Total							\$30.95
Total of Ledger							\$6,662.14

SIGN HERE FOR PAYMENT APPROVAL

John L. Hyden

John L. Hyden
County Judge

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Janice McDaniel

Janice McDaniel
County Clerk

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Keith C. Clark

Keith C. Clark
Commissioner, Pct. #1

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Lynn Smith

Lynn Smith
Commissioner, Pct. #2

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Charles Ellison

Charles Ellison
Commissioner, Pct. #3

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Will Smith Sr.

Will Smith Sr.
Commissioner, Pct. #4

APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

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SABINE COUNTY R & B SPECIAL
 ACCOUNTS PAYABLE LEDGER
 06-23-95

062395
 Page 1

Entry	Date	Description	Account R	Document	Stat	Due	Amount
(HVEC)			HI-WAY EQUIPMENT CO				
1	06-07-95	FAN SPACER	605.6355	14439		-16	21.45
2	06-07-95	FAN BRACKET	605.6355	14439		-16	113.50
3	06-07-95	BELT TENSIONER	605.6355	14439		-16	104.56
4	06-07-95	PULLEY, FAN	605.6355	14439		-16	26.81
5	06-07-95	SCREWS	605.6355	14439		-16	1.24
6	06-07-95	BELT	605.6355	14439		-16	27.30
7	06-07-95	FREIGHT	605.6355	14439		-16	5.67
8	06-12-95	4 METRIC PLUS 2 BOLT	605.6355	14560		-11	16.00
9	06-12-95	FREIGHT	605.6355	14560		-11	3.46
Total							\$319.99

Total of Ledger

\$319.99

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APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

SABINE COUNTY R&B SPECIAL III
 ACCOUNTS PAYABLE LEDGER
 06-23-95

062395
 Page 1

Entry	Date	Description	Account R	Document	Stat	Due	Amount
(CONE)		CON-EQUIP INC.					
5	06-15-95	OUTER ELEMENT	607.6357	031913		-8	61.28
6	06-15-95	INNER ELEMENT	607.6357	031913		-8	39.19
7	06-15-95	FREIGHT	607.6357	031913		-8	8.31
Total							----- \$108.78
(FEWO)		FED WOODS					
8	06-19-95	3.5 HOURS WELDING	607.6346	027164		-4	70.00
Total							----- \$70.00
(ROSU)		ROGERS OFFICE SUPPLY					
3	06-08-95	BOX SALES BOOKS	607.6357	11945		-15	40.00
Total							----- \$40.00
(SGMI)		STEWART GLASS & MIRROR, INC.					
1	06-15-95	14X42 TINT	607.6357	0		-8	101.90
2	06-15-95	LESS DISCOUNT	607.6357	0		-8	-25.48
Total							----- \$76.42
(TXNB)		TEXAS NATIONAL BANK					
4	06-22-95	PAYMENT NUMBER 11	607.6653	07703056		-1	5,518.83
Total							----- \$5,518.83
Total of Ledger							----- \$5,814.03 =====

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John L. Hyden

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County Judge

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Commissioner, Pct. #4

APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

SABINE COUNTY PR BOND II
 ACCOUNTS PAYABLE LEDGER
 06-23-95

062395
 Page 1

Entry	Date	Description	Account R	Document	Stat	Due	Amount
(JCCA)		JEFFERSON COUNTY COUNCIL					
1	06-22-95	GREGORY BASS	6400.6700	MAY 1995		-1	1,430.00
2	06-22-95	JAMES GREGORY	6400.6700	MAY 1995		-1	275.00
3	06-22-95	JAMES BYRD	6400.6700	MAY 1995		-1	825.00
4	06-22-95	WILLIAM MORRISON	6400.6700	MAY 1995		-1	110.00
Total							\$2,640.00

Total of Ledger

\$2,640.00

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John L. Hyden
 County Judge

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Janice McDaniel
 County Clerk

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Will Smith Sr.
 Commissioner, Pct. #4

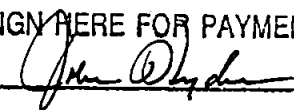
APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

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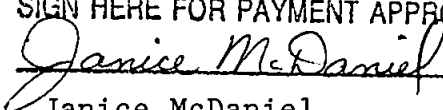
RECORD RETENTION FUND
 ACCOUNTS PAYABLE LEDGER
 06-23-95

062395
 Page 1


Entry	Date	Description	Account R	Document	Stat	Due	Amount
(FNBC) 1	06-22-95	PAYMENT R9 OF 60	775.6450	M410AA		-1	1,000.00
Total.							\$1,000.00
Total of Ledger							\$1,000.00

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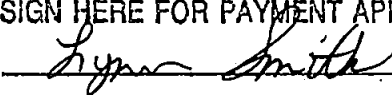
 John L. Hyden
 County Judge

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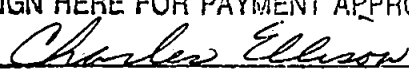
 Janice McDaniel
 County Clerk

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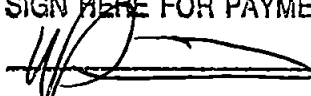
 Keith C. Clark
 Commissioner, Pct. #1

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 Lynn Smith
 Commissioner, Pct. #2

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 Charles Ellison
 Commissioner, Pct. #3

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 Will Smith Sr.
 Commissioner, Pct. #4

APPROVED FOR PAYMENT BY SABINE COUNTY COMMISSIONERS COURT JUNE 26, 1995.

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RESOLUTION I

WHEREAS, Commissioners' Court of Sabine County, Texas, desires to restore the exterior of the Sabine County Courthouse to its original appearance circa 1909; and

WHEREAS, Sabine County, Texas applied for funding under the Statewide Transportation Enhancement Program sponsored by the Texas Department of Transportation in August 1994 at a match ration of 80% Federal funds and 20% County funds; and

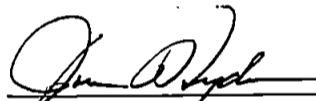
WHEREAS, the Sabine County Courthouse was selected for funding by the Transportation Commission on November 30, 1994 under Commission Minute Order Number 104682; and

WHEREAS, the approved project cost is \$ 555,500 with Federal funds of \$444,400 and County funds of \$111,100.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners' Court of Sabine County hereby accepts the provisions of the Texas Department of Transportation Commission Minute Order Number 104682 and commits those funds that are the responsibility of Sabine County.

BE IT ALSO RESOLVED, that the Commissioners' Court directs and designates the County Judge as the County's chief administrative officer and authorized representative to act in all matters.

PASSED AND APPROVED by the Commissioners' Court on this the 26 th day of June ~~July~~, 1995


John L. Hyden, County Judge

[May want all commissioners to sign]



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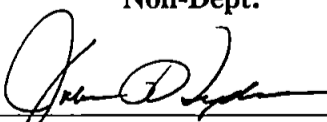
Line-Item Transfer

Date: June 26, 1995

Honorable Commissioners Court of Sabine County:

I submit to you for your consideration the following line-item transfers:

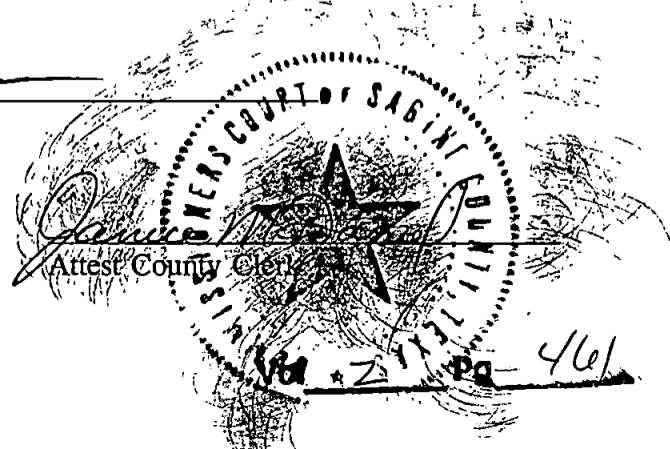
	<u>FUND</u>	<u>DEPT</u>	<u>ACCT.</u>	<u>AMOUNT</u>
From:	General	Non-Dept.	Soc. Sec.	\$ 250.00
	General	Non-Dept.	Mowing	\$ 250.00
	General	Non-Dept.	Right of Way	\$5,000.00
	General	Non-Dept.	Mach. & Equip.	\$3,350.00
	General	Non-Dept.	Capital Reserve	\$2,086.00
	General	Dist. Court	Court Appt. Atty.	\$6,263.00
	General	J.P. Pct 1, Pl. 2	Group Med. Ins.	\$ 565.00
	General	J.P. Pct 1, Pl. 2	Bonds	\$ 25.00
	General	J.P. Pct 2, Pl. 2	Group Medical	\$ 189.00
	General	J.P. Pct 2, Pl. 2	Workers Comp.	\$ 23.00
	General	Constables	Workers Comp.	\$1,000.00
To:	General	County Judge	Telephone	\$ 250.00
	General	County Judge	Telephone	\$ 250.00
	General	Non-Dept.	Outside Legal Serv.	\$5,000.00
	General	Non-Dept.	Outside Legal Serv.	\$3,350.00
	General	Non-Dept.	Outside Legal Serv.	\$ 766.00
	General	Non-Dept.	Audit Fees	\$ 318.00
	General	Non-Dept.	Insurance	\$1,002.00
	General	Dist. Court	Court Reporter	\$2,656.00
	General	Dist. Court	Professional Fees	\$3,607.00
	General	County Court	Telephone	\$ 166.00
	General	County Court	Cont. Education	\$ 399.00
	General	County Court	Commitments	\$ 25.00
	General	County Court	Commitments	\$ 189.00
	General	County Court	Commitments	\$ 23.00
	General	Non-Dept.	Miscellaneous	\$1,000.00



 Department Head



 Approved Commissioners Court



CAPITAL CITY LEASING, INC.
4901 SPICEWOOD SPRINGS RD.
AUSTIN, TEXAS 78759
(512) 346-9393

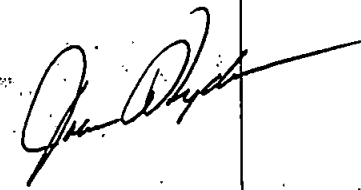
INVOICE

INVOICE NO. M506AC

SOLD TO

SHIPPED TO

Judge John Larry Hyden
County of Sabine
P.O. Box 716
Hemphill, Texas 75948

DATE	ORDER NO.	SALESMAN	TERMS	SHIPPED VIA	PPD.	COLL.
6/14/95			Due Upon Receipt			
QUANTITY	DESCRIPTION				PRICE	AMOUNT
	Due for first (1st) monthly payment out of sixty (60):					\$1071.42
	PLEASE MAKE CHECK PAYABLE TO CAPITAL CITY LEASING, INC. AT THE ABOVE ADDRESS.					
						



CAPITAL CITY LEASING, INC.
4901 SPICEWOOD SPRINGS ROAD, AUSTIN, TEXAS 78759.

LEASE M506AC

GOVERNMENTAL
LEASE/PURCHASE AGREEMENT

This Governmental Lease/Purchase Agreement (the "Lease") is made and entered into on this, the _____ day of _____, 19____ by and between Capital City Leasing, Inc., with offices at 4901 Spicewood Springs Road, Austin, Texas 78759 (herein called the "Lessor"), and _____ County of Sabine _____ with its principal address at P. O. Box 716 _____ Hemphill, Texas 75948 (herein called the "Lessee"), wherein it is agreed as follows:

1. **LEASE OF EQUIPMENT.** Subject to the terms and conditions hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment described in Exhibit A, a copy of which is attached hereto and incorporated herein, together with all replacement parts, repairs, additions and accessories incorporated therein or affixed thereto (herein collectively called the "Equipment").

2. **DELIVERY AND ACCEPTANCE.** At the request of Lessee, Lessor agrees to order the Equipment from the supplier of such Equipment, but shall not be liable for specific performance of this Lease or for damages if for any reason the supplier delays or fails to supply the Equipment. The Equipment to be delivered at the location specified in Exhibit A ("Equipment Location"). Lessee shall pay all transportation and other costs, if any, incurred in connection with the delivery and installation of the Equipment. Any delay in such delivery shall not affect the validity of this Lease. Lessee shall accept the Equipment as soon as it has been delivered and is operational, or as soon as any manufacturer or vendor pre-acceptance test period has expired. Unless Lessee notifies Lessor of a problem with the Equipment, Lessee's acceptance shall be deemed effective no later than thirty (30) days following delivery of the Equipment. Lessee shall evidence its acceptance of the Equipment by executing and returning to Lessor a delivery and acceptance certificate in the form of Exhibit B attached hereto and made a part hereof (the "Acceptance Certificate"); notwithstanding the foregoing, in no event shall Lessee's failure to evidence its acceptance affect the validity of this Lease. Lessee hereby authorizes Lessor to add to this Lease and to any other description of the Equipment the serial number of each item of Equipment when available.

3. **TERM.** This Lease shall become effective upon the execution hereof by Lessee and Lessor. The initial term of this Lease shall commence on the date Lessee executes the Acceptance Certificate (the "Start Date") through the end of Lessee's fiscal year containing the Start Date and, unless earlier terminated as expressly provided for in this Lease, shall be automatically renewed on a year-to-year basis for the number of annual fiscal periods necessary to comprise the lease term as set forth in Exhibit C attached hereto and made a part hereof (the "Lease Term").

4. **PAYMENTS.** Lessee agrees to pay to Lessor or any Assignee (as defined in Section 22 below) the payments for the Equipment as set forth in Exhibit C (the "Payments"). A portion of each Payment is paid as and represents the payment of interest as set forth in Exhibit C. The Payments shall be payable, without notice or demand, at the office of Lessor (or such other place as Lessor or any Assignee may designate in writing, from time to time) and shall commence on the Start Date or as otherwise set forth in Exhibit C, and the remaining Payments shall be payable on the same date of each consecutive month or quarter or semiannual or annual period thereafter (as designated in Exhibit C) for the duration of the Lease Term. Any notice, invoicing, purchase orders, quotations or forms or procedures required by Lessee as a condition precedent to payment shall be fully explained and provided to Lessor or any Assignee sufficiently in advance of the payment due date for the completion thereof by Lessor or any Assignee prior to such payment date. To the extent permitted by applicable law, whenever any portion of a Payment is received by Lessor or its Assignee more than ten (10) days from the due date, Lessee shall pay to Lessor or its Assignee, on demand, the greater of twenty-five dollars (\$25.00) or five percent (5%) of such overdue amount (as a service and handling fee). EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 8 HEREOF, THE PAYMENTS SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.

5. **AUTHORITY AND AUTHORIZATION.** Lessee represents, warrants and covenants that, subject to the good faith and fair dealing provisions of Paragraph 27, (a) it shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its existence, and (ii) the Lease; (b) it has complied with all bidding and budgeting requirements where necessary and by due notification has presented this Lease for approval and adoption as a valid obligation on its part and that all requirements have been met and procedures have been followed to ensure the enforceability of the Lease; (c) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal period; (d) no event has occurred and no condition exists which, upon the execution of this Lease or with notice or the passage of time or both, would constitute a default under any debt, revenue or purchase obligation which it has issued or to which it is a party (the "Obligation") nor has it been in default under any Obligation at any time during the past five (5) years, and (e) no lease, rental agreement or contract for purchase, to which Lessee has been a party, at any time during the past five (5) years, has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period.

6. **LESSEE CERTIFICATION.** Lessee warrants and covenants that (i) it is a governmental entity, agency, or political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the related regulations and rulings thereunder, (ii) Lessee's obligation under this Lease constitutes an enforceable obligation issued by or on behalf of a governmental entity, agency, or political subdivision thereof, such that any interest income derived under this Lease and due Lessor or its Assignee, including, but not limited to, those amounts designated as interest in Exhibit C, shall not be includable in the gross income of Lessor, its Assignee or any participants with such for the purposes of federal income taxation; (iii) this Lease represents a valid deferred payment obligation of Lessee for the amount herein set forth; (iv) Lessee has the legal capacity to enter into this Lease and is not in contravention of any state, county, district, city or town statute, rule, regulation or other governmental provision; (v) during the Lease Term, the Equipment shall not be used in a trade or business of any other person or entity; and (vi) Lessee shall complete and file on a timely basis, Internal Revenue Service form 8038g or 8038gc, as appropriate, in the manner set forth in Section 149(e) of the Code.

7. **APPROPRIATIONS AND ESSENTIAL USE.** Lessee reasonably believes that sufficient funds will be available to make all Payments during the Lease Term. Lessee intends to make the Payments for the full Lease Term if funds are legally available therefore and in that regard Lessee represents that: (a) the use of the Equipment is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (c) the Equipment shall be used by the Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent

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with the permissible scope of its authority. Lessee has considered that this agreement contemplates a term of several fiscal periods and that newer improved equipment for Lessee's purpose may become available for purchase, lease, or use. Notwithstanding, the above, and to the extent permitted by law, Lessee commits not to replace said equipment in the event Lessee terminates this Lease.

8. NONAPPROPRIATION OF FUNDS. In the event sufficient funds are not appropriated, budgeted or otherwise available for the lease of the Equipment for any subsequent fiscal period in which the Payments for the Equipment are due under this Lease, then Lessee shall, not less than sixty (60) days prior to the end of such applicable fiscal period, in writing, notify Lessor and any Assignee of such occurrence. This Lease shall thereafter terminate and be rendered null and void on the last day of the fiscal period which appropriations were made without penalty, liability or expense to the Lessee of any kind, except as to (i) the portions of the Payments therein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available and (ii) Lessee's other obligations and liabilities under this Lease relating to, accruing or arising prior to such termination. In the event of such termination, Lessee agrees to peacefully surrender possession of the Equipment to Lessor or its Assignee on the date of such termination, packed for shipment in accordance with manufacturer's specifications and eligible for manufacturer's maintenance, and freight prepaid and insured to any location in the continental United States designated by Lessor, all at Lessee's expense. Lessor or its Assignee may exercise all available legal and equitable rights and remedies in taking possession of the Equipment. Notwithstanding the foregoing, Lessee agrees (a) that if this Lease is terminated in accordance with the preceding paragraph, Lessee shall not purchase, lease or rent equipment which performs the same functions as, or functions taking the place of, those performed by the Equipment, and shall not permit such functions to be performed by its own employees or by any agency or entity affiliated with or hired by Lessee for the balance of the fiscal period in which such termination occurs or the next succeeding fiscal period thereafter; and (b) that it shall not, during the Lease Term, give priority in the application of funds to any other functionally similar equipment. Lessee understands and agrees that Lessee's termination of this Lease shall not release Lessee of any obligation, representation or covenant arising or made prior to the termination date. In the event it is determined that the provisions of this paragraph conflict or contradict any other provision of the Lease such that the meaning or intent is unclear or ambiguous, then, in that event, the provisions of this paragraph will control over the provisions of any other paragraph herein.

9. LIMITATION ON WARRANTIES. LESSEE HAS SELECTED BOTH THE EQUIPMENT AND THE VENDOR(S) FROM WHOM LESSOR IS TO PURCHASE THE EQUIPMENT IN RELIANCE HEREON. LESSEE ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY LESSEE, THAT LESSOR IS NOT A MANUFACTURER, VENDOR OR DISTRIBUTOR OF SUCH EQUIPMENT, AND THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS OR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE USE, PERFORMANCE OR MAINTENANCE OF THE EQUIPMENT. Lessor hereby assigns to Lessee during the Lease Term, to the extent permitted by law, all manufacturer's warranties, if any, that it may have, express or implied, with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessor authorizes Lessee, to the extent permitted by law, to enforce in its own name any warranty, representation or other claim enforceable against the manufacturer. Lessor assumes no responsibility for shipment, delivery, installation or maintenance, and all claims of Lessee with respect thereto, whether for delay, damage or otherwise, shall be made against the manufacturer. Lessor at its option, may provide in its purchase order that any of such claims may be made by Lessee directly against the manufacturer. The obligation of Lessee to pay the Rental Payments as defined in Section 4 shall not be abated, impaired or reduced by reason of any claims of Lessee with respect to the equipment, including but not limited to its condition, quality, workmanship, delivery, shipment, installation, defects or otherwise.

10. TITLE; SECURITY AGREEMENT. Title to the Equipment is deemed to be with the Lessee so long as no Event of Default pursuant to Section 19 below has occurred and/or this Lease has not been terminated pursuant to the provisions of Section 8 above. Upon the earlier of (i) termination of this Lease in accordance with Section 8 above or (ii) the occurrence of an Event of Default by Lessee pursuant to Section 19 below, title shall revert immediately in and shall revert to Lessor free of any right, title or interest of Lessee unless Lessor elects otherwise. In order to secure all of its obligations hereunder, Lessee hereby (a) grants to Lessor a first and prior security interest in any and all rights, title and interest of Lessee in the Lease, the Equipment and in all additions, attachments, accessions, accessories, replacements, improvements and substitutions thereto, now or thereafter acquired, together with all rents, issues, income, profits and proceeds thereof, including insurance proceeds; (b) agrees that this Lease may be filed as a financing statement evidencing such security interest; and (c) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence and perfect such security interest. Lessee further agrees that the Uniform Commercial Code shall apply as between the parties hereto and any Assignee of Lessor.

11. PERSONAL PROPERTY. The Equipment is and shall remain, personal property and shall not be deemed to be affixed or attached to real property or any building thereon. If requested by Lessor, Lessee shall, at its expense, furnish to Lessor a landlord or mortgagee waiver with respect to the Equipment.

12. USE; REPAIRS. Lessee shall use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating to, and shall pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its sole cost and expense, shall maintain the Equipment according to the manufacturer's recommended guidelines or the equivalent and meet any and all recertification requirements and shall furnish proof of such maintenance, if requested by Lessor and shall furnish all needed servicing and parts, which parts shall become part of the Equipment. If the Equipment is such as is customarily covered by a maintenance agreement, Lessee shall furnish Lessor with a maintenance agreement with a party satisfactory to Lessor.

13. ALTERATIONS. Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, and any permitted alteration or attachment which cannot be readily removed without damaging the Equipment's originally intended function or value shall become part of the Equipment.

14. LOCATION; INSPECTION. The Equipment shall not be removed from, or if the equipment consists of rolling stock, its permanent base shall not be changed from the Equipment Location without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation.

15. LIENS AND TAXES. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (federal, state and local) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but not the obligation, to pay said charges and taxes and seek reimbursement from Lessee, on demand therefor.

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16. RISK OF LOSS; DAMAGE; DESTRUCTION. Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment shall relieve Lessee of the obligation to make the Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment, Lessee shall immediately place the same in good repair (the proceeds of any insurance recovery shall be applied to the cost of such repair). If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, shall: (a) replace the same with like equipment in good repair; or (b) include with the next Payment (i) all amounts owed by Lessee under this Lease, and (ii) an amount not less than the balance of the Payments then remaining unpaid hereunder. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor shall provide Lessee with the pro rata amount of the Payment and the balance of the Payments then remaining unpaid hereunder, as applicable, to be made by Lessee with respect to the Equipment which has suffered the event of loss.

17. INSURANCE. Lessee shall, at its expense, maintain at all times during the Lease Term, fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amounts, covering such risks, and with such insurers as shall be satisfactory to Lessor. In no event shall the insurance limits be less than an amount equal to the balance of the Payments then remaining for the Lease Term. Each insurance policy shall name Lessee as an insured and Lessor or its assigns as additional insured and loss payee, as appropriate, and shall contain a clause requiring the insurer to give Lessor or its assignee at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies shall be payable to Lessee and Lessor or its assigns, as their interests may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee shall deliver to Lessor a certificate of evidence of such insurance. In the event of any loss, damage, injury or accident involving the Equipment, Lessee shall promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto. Notwithstanding the foregoing, with Lessor's prior written consent, Lessee may self-insure against any and all risks for which insurance is required.

18. INDEMNIFICATION. In the event that Lessee is not a state or political subdivision thereof, within the meaning of Section 103 of the Code, or if Lessee, whether by its use of the Equipment or by its actions or omissions or by any means whatsoever, causes any interest payment as set forth in Exhibit C to be included in Lessor's gross income, Lessee agrees to pay to Lessor, its Assignees and any participants with such, an additional amount which, together with the amount of interest to be paid by Lessee under this Lease, puts Lessor, its Assignees and any participants with such, in the same after-tax position they would have been in had such payments been excluded from the gross income of Lessor, its assignees and any participants with such under Section 103 of the Code. In addition, to the extent permitted by state law, Lessee agrees to indemnify Lessor against, and hold Lessor, its Assignee, or any participants with such, harmless from, any and all claims, actions, proceedings, expenses, damages, liabilities of Lessee (including, but not limited to, attorneys' fees and court costs) arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation or return and the recovery of claims under insurance policies thereon.

19. EVENTS OF DEFAULT. The term "Event of Default", as used in this Lease, means the occurrence of any one or more of the following events: (a) Lessee fails to make any Payment (or any other payment) as it becomes due in accordance with the terms of this Lease, and any such failure continues for five (5) days after the due date thereof; (b) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure is not cured within ten (10) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Lease or in any document ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; (d) Lessee becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, a petition for relief is filed by Lessee under federal bankruptcy, insolvency or similar laws, or a petition in a proceeding under any bankruptcy, insolvency or similar laws is filed against Lessee and is not dismissed within thirty (30) days thereafter; (e) Lessee shall be in default under any other agreement executed at any time with Lessor, its affiliates or Lessor's Assignee or under any other agreement or instrument by which it is bound.

20. REMEDIES. Upon the occurrence of an Event of Default, Lessor may, at its option, exercise any one or more of the following remedies: (a) by written notice to Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Payments which shall become due during the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable; (b) by written notice to Lessee, request Lessee to (and Lessee agrees that it shall), at Lessee's expense, promptly return the Equipment to Lessor in the manner set forth in Section 8 hereof, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same without liability to Lessor or its agents for such entry or for damage to property or otherwise; (c) sell or lease the Equipment of sublease it for the account of Lessee, holding Lessee liable for (i) all Payments (and other amounts) due to the effective date of such selling, leasing or subleasing, and (ii) for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the remaining amounts payable by the Lessee hereunder; and (d) exercise any other right, remedy or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of this Lease, (ii) recover damages for the breach of this Lease, and (iii) rescind this Lease as to any or all of the Equipment. In addition, Lessee shall remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

21. EARLY PURCHASE OPTION. Lessee may, upon sixty (60) days prior written notice to Lessor, and provided Lessee shall have fully paid and performed all other obligations hereunder and provided no Event of Default has occurred and is continuing, pay to Lessor the applicable amount set forth on Exhibit C attached hereto, whereupon title to the Equipment shall become unconditionally vested in Lessee and Lessor shall transfer any and all of its right, title and interest in the Equipment to Lessee as is, where is, without warranty, express or implied, except that Lessor shall warrant to Lessee that the Equipment is free and clear of any liens created by Lessor.

22. ASSIGNMENT. Without Lessor's prior written consent, Lessee shall not: (a) assign, transfer, pledge, hypothecate or grant any security interest in, or otherwise dispose of, this Lease or the Equipment or any interest in this Lease or the Equipment or (b) sublet or lend the Equipment or permit the Equipment to be used by anyone other than Lessee or Lessee's agents or employees. Lessor, without the consent of Lessee, may assign all or any portion or portions of its right, title and interest in and to this Lease, the Equipment, and any other documents executed with respect to this Lease, and/or grant or assign all or any portion or portions of its security interest in this Lease and the Equipment, in whole or in part, to various assignees, their agents or trustees (each and any one hereinafter referred to as an "Assignee"). Any such assignment to an Assignee may provide that Lessor or the Assignee shall act as a collection and paying agent for holders of certificates of participation in this Lease, or may provide that a third-party trustee or agent shall act as collection and paying agent for any Assignee, provided Lessee receives written notification of the name and address of the trustee or the agent and a copy of the pooling and fractionalization agency or trustee agreement, if any. Any such Assignee shall have all of the assigned rights of Lessor under this Lease. Subject to the foregoing, this Lease shall inure to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Lease or the Equipment shall be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each such assignee and, where applicable, to whom further payments hereunder should be made. During the Lease Term, Lessee covenants that it shall keep a complete and accurate record of all assignments in a form necessary to comply with Section 149(a) of the Code and the regulations, proposed or existing, from time to time promulgated

thereunder, Lessee agrees to acknowledge, in writing, any assignments if so requested. LESSEE AGREES THAT, UPON NOTICE OF ASSIGNMENT, IF SO INSTRUCTED IT SHALL PAY DIRECTLY TO THE ASSIGNEE, OR ITS TRUSTEE OR AGENT WITHOUT ABATEMENT, DEDUCTION OR SETOFF ALL AMOUNTS WHICH BECOME DUE HEREUNDER. LESSEE FURTHER AGREES THAT IT SHALL NOT ASSERT AGAINST ANY ASSIGNEE, TRUSTEE OR AGENT ANY DEFENSE, CLAIM, COUNTERCLAIM OR SETOFF ON ACCOUNT OF ANY REASON WHATSOEVER WITH RESPECT TO ANY PAYMENTS OR OTHER AMOUNTS DUE HEREUNDER OR WITH RESPECT TO ANY ACTION BROUGHT TO OBTAIN POSSESSION OF THE EQUIPMENT PURSUANT TO THIS LEASE.

23. NATURE OF AGREEMENT. Lessor and Lessee agree that it is their intention that, for federal income tax purposes, the interest of Lessor in the Equipment is as a secured party and the interest of Lessee is as a debtor, and that Lessor neither has nor shall have any equity in the Equipment. It is the agreement of Lessor and Lessee that the aggregate payments provided for hereunder constitute the purchase price of the Equipment together with interest on the unamortized amount thereof over the term of this Lease, that each installment constitutes principal and interest, in accordance with the schedule of payments set forth in Exhibit C of this Lease, which fully amortizes the purchase price of the Equipment, together with interest, over the term of this Lease, and that upon the due and punctual payment and performance of the installments of Payments and other amounts and obligations under this Lease, title to the Equipment shall vest permanently in Lessee, free and clear of any lien or security of Lessor therein.

24. AMENDMENTS. This Lease may be amended or any of its terms modified for the purpose of adding Equipment, with the written consent of the parties hereto. In such event, additions to or additional exhibits attached hereto shall be executed by Lessee. All other amendments or modifications of the terms of this Lease (except for the addition of serial numbers for the Equipment as set forth in the Acceptance Certificate) must be accomplished by written consent of Lessee and Lessor, or its Assignee, if any; provided, however, that no amendment of this Lease shall operate to reduce or delay any Payments to be made hereunder without the consent of Lessor, or its Assignee.

25. NOTICES. All notices to be given under this Lease shall be made in writing and mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five (5) days subsequent to mailing.

26. SECTION HEADINGS. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

27. GOVERNING LAW. This Lease is to be performed in Travis County, Texas, and shall be governed by the provisions hereof and by the laws of the State of Texas. Each party agrees to deal fairly with the other party and to act in good faith regarding the representation and provision contained herein and in the performance of this Lease.

28. FURTHER ASSURANCES. Lessee shall deliver to Lessor: (i) an opinion of counsel in substantially the form of Exhibit D attached hereto or as Lessor may otherwise request; and (ii) if applicable, a certificate of a duly authorized official as to designation as a qualified tax-exempt obligation. Moreover, Lessee shall execute or provide, as requested by Lessor, any documents and information which are reasonable necessary with respect to the transaction contemplated by this Lease. Lessee hereby authorizes Lessor to execute and file on behalf of Lessee and as Lessee's attorney-in-fact such UCC financing and continuation statements as Lessor deems necessary to secure its and/or its Assign's interest in the Equipment or this agreement.

29. ENTIRE AGREEMENT. This Lease, together with the exhibits attached hereto and made a part hereof and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor.

30. SEVERABILITY. This Lease is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the State of Texas. If any provision of this Lease, or the application thereto to any person or circumstance, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

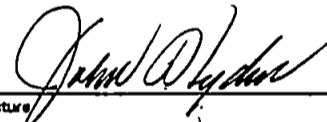
31. WAIVER. The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as waiver of any subsequent breach hereof.

32. DESIGNATION. In compliance with Section 149(a) of the Code, Lessee hereby designates Lessor to be its agent for the purposes of maintaining a book entry system identifying the ownership or interest in and to this Lease and Lessor hereby accepts its duties as agent, hereunder.

LESSOR: Capital City Leasing, Inc.

LESSEE: County of Sabine
(Entity)

BY:
Signature

BY: 
Signature

Printed Name and Title

John L. Hyden, County Judge
Printed Name and Title

Date

June 26, 1995
Date

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EXHIBIT C

PAYMENT DATE	PAYMENT AMOUNT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE
37 / /	\$1,071.42	\$131.10	\$940.32	\$23,452.21
38 / /	\$1,071.42	\$125.97	\$945.45	\$22,478.51
39 / /	\$1,071.42	\$120.82	\$950.61	\$21,500.75
40 / /	\$1,071.42	\$115.63	\$955.79	\$20,518.91
41 / /	\$1,071.42	\$110.42	\$961.00	\$19,532.99
42 / /	\$1,071.42	\$105.18	\$966.24	\$18,542.95
43 / /	\$1,071.42	\$99.91	\$971.51	\$17,548.79
44 / /	\$1,071.42	\$94.61	\$976.81	\$16,550.49
45 / /	\$1,071.42	\$89.29	\$982.14	\$15,548.03
46 / /	\$1,071.42	\$83.93	\$987.49	\$14,541.39
47 / /	\$1,071.42	\$78.55	\$992.88	\$13,530.56
48 / /	\$1,071.42	\$73.13	\$998.29	\$12,515.51
49 / /	\$1,071.42	\$67.69	\$1,003.73	\$11,496.24
50 / /	\$1,071.42	\$62.21	\$1,009.21	\$10,472.72
51 / /	\$1,071.42	\$56.71	\$1,014.71	\$9,444.93
52 / /	\$1,071.42	\$51.18	\$1,020.24	\$8,412.87
53 / /	\$1,071.42	\$45.61	\$1,025.81	\$7,376.50
54 / /	\$1,071.42	\$40.02	\$1,031.40	\$6,335.81
55 / /	\$1,071.42	\$34.40	\$1,037.03	\$5,290.79
56 / /	\$1,071.42	\$28.74	\$1,042.68	\$4,241.41
57 / /	\$1,071.42	\$23.06	\$1,048.37	\$3,187.66
58 / /	\$1,071.42	\$17.34	\$1,054.08	\$2,129.52
59 / /	\$1,071.42	\$11.59	\$1,059.83	\$1,066.98
60 / /	\$1,071.42	\$5.81	\$1,065.61	\$0.00
	\$25,714.12	\$1,672.89	\$24,041.23	

Lessor: _____

Lessee: 

GRAND TOTAL \$64,285.30 \$9,285.30 \$55,000.00

* Interest rate is conditioned upon the signing of and return of all documents (including the Delivery & Acceptance Certificate) to our office by July 30, 1995.

** Dates will be filled in upon receipt of the Delivery & Acceptance Certificate at our office. A copy will be sent to the County thereafter.

EXHIBIT C

LEASE # M506AC

PAYMENT SCHEDULE
MULTI-YEAR ADJUSTABLE PERIOD

INTEREST RATE: 6.54%* AMOUNT: \$55,000.00
 DOWN PAYMENT: \$1,071.42 PAYMENT PERIODS: 60
 DAYS UNTIL REG. PAYMENT: 30 PAYMENTS/YEAR: 12
 REGULAR PAYMENT AMOUNT: \$1,071.42 FUNDING DATE: 00/00/00

PAYMENT DATE	PAYMENT AMOUNT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE
1 0 / 0 / 0	\$1,071.42	\$0.00	\$1,071.42	\$55,864.32
2 / /	\$1,071.42	\$294.08	\$777.34	\$55,102.20
3 / /	\$1,071.42	\$289.84	\$781.58	\$54,260.37
4 / /	\$1,071.42	\$285.58	\$785.85	\$53,415.03
5 / /	\$1,071.42	\$281.29	\$790.13	\$52,566.17
6 / /	\$1,071.42	\$276.98	\$794.44	\$51,713.77
7 / /	\$1,071.42	\$272.65	\$798.77	\$50,857.83
8 / /	\$1,071.42	\$268.29	\$803.13	\$49,998.31
9 / /	\$1,071.42	\$263.91	\$807.51	\$49,135.22
10 / /	\$1,071.42	\$259.51	\$811.91	\$48,268.53
11 / /	\$1,071.42	\$255.08	\$816.34	\$47,398.22
12 / /	\$1,071.42	\$250.63	\$820.79	\$46,524.29
13 / /	\$1,071.42	\$246.16	\$825.27	\$45,646.72
14 / /	\$1,071.42	\$241.66	\$829.77	\$44,765.50
15 / /	\$1,071.42	\$237.13	\$834.29	\$43,880.60
16 / /	\$1,071.42	\$232.58	\$838.84	\$42,992.01
17 / /	\$1,071.42	\$228.01	\$843.41	\$42,099.72
18 / /	\$1,071.42	\$223.41	\$848.01	\$41,203.72
19 / /	\$1,071.42	\$218.78	\$852.64	\$40,303.98
20 / /	\$1,071.42	\$214.13	\$857.29	\$39,400.49
21 / /	\$1,071.42	\$209.46	\$861.96	\$38,493.24
22 / /	\$1,071.42	\$204.76	\$866.66	\$37,582.20
23 / /	\$1,071.42	\$200.03	\$871.39	\$36,667.38
24 / /	\$1,071.42	\$195.28	\$876.14	\$35,748.73
25 / /	\$1,071.42	\$190.50	\$880.92	\$34,826.27
26 / /	\$1,071.42	\$185.70	\$885.72	\$33,899.95
27 / /	\$1,071.42	\$180.87	\$890.55	\$32,969.78
28 / /	\$1,071.42	\$176.01	\$895.41	\$32,035.73
29 / /	\$1,071.42	\$171.13	\$900.29	\$31,097.79
30 / /	\$1,071.42	\$166.22	\$905.20	\$30,155.95
31 / /	\$1,071.42	\$161.29	\$910.14	\$29,210.18
32 / /	\$1,071.42	\$156.32	\$915.10	\$28,260.46
33 / /	\$1,071.42	\$151.33	\$920.09	\$27,306.79
34 / /	\$1,071.42	\$146.32	\$925.11	\$26,349.15
35 / /	\$1,071.42	\$141.27	\$930.15	\$25,387.52
36 / /	\$1,071.42	\$136.20	\$935.22	\$24,421.88
	\$38,571.18	\$7,612.41	\$30,958.77	

Lessor:

Lessee:

[Signature]

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CAPITAL CITY LEASING, INC.

**EXHIBIT B to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT**

DELIVERY AND ACCEPTANCE CERTIFICATE

To: Capital City Leasing, Inc.

Reference is made to the State and Municipal Lease/Purchase Agreement between the undersigned ("Lessee"), and Capital City Leasing, Inc. ("Lessor"), dated _____ ("Lease") and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the equipment has been delivered to and received by the undersigned; that all installation or other work necessary prior to the use thereof has been completed; that said equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Exhibit A to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee: County of Sabine
(Municipal Entity)

By: *John L. Hyden*
(Authorized Signature)

John L. Hyden, County Judge
(Printed Name and Title)

Date: June 26, 1995

EXHIBIT A to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

DESCRIPTION OF EQUIPMENT

Quantity and Description of Leased Equipment (Make, Model No., Serial No., Any Other Pertinent Identification)
ONE (1) 1990 MODEL POWERSCREEN MARK II RECONDITIONED
TWO (2) 1994 MODEL POWERSCREEN M60 CONVEYORS

LOCATION OF EQUIPMENT

ADDRESS: THE COUNTY ROCK PIT (6 MILES OUTSIDE OF HEMPHILL ON CAMPGROUND ROAD)
 CITY: HEMPHILL COUNTY: SABINE
 STATE: TEXAS ZIP: 75948

CERTIFICATION

Lessee hereby certifies that the description of the property set forth above and any additional addendums constitutes an accurate account of the Equipment as referred to in the Lease. The estimated useful life of such Equipment based upon manufacturer's representations and our projected needs is 5 years.

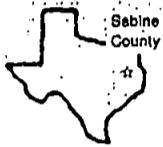
Lessee: County of Sabine (Municipal Entity)

By: *John L. Hyden* (Authorized Signature)

John L. Hyden, County Judge (Printed Name and Title)

Date: June 26, 1995

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THE STATE OF TEXAS
County Attorney
County of Sabine
P.O. Box 1783
Hemphill, Texas 75948

DWIGHT P. McDANIEL
Sabine County Attorney

TIFFANI G. BRADBERRY
Secretary

(409) 787-2988
FAX 787-2044

EXHIBIT D to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

June 23, 1995

OPINION OF COUNSEL

RE: State and Municipal Lease/Purchase Agreement dated _____, ("Lease") between Capital City Leasing, Inc. ("Lessor") and Sabine County ("Lessee")

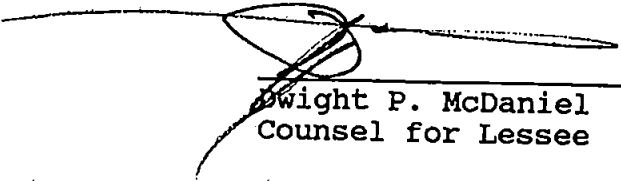
Gentlemen:

As counsel for Lessee, I have examined duly executed originals of the Lease and the proceedings taken by the Lessee to authorize and execute said Lease. Based upon such examination as I have deemed necessary and appropriate, I am of the opinion that:

1. Lessee is a duly created and validly existing state or fully constituted political subdivision or agency of the State of Texas and has the power and authority to enter into the Lease and carry out the terms thereof.
2. The interest component of the Rental Payments as set forth in Exhibit C to the Lease qualifies for exemption from federal income taxes by Lessor under Section 103 of the Internal Revenue Code of 1986, as amended and the related regulations and rulings thereunder.
3. The execution, delivery and performance by the Lessee of the Lease have been duly authorized by all necessary action on the part of the Lessee. All applicable bidding and budgeting requirements have been complied with. I have attached to my opinion copies of any resolutions adopted by the Lessee relating to the Lease.

4. The Lease is a governmental purpose obligation and constitutes a legal, valid and binding deferred payment obligation of the Lessee, enforceable in accordance with its terms and does not constitute a debt of Lessee under the laws of the State of Texas. In the event Lessor obtains judgment against Lessee for money damages in connection with the Lease, Lessee will be obligated to pay such judgment.
5. The Lease is in accordance with and does not violate the usury statutes of the State.
6. The equipment (as defined in the Lease) constitutes personal property and when subjected to use by Lessee will not become fixtures under applicable law.
7. No litigation is pending or to the best of my knowledge threatened in any court or other tribunal, state or federal, relating to the validity of the Lease.
8. The signature of the official of Lessee which appears on the Lease and the attached documents is true and genuine; I know him to hold the office set forth below his name. Such official is duly authorized to execute the Lease and the attached documents. I have attached hereto a copy of such authorization.
9. The current fiscal period of Lessee ends on September 30, 1995; the next succeeding fiscal period of Lessee ends on September 30, 1996.

Very truly yours,


Dwight P. McDaniel
Counsel for Lessee

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CAPITAL CITY LEASING, INC.

**EXHIBIT E to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT**

CERTIFICATE OF RESOLUTIONS

I, Janice McDaniel, do hereby certify that I am the duly elected, or appointed and acting Secretary/Clerk of the Commissioners' Court, an agency/subdivision duly organized and existing under the laws of the State of County of Sabine, Tx. (the "Lessee"), and that the following resolutions have been presented to and duly adopted by the Commissioners' Court at a meeting duly and regularly held and convened in accordance with applicable law on the 26 day of June, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated June 26, 1995 with Capital City Leasing, Inc.;

WHEREAS, Lessee has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the calendar year;

WHEREAS, the source of funds in the current fiscal year's budget is adequate for lease/purchase payments due under the Agreement. We expect and anticipate adequate funds to be available for all future lease/purchase payments after the current fiscal year for the following reasons: surplus of the existing budget and prior year budget and the ability of the County to levy taxes if required.

NOW, THEREFORE, be it RESOLVED, that the Lessee be, and hereby is, authorized to enter into the Lease with Capital City Leasing, Inc. for a period of 60 months, and be it further

RESOLVED, that an official of the Lessee be, and hereby is, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

RESOLVED, that pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

RESOLVED, that Lessee shall not designate more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and Lessee, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year.

RESOLVED, the equipment as described in Exhibit "A" of such agreement is essential to the function of the undersigned or to the service we provide to our citizens. Further, we have an immediate need for, and expect to make immediate use of, substantially all of the equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, the equipment was selected by us to be used as follows:

the harvesting of glauconite rock

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this 29 day of June, 1995.

Lessee: County of Sabine (Municipal Entity)

(Seal)

By: Janice McDaniel (Signature of Secretary/Clerk)

Janice McDaniel (Printed Name)

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

Under Internal Revenue Code section 149(e) For calendar year ending 19 **95**

OMB No. 1545-0720

(Use Form 8038-G if the issue price of the issue is \$100,000 or more.)

Part I Reporting Authority

Check box if Amended Return

1 Issuer's name
County of Sabine

2 Issuer's employer identification number
75 : 6001136

3 Number and street (or P.O. box if mail is not delivered to street address)
P.O. Box 716

4 City, town, state, and ZIP code
Hemphill, Texas 75948

Part II Description of Obligations

5 Issue price of small tax-exempt governmental obligations reported on this form. **5** \$55,000.00

6 Check the box that most nearly approximates the weighted average maturity of the obligation(s):

a Less than 5 years

b From 5 to 10 years

c More than 10 years

7 Check the box that most nearly approximates the weighted average interest rate on the obligation(s):

a Less than 5%

b From 5% to 10%

c More than 10%

8 Total issue price of the obligation(s) reported on line 5 that is/are:

a	Obligation(s) issued in the form of a lease or installment sale	8a	\$55,000.00
b	Obligation(s) designated by the issuer under section 265(b)(3)(B)(i)(III)	8b	\$55,000.00
c	Obligation(s) issued to refund prior issues	8c	
d	Loans made from the proceeds of another tax-exempt obligation	8d	

9 Check box if issuer has elected to pay a penalty in lieu of rebate

Please 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.

John L. Hyden
Signature of officer

June 26, 1995
Date

John L. Hyden, County Judge
Type or print name and title

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

- Learning about the law or the form 1 hr., 40 min.
- Preparing the form 2 hr., 44 min.
- Copying, assembling, and sending the form to the IRS 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you.

You can write to both the Internal Revenue Service, Attention: Reports Clearance Officer, T:FP, Washington, DC 20224; and the Office of Management and Budget, Paperwork Reduction Project (1545-0720), Washington, DC 20503. DO NOT send the form to either of these offices. Instead, see Where To File on page 2.

Purpose of Form

Form 8038-GC is used by 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.—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. However, 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 line 9 instructions).

Filing a consolidated return.—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; but 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.

THIS FINANCING STATEMENT IS PRESENTED TO A FILING OFFICER FOR FILING PURSUANT TO THE UNIFORM COMMERCIAL CODE.

M506AC

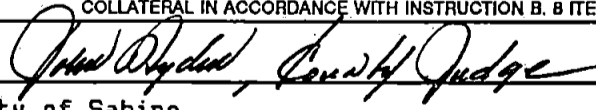
11. CHECK TO REQUEST SAME DEBTOR SEARCH CERTIFICATE. (INSTRUCTION B.11)

1. DEBTOR (IF PERSONAL) LAST NAME County of Sabine	FIRST NAME	M.I.	1A. PREFIX	1B. SUFFIX
1C. MAILING ADDRESS P.O. Box 716	1D. CITY, STATE Hemphill, Texas		1E. ZIP CODE 79548	
2. ADDITIONAL DEBTOR (IF PERSONAL) LAST NAME	FIRST NAME	M.I.	2A. PREFIX	2B. SUFFIX
2C. MAILING ADDRESS	2D. CITY, STATE		2E. ZIP CODE	
3. ADDITIONAL DEBTOR (IF PERSONAL) LAST NAME	FIRST NAME	M.I.	3A. PREFIX	3B. SUFFIX
3C. MAILING ADDRESS	3D. CITY, STATE		3E. ZIP CODE	
4. SECURED PARTY (IF PERSONAL) LAST NAME Capital City Leasing, Inc.	FIRST NAME	M.I.		
4A. MAILING ADDRESS 4901 Spicewood Springs Road	4B. CITY, STATE Austin, Texas		4C. ZIP CODE 78759	
5. ASSIGNEE OF SECURED PARTY (IF ANY)				
5A. MAILING ADDRESS	5B. CITY, STATE		5C. ZIP CODE	

6. This FINANCING STATEMENT covers the following types or items of property. (If collateral is crops, fixtures, timber or minerals, read Instruction B. 6-7.)

ONE (1) 1990 MODEL POWERSCREEN MARK II RECONDITIONED

TWO (2) 1994 MODEL POWERSCREEN M60 CONVEYORS

7. CHECK ONLY IF APPLICABLE	7A. PRODUCTS OF COLLATERAL ARE ALSO COVERED <input type="checkbox"/>	7B. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD IN THE REAL ESTATE RECORDS. <input type="checkbox"/>	NUMBER OF ADDITIONAL SHEETS PRESENTED _____
8. CHECK APPROPRIATE BOX	8A. THIS FINANCING STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL IN ACCORDANCE WITH INSTRUCTION B. 8 ITEM:		<input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4) <input type="checkbox"/> (5)
9. SIGNATURE(S) OF DEBTOR(S)	 County of Sabine		THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, NUMBER, FILING OFFICER)
SIGNATURE(S) OF SECURED PARTY(IES)	Capital City Leasing, Inc.		
10. Return copy to:	NAME ADDRESS CITY STATE ZIP Capital City Leasing, Inc. 4901 Spicewood Springs Road Austin, Texas 78759		

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CAPITAL CITY LEASING, INC.
4901 SPICEWOOD SPRINGS RD.
AUSTIN, TEXAS 78759
(512) 346-9393

INVOICE

INVOICE NO. M506AB

SOLD TO

SHIPPED TO

Judge John Larry Hyden County of Sabine P.O. Box 716 Hemphill, Texas 75948	
---	--

DATE	ORDER NO.	SALESMAN	TERMS	SHIPPED VIA	PPD.	COLL.
6/14/9			Due Upon Receipt			
QUANTITY	DESCRIPTION				PRICE	AMOUNT
	Due for first (1st) monthly payment out of sixty (60): PLEASE MAKE CHECK PAYABLE TO CAPITAL CITY LEASING, INC. AT THE ABOVE ADDRESS.					\$1168.82
<i>John L. Hyden</i>						



CAPITAL CITY LEASING, INC.
4901 SPICEWOOD SPRINGS ROAD, AUSTIN, TEXAS 78759.

LEASE M506AB

GOVERNMENTAL
LEASE/PURCHASE AGREEMENT

This Governmental Lease/Purchase Agreement (the "Lease") is made and entered into on this, the _____ day of _____, 19____ by and between Capital City Leasing, Inc., with offices at 4901 Spicewood Springs Road, Austin, Texas 78759 (herein called the "Lessor"), and _____ County of Sabine _____ with its principal address at P.O. Box 716 _____ Hemphill, Texas 75948 (herein called the "Lessee"), wherein it is agreed as follows:

- 1. LEASE OF EQUIPMENT.** Subject to the terms and conditions hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment described in Exhibit A, a copy of which is attached hereto and incorporated herein, together with all replacement parts, repairs, additions and accessories incorporated therein or affixed thereto (herein collectively called the "Equipment").
- 2. DELIVERY AND ACCEPTANCE.** At the request of Lessee, Lessor agrees to order the Equipment from the supplier of such Equipment, but shall not be liable for specific performance of this Lease or for damages if for any reason the supplier delays or fails to supply the Equipment. The Equipment to be delivered at the location specified in Exhibit A ("Equipment Location"). Lessee shall pay all transportation and other costs, if any, incurred in connection with the delivery and installation of the Equipment. Any delay in such delivery shall not affect the validity of this Lease. Lessee shall accept the Equipment as soon as it has been delivered and is operational, or as soon as any manufacturer or vendor pre-acceptance test period has expired. Unless Lessee notifies Lessor of a problem with the Equipment, Lessee's acceptance shall be deemed effective no later than thirty (30) days following delivery of the Equipment. Lessee shall evidence its acceptance of the Equipment by executing and returning to Lessor a delivery and acceptance certificate in the form of Exhibit B attached hereto and made a part hereof (the "Acceptance Certificate"); notwithstanding the foregoing, in no event shall Lessee's failure to evidence its acceptance affect the validity of this Lease. Lessee hereby authorizes Lessor to add to this Lease and to any other description of the Equipment the serial number of each item of Equipment when available.
- 3. TERM.** This Lease shall become effective upon the execution hereof by Lessee and Lessor. The initial term of this Lease shall commence on the date Lessee executes the Acceptance Certificate (the "Start Date") through the end of Lessee's fiscal year containing the Start Date and, unless earlier terminated as expressly provided for in this Lease, shall be automatically renewed on a year-to-year basis for the number of annual fiscal periods necessary to comprise the lease term as set forth in Exhibit C attached hereto and made a part hereof (the "Lease Term").
- 4. PAYMENTS.** Lessee agrees to pay to Lessor or any Assignee (as defined in Section 22 below) the payments for the Equipment as set forth in Exhibit C (the "Payments"). A portion of each Payment is paid as and represents the payment of interest as set forth in Exhibit C. The Payments shall be payable, without notice or demand, at the office of Lessor (or such other place as Lessor or any Assignee may designate in writing, from time to time) and shall commence on the Start Date or as otherwise set forth in Exhibit C, and the remaining Payments shall be payable on the same date of each consecutive month or quarter or semiannual or annual period thereafter (as designated in Exhibit C) for the duration of the Lease Term. Any notice, invoicing, purchase orders, quotations or forms or procedures required by Lessee as a condition precedent to payment shall be fully explained and provided to Lessor or any Assignee sufficiently in advance of the payment due date for the completion thereof by Lessor or any Assignee prior to such payment date. To the extent permitted by applicable law, whenever any portion of a Payment is received by Lessor or its Assignee more than ten (10) days from the due date, Lessee shall pay to Lessor or its Assignee, on demand, the greater of twenty-five dollars (\$25.00) or five percent (5%) of such overdue amount (as a service and handling fee). EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 8 HEREOF, THE PAYMENTS SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.
- 5. AUTHORITY AND AUTHORIZATION.** Lessee represents, warrants and covenants that, subject to the good faith and fair dealing provisions of Paragraph 27, (a) it shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its existence, and (ii) the Lease; (b) it has complied with all bidding and budgeting requirements where necessary and by due notification has presented this Lease for approval and adoption as a valid obligation on its part and that all requirements have been met and procedures have been followed to ensure the enforceability of the Lease; (c) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal period; (d) no event has occurred and no condition exists which, upon the execution of this Lease or with notice or the passage of time or both, would constitute a default under any debt, revenue or purchase obligation which it has issued or to which it is a party (the "Obligation") nor has it been in default under any Obligation at any time during the past five (5) years, and (e) no lease, rental agreement or contract for purchase, to which Lessee has been a party, at any time during the past five (5) years, has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period.
- 6. LESSEE CERTIFICATION.** Lessee warrants and covenants that (i) it is a governmental entity, agency, or political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and the related regulations and rulings thereunder, (ii) Lessee's obligation under this Lease constitutes an enforceable obligation issued by or on behalf of a governmental entity, agency, or political subdivision thereof, such that any interest income derived under this Lease and due Lessor or its Assignee, including, but not limited to, those amounts designated as interest in Exhibit C, shall not be includable in the gross income of Lessor, its Assignee or any participants with such for the purposes of federal income taxation; (iii) this Lease represents a valid deferred payment obligation of Lessee for the amount herein set forth; (iv) Lessee has the legal capacity to enter into this Lease and is not in contravention of any state, county, district, city or town statute, rule, regulation or other governmental provision; (v) during the Lease Term, the Equipment shall not be used in a trade or business of any other person or entity; and (vi) Lessee shall complete and file on a timely basis, Internal Revenue Service form 8038g or 8038gc, as appropriate, in the manner set forth in Section 149(e) of the Code.
- 7. APPROPRIATIONS AND ESSENTIAL USE.** Lessee reasonably believes that sufficient funds will be available to make all Payments during the Lease Term. Lessee intends to make the Payments for the full Lease Term if funds are legally available therefore and in that regard Lessee represents that: (a) the use of the Equipment is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (c) the Equipment shall be used by the Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent

with the permissible scope of its authority. Lessee has considered that this agreement contemplates a term of several fiscal periods and that newer improved equipment for Lessee's purpose may become available for purchase, lease, or use. Notwithstanding, the above, and to the extent permitted by law, Lessee commits not to replace said equipment in the event Lessee terminates this Lease.

8. NONAPPROPRIATION OF FUNDS. In the event sufficient funds are not appropriated, budgeted or otherwise available for the lease of the Equipment for any subsequent fiscal period in which the Payments for the Equipment are due under this Lease, then Lessee shall, not less than sixty (60) days prior to the end of such applicable fiscal period, in writing, notify Lessor and any Assignee of such occurrence. This Lease shall thereafter terminate and be rendered null and void on the last day of the fiscal period which appropriations were made without penalty, liability or expense to the Lessee of any kind, except as to (i) the portions of the Payments therein agreed upon for which funds shall have been appropriated and budgeted or are otherwise available and (ii) Lessee's other obligations and liabilities under this Lease relating to, accruing or arising prior to such termination. In the event of such termination, Lessee agrees to peacefully surrender possession of the Equipment to Lessor or its Assignee on the date of such termination, packed for shipment in accordance with manufacturer's specifications and eligible for manufacturer's maintenance, and freight prepaid and insured to any location in the continental United States designated by Lessor, all at Lessee's expense. Lessor or its Assignee may exercise all available legal and equitable rights and remedies in taking possession of the Equipment. Notwithstanding the foregoing, Lessee agrees (a) that if this Lease is terminated in accordance with the preceding paragraph, Lessee shall not purchase, lease or rent equipment which performs the same functions as, or functions taking the place of, those performed by the Equipment, and shall not permit such functions to be performed by its own employees or by any agency or entity affiliated with or hired by Lessee for the balance of the fiscal period in which such termination occurs or the next succeeding fiscal period thereafter; and (b) that it shall not, during the Lease Term, give priority in the application of funds to any other functionally similar equipment. Lessee understands and agrees that Lessee's termination of this Lease shall not release Lessee of any obligation, representation or covenant arising or made prior to the termination date. In the event it is determined that the provisions of this paragraph conflict or contradict any other provision of the Lease such that the meaning or intent is unclear or ambiguous, then, in that event, the provisions of this paragraph will control over the provisions of any other paragraph herein.

9. LIMITATION ON WARRANTIES. LESSEE HAS SELECTED BOTH THE EQUIPMENT AND THE VENDOR(S) FROM WHOM LESSOR IS TO PURCHASE THE EQUIPMENT IN RELIANCE HEREON. LESSEE ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY LESSEE, THAT LESSOR IS NOT A MANUFACTURER, VENDOR OR DISTRIBUTOR OF SUCH EQUIPMENT, AND THAT LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS OR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO AND LESSOR SHALL NOT BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE USE, PERFORMANCE OR MAINTENANCE OF THE EQUIPMENT. Lessor hereby assigns to Lessee during the Lease Term, to the extent permitted by law, all manufacturer's warranties, if any, that it may have, express or implied, with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessor authorizes Lessee, to the extent permitted by law, to enforce in its own name any warranty, representation or other claim enforceable against the manufacturer. Lessor assumes no responsibility for shipment, delivery, installation or maintenance, and all claims of Lessee with respect thereto, whether for delay, damage or otherwise, shall be made against the manufacturer. Lessor at its option, may provide in its purchase order that any of such claims may be made by Lessee directly against the manufacturer. The obligation of Lessee to pay the Rental Payments as defined in Section 4 shall not be abated, impaired or reduced by reason of any claims of Lessee with respect to the equipment, including but not limited to its condition, quality, workmanship, delivery, shipment, installation, defects or otherwise.

10. TITLE; SECURITY AGREEMENT. Title to the Equipment is deemed to be with the Lessee so long as no Event of Default pursuant to Section 19 below has occurred and/or this Lease has not been terminated pursuant to the provisions of Section 8 above. Upon the earlier of (i) termination of this Lease in accordance with Section 8 above or (ii) the occurrence of an Event of Default by Lessee pursuant to Section 19 below, title shall revert immediately in and shall revert to Lessor free of any right, title or interest of Lessee unless Lessor elects otherwise. In order to secure all of its obligations hereunder, Lessee hereby (a) grants to Lessor a first and prior security interest in any and all rights, title and interest of Lessee in the Lease, the Equipment and in all additions, attachments, accessions, accessories, replacements, improvements and substitutions thereto, now or thereafter acquired, together with all rents, issues, income, profits and proceeds thereof, including insurance proceeds; (b) agrees that this Lease may be filed as a financing statement evidencing such security interest; and (c) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence and perfect such security interest. Lessee further agrees that the Uniform Commercial Code shall apply as between the parties hereto and any Assignee of Lessor.

11. PERSONAL PROPERTY. The Equipment is and shall remain, personal property and shall not be deemed to be affixed or attached to real property or any building thereon. If requested by Lessor, Lessee shall, at its expense, furnish to Lessor a landlord or mortgagee waiver with respect to the Equipment.

12. USE; REPAIRS. Lessee shall use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and shall comply with all laws, ordinances, insurance policies and regulations relating to, and shall pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance. Lessee, at its sole cost and expense, shall maintain the Equipment according to the manufacturer's recommended guidelines or the equivalent and meet any and all recertification requirements and shall furnish proof of such maintenance, if requested by Lessor and shall furnish all needed servicing and parts, which parts shall become part of the Equipment. If the Equipment is such as is customarily covered by a maintenance agreement, Lessee shall furnish Lessor with a maintenance agreement with a party satisfactory to Lessor.

13. ALTERATIONS. Lessee shall not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, and any permitted alteration or attachment which cannot be readily removed without damaging the Equipment's originally intended function or value shall become part of the Equipment.

14. LOCATION; INSPECTION. The Equipment shall not be removed from, or if the equipment consists of rolling stock, its permanent base shall not be changed from the Equipment Location without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operation.

15. LIENS AND TAXES. Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee shall pay, when due, all charges and taxes (federal, state and local) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment. If Lessee fails to pay said charges and taxes when due, Lessor shall have the right, but not the obligation, to pay said charges and taxes and seek reimbursement from Lessee, on demand therefor.

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16. RISK OF LOSS; DAMAGE; DESTRUCTION. Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment shall relieve Lessee of the obligation to make the Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment, Lessee shall immediately place the same in good repair (the proceeds of any insurance recovery shall be applied to the cost of such repair). If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, shall: (a) replace the same with like equipment in good repair; or (b) include with the next Payment (i) all amounts owed by Lessee under this Lease, and (ii) an amount not less than the balance of the Payments then remaining unpaid hereunder. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor shall provide Lessee with the pro rata amount of the Payment and the balance of the Payments then remaining unpaid hereunder, as applicable, to be made by Lessee with respect to the Equipment which has suffered the event of loss.

17. INSURANCE. Lessee shall, at its expense, maintain at all times during the Lease Term, fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amounts, covering such risks, and with such insurers as shall be satisfactory to Lessor. In no event shall the insurance limits be less than an amount equal to the balance of the Payments then remaining for the Lease Term. Each insurance policy shall name Lessee as an insured and Lessor or its assigns as additional insured and loss payee, as appropriate, and shall contain a clause requiring the insurer to give Lessor or its assignee at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies shall be payable to Lessee and Lessor or its assigns, as their interests may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee shall deliver to Lessor a certificate of evidence of such insurance. In the event of any loss, damage, injury or accident involving the Equipment, Lessee shall promptly provide Lessor with written notice thereof and make available to Lessor all information and documentation relating thereto. Notwithstanding the foregoing, with Lessor's prior written consent, Lessee may self-insure against any and all risks for which insurance is required.

18. INDEMNIFICATION. In the event that Lessee is not a state or political subdivision thereof, within the meaning of Section 103 of the Code, or if Lessee, whether by its use of the Equipment or by its actions or omissions or by any means whatsoever, causes any interest payment as set forth in Exhibit C to be included in Lessor's gross income, Lessee agrees to pay to Lessor, its Assignees and any participants with such, an additional amount which, together with the amount of interest to be paid by Lessee under this Lease, puts Lessor, its Assignees and any participants with such, in the same after-tax position they would have been in had such payments been excluded from the gross income of Lessor, its assignees and any participants with such under Section 103 of the Code. In addition, to the extent permitted by state law, Lessee agrees to indemnify Lessor against, and hold Lessor, its Assignee, or any participants with such, harmless from, any and all claims, actions, proceedings, expenses, damages, liabilities of loss (including, but not limited to, attorneys' fees and court costs) arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation or return and the recovery of claims under insurance policies thereon.

19. EVENTS OF DEFAULT. The term "Event of Default", as used in this Lease, means the occurrence of any one or more of the following events: (a) Lessee fails to make any Payment (or any other payment) as it becomes due in accordance with the terms of this Lease, and any such failure continues for five (5) days after the due date thereof; (b) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure is not cured within ten (10) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Lease or in any document ever delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; (d) Lessee becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or a substantial part of its assets, a petition for relief is filed by Lessee under federal bankruptcy, insolvency or similar laws, or a petition in a proceeding under any bankruptcy, insolvency or similar laws is filed against Lessee and is not dismissed within thirty (30) days thereafter; (e) Lessee shall be in default under any other agreement executed at any time with Lessor, its affiliates or Lessor's Assignee or under any other agreement or instrument by which it is bound.

20. REMEDIES. Upon the occurrence of an Event of Default, Lessor may, at its option, exercise any one or more of the following remedies: (a) by written notice to Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Payments which shall become due during the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable; (b) by written notice to Lessee, request Lessee to (and Lessee agrees that it shall), at Lessee's expense, promptly return the Equipment to Lessor in the manner set forth in Section 8 hereof, or Lessor, at its option, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same without liability to Lessor or its agents for such entry or for damage to property or otherwise; (c) sell or lease the Equipment of sublease it for the account of Lessee, holding Lessee liable for (i) all Payments (and other amounts) due to the effective date of such selling, leasing or subleasing, and (ii) for the difference between the purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the remaining amounts payable by the lessee hereunder; and (d) exercise any other right, remedy or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of this Lease, (ii) recover damages for the breach of this Lease, and (iii) rescind this Lease as to any or all of the Equipment. In addition, Lessee shall remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

21. EARLY PURCHASE OPTION. Lessee may, upon sixty (60) days prior written notice to Lessor, and provided Lessee shall have fully paid and performed all other obligations hereunder and provided no Event of Default has occurred and is continuing, pay to Lessor the applicable amount set forth on Exhibit C attached hereto, whereupon title to the Equipment shall become unconditionally vested in Lessee and Lessor shall transfer any and all of its right, title and interest in the Equipment to Lessee as is, where is, without warranty, express or implied, except that Lessor shall warrant to Lessee that the Equipment is free and clear of any liens created by Lessor.

22. ASSIGNMENT. Without Lessor's prior written consent, Lessee shall not: (a) assign, transfer, pledge, hypothecate or grant any security interest in, or otherwise dispose of, this Lease or the Equipment or any interest in this Lease or the Equipment or (b) sublet or lend the Equipment or permit the Equipment to be used by anyone other than Lessee or Lessee's agents or employees. Lessor, without the consent of Lessee, may assign all or any portion or portions of its right, title and interest in and to this Lease, the Equipment, and any other documents executed with respect to this Lease, and/or grant or assign all or any portion or portions of its security interest in this Lease and the Equipment, in whole or in part, to various assignees, their agents or trustees (each and any one hereinafter referred to as an "Assignee"). Any such assignment to an Assignee may provide that Lessor or the Assignee shall act as a collection and paying agent for holders of certificates of participation in this Lease, or may provide that a third-party trustee or agent shall act as collection and paying agent for any Assignee, provided Lessee receives written notification of the name and address of the trustee or the agent and a copy of the pooling and fractionalization agency or trustee agreement, if any. Any such Assignee shall have all of the assigned rights of Lessor under this Lease. Subject to the foregoing, this Lease shall inure to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Lease or the Equipment shall be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each assignee and, where applicable, to whom further payments hereunder should be made. During the Lease Term, Lessee covenants that it shall keep a complete and accurate record of all assignments in a form necessary to comply with Section 149(a) of the Code and the regulations, proposed or existing, from time to time promulgated

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thereunder, Lessee agrees to acknowledge, in writing, any assignments if so requested. LESSEE AGREES THAT, UPON NOTICE OF ASSIGNMENT, IF SO INSTRUCTED IT SHALL PAY DIRECTLY TO THE ASSIGNEE, OR ITS TRUSTEE OR AGENT WITHOUT ABATEMENT, DEDUCTION OR SETOFF ALL AMOUNTS WHICH BECOME DUE HEREUNDER. LESSEE FURTHER AGREES THAT IT SHALL NOT ASSERT AGAINST ANY ASSIGNEE, TRUSTEE OR AGENT ANY DEFENSE, CLAIM, COUNTERCLAIM OR SETOFF ON ACCOUNT OF ANY REASON WHATSOEVER WITH RESPECT TO ANY PAYMENTS OR OTHER AMOUNTS DUE HEREUNDER OR WITH RESPECT TO ANY ACTION BROUGHT TO OBTAIN POSSESSION OF THE EQUIPMENT PURSUANT TO THIS LEASE.

23. **NATURE OF AGREEMENT.** Lessor and Lessee agree that it is their intention that, for federal income tax purposes, the interest of Lessor in the Equipment is as a secured party and the interest of Lessee is as a debtor, and that Lessor neither has nor shall have any equity in the Equipment. It is the agreement of Lessor and Lessee that the aggregate payments provided for hereunder constitute the purchase price of the Equipment together with interest on the unamortized amount thereof over the term of this Lease, that each installment constitutes principal and interest, in accordance with the schedule of payments set forth in Exhibit C of this Lease, which fully amortizes the purchase price of the Equipment, together with interest, over the term of this Lease, and that upon the due and punctual payment and performance of the installments of Payments and other amounts and obligations under this Lease, title to the Equipment shall vest permanently in Lessee, free and clear of any lien or security of Lessor therein.

24. **AMENDMENTS.** This Lease may be amended or any of its terms modified for the purpose of adding Equipment, with the written consent of the parties hereto. In such event, additions to or additional exhibits attached hereto shall be executed by Lessee. All other amendments or modifications of the terms of this Lease (except for the addition of serial numbers for the Equipment as set forth in the Acceptance Certificate) must be accomplished by written consent of Lessee and Lessor, or its Assignee, if any; provided, however, that no amendment of this Lease shall operate to reduce or delay any Payments to be made hereunder without the consent of Lessor, or its Assignee.

25. **NOTICES.** All notices to be given under this Lease shall be made in writing and mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice shall be deemed to have been received five (5) days subsequent to mailing.

26. **SECTION HEADINGS.** All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

27. **GOVERNING LAW.** This Lease is to be performed in Travis County, Texas, and shall be governed by the provisions hereof and by the laws of the State of Texas. Each party agrees to deal fairly with the other party and to act in good faith regarding the representation and provision contained herein and in the performance of this Lease.

28. **FURTHER ASSURANCES.** Lessee shall deliver to Lessor: (i) an opinion of counsel in substantially the form of Exhibit D attached hereto or as Lessor may otherwise request; and (ii) if applicable, a certificate of a duly authorized official as to designation as a qualified tax-exempt obligation. Moreover, Lessee shall execute or provide, as requested by Lessor, any documents and information which are reasonable necessary with respect to the transaction contemplated by this Lease. Lessee hereby authorizes Lessor to execute and file on behalf of Lessee and as Lessee's attorney-in-fact such UCC financing and continuation statements as Lessor deems necessary to secure its and/or its Assign's interest in the Equipment or this agreement.

29. **ENTIRE AGREEMENT.** This Lease, together with the exhibits attached hereto and made a part hereof and other attachments hereto, and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Lease shall not be modified, amended, altered or changed except with the written consent of Lessee and Lessor.

30. **SEVERABILITY.** This Lease is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the State of Texas. If any provision of this Lease, or the application thereto to any person or circumstance, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Lease and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

31. **WAIVER.** The waiver by Lessor of any breach by Lessee of any term, covenant or condition hereof shall not operate as waiver of any subsequent breach hereof.

32. **DESIGNATION.** In compliance with Section 149(a) of the Code, Lessee hereby designates Lessor to be its agent for the purposes of maintaining a book entry system identifying the ownership or interest in and to this Lease and Lessor hereby accepts its duties as agent, hereunder.

LESSOR: Capital City Leasing, Inc.

LESSEE: County of Sabine
(Entity)

BY: _____
Signature

BY: 
Signature

Printed Name and Title

John L. Hyden, County Judge
Printed Name and Title

Date

June 26, 1995
Date

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CAPITAL CITY LEASING, INC.

**EXHIBIT A to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT**

DESCRIPTION OF EQUIPMENT

<u>Quantity and Description of Leased Equipment (Make, Model No., Serial No., Any Other Pertinent Identification)</u>
ONE (1) USED CAT 980C RUBBER TIRE LOADER 1979 Model S/N 63X1938

LOCATION OF EQUIPMENT

ADDRESS: THE COUNTY ROCK PIT (6 MILES OUTSIDE OF HEMPHILL ON CAMPGROUND ROAD)
CITY: HEMPHILL COUNTY: SABINE
STATE: TEXAS ZIP: 75948

CERTIFICATION

Lessee hereby certifies that the description of the property set forth above and any additional addendums constitutes an accurate account of the Equipment as referred to in the Lease. The estimated useful life of such Equipment based upon manufacturer's representations and our projected needs is 5 years.

Lessee: County of Sabine (Municipal Entity)

By: *John L. Hyden* (Authorized Signature)

John L. Hyden, County Judge (Printed Name and Title)

Date: June 26, 1995

CAPITAL CITY LEASING, INC.

**EXHIBIT B to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT**

DELIVERY AND ACCEPTANCE CERTIFICATE

To: Capital City Leasing, Inc.

Reference is made to the State and Municipal Lease/Purchase Agreement between the undersigned ("Lessee"), and Capital City Leasing, Inc. ("Lessor"), dated _____ ("Lease") and to the Equipment as such term is defined therein. In connection therewith we are pleased to confirm to you the following:

1. All of the equipment has been delivered to and received by the undersigned; that all installation or other work necessary prior to the use thereof has been completed; that said equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The serial number for each item of Equipment which is set forth on Exhibit A to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee: County of Sabine
(Municipal Entity)

) Lynn Smith
(Witness)

By: [Signature]
(Authorized Signature)

) John L. Hyden, County Judge
(Printed Name and Title)

Date: June 26, 1995

EXHIBIT C

LEASE #M506AB

PAYMENT SCHEDULE
MULTI-YEAR ADJUSTABLE PERIOD

INTEREST RATE: 6.54%* AMOUNT: \$60,000.00
 DOWN PAYMENT: \$1,168.82 PAYMENT PERIODS: 60
 DAYS UNTIL REG. PAYMENT: 30 PAYMENTS/YEAR: 12
 REGULAR PAYMENT AMOUNT: \$1,168.82 FUNDING DATE: 00/00/00

PAYMENT DATE	PAYMENT AMOUNT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE
1 0 / 0 / 0	\$1,168.82	\$0.00	\$1,168.82	\$60,942.90
2 / /	\$1,168.82	\$320.81	\$848.01	\$60,111.49
3 / /	\$1,168.82	\$316.19	\$852.64	\$59,193.13
4 / /	\$1,168.82	\$311.54	\$857.29	\$58,270.94
5 / /	\$1,168.82	\$306.86	\$861.96	\$57,344.92
6 / /	\$1,168.82	\$302.16	\$866.66	\$56,415.03
7 / /	\$1,168.82	\$297.44	\$871.39	\$55,481.27
8 / /	\$1,168.82	\$292.68	\$876.14	\$54,543.62
9 / /	\$1,168.82	\$287.91	\$880.92	\$53,602.06
10 / /	\$1,168.82	\$283.10	\$885.72	\$52,656.58
11 / /	\$1,168.82	\$278.27	\$890.55	\$51,707.16
12 / /	\$1,168.82	\$273.42	\$895.41	\$50,753.78
13 / /	\$1,168.82	\$268.53	\$900.29	\$49,796.43
14 / /	\$1,168.82	\$263.62	\$905.20	\$48,835.09
15 / /	\$1,168.82	\$258.69	\$910.13	\$47,869.75
16 / /	\$1,168.82	\$253.73	\$915.10	\$46,900.38
17 / /	\$1,168.82	\$248.74	\$920.09	\$45,926.98
18 / /	\$1,168.82	\$243.72	\$925.11	\$44,949.51
19 / /	\$1,168.82	\$238.67	\$930.15	\$43,967.98
20 / /	\$1,168.82	\$233.60	\$935.22	\$42,982.36
21 / /	\$1,168.82	\$228.50	\$940.32	\$41,992.63
22 / /	\$1,168.82	\$223.37	\$945.45	\$40,998.77
23 / /	\$1,168.82	\$218.22	\$950.61	\$40,000.78
24 / /	\$1,168.82	\$213.03	\$955.79	\$38,998.62
25 / /	\$1,168.82	\$207.82	\$961.00	\$37,992.29
26 / /	\$1,168.82	\$202.58	\$966.24	\$36,981.77
27 / /	\$1,168.82	\$197.31	\$971.51	\$35,967.04
28 / /	\$1,168.82	\$192.02	\$976.81	\$34,948.08
29 / /	\$1,168.82	\$186.69	\$982.13	\$33,924.87
30 / /	\$1,168.82	\$181.33	\$987.49	\$32,897.40
31 / /	\$1,168.82	\$175.95	\$992.88	\$31,865.65
32 / /	\$1,168.82	\$170.53	\$998.29	\$30,829.60
33 / /	\$1,168.82	\$165.09	\$1,003.73	\$29,789.23
34 / /	\$1,168.82	\$159.62	\$1,009.21	\$28,744.53
35 / /	\$1,168.82	\$154.11	\$1,014.71	\$27,695.48
36 / /	\$1,168.82	\$148.58	\$1,020.24	\$26,642.05
	\$42,077.65	\$8,304.45	\$33,773.20	

Lessor :

Lessee :

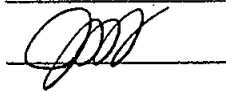


EXHIBIT C

PAYMENT DATE	PAYMENT AMOUNT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE
37 / /	\$1,168.82	\$143.02	\$1,025.81	\$25,584.24
38 / /	\$1,168.82	\$137.42	\$1,031.40	\$24,522.01
39 / /	\$1,168.82	\$131.80	\$1,037.02	\$23,455.36
40 / /	\$1,168.82	\$126.14	\$1,042.68	\$22,384.27
41 / /	\$1,168.82	\$120.46	\$1,048.37	\$21,308.72
42 / /	\$1,168.82	\$114.74	\$1,054.08	\$20,228.68
43 / /	\$1,168.82	\$108.99	\$1,059.83	\$19,144.14
44 / /	\$1,168.82	\$103.21	\$1,065.61	\$18,055.08
45 / /	\$1,168.82	\$97.40	\$1,071.42	\$16,961.49
46 / /	\$1,168.82	\$91.56	\$1,077.26	\$15,863.34
47 / /	\$1,168.82	\$85.69	\$1,083.14	\$14,760.61
48 / /	\$1,168.82	\$79.78	\$1,089.04	\$13,653.29
49 / /	\$1,168.82	\$73.84	\$1,094.98	\$12,541.36
50 / /	\$1,168.82	\$67.87	\$1,100.95	\$11,424.79
51 / /	\$1,168.82	\$61.87	\$1,106.96	\$10,303.57
52 / /	\$1,168.82	\$55.83	\$1,112.99	\$9,177.68
53 / /	\$1,168.82	\$49.76	\$1,119.06	\$8,047.09
54 / /	\$1,168.82	\$43.66	\$1,125.17	\$6,911.80
55 / /	\$1,168.82	\$37.52	\$1,131.30	\$5,771.78
56 / /	\$1,168.82	\$31.35	\$1,137.47	\$4,627.00
57 / /	\$1,168.82	\$25.15	\$1,143.67	\$3,477.46
58 / /	\$1,168.82	\$18.91	\$1,149.91	\$2,323.12
59 / /	\$1,168.82	\$12.64	\$1,156.18	\$1,163.98
60 / /	\$1,168.82	\$6.34	\$1,162.48	\$0.00
	\$28,051.77	\$1,824.97	\$26,226.80	

Lessor:

Lessee:



GRAND TOTAL \$70,129.42 \$10,129.42 \$60,000.00

* Interest rate is conditioned upon the signing of and return of all documents (including the Delivery & Acceptance Certificate) to our office by July 30, 1995.

** Dates will be filled in upon receipt of the Delivery & Acceptance Certificate at our office. A copy will be sent to the County thereafter.

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Form **8038-GC**

(Rev. May 1993)

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) For calendar year ending 19 95

OMB No. 1545-0720

(Use Form 8038-G if the issue price of the issue is \$100,000 or more.)

Part I Reporting Authority

1 Issuer's name <u>County of Sabine</u>		Check box if Amended Return <input type="checkbox"/>
3 Number and street (or P.O. box if mail is not delivered to street address) <u>P.O. Box 716</u>		2 Issuer's employer identification number <u>75 6001136</u>
4 City, town, state, and ZIP code <u>Hemphill, Texas 75948</u>		Room/suite

Part II Description of Obligations

5 Issue price of small tax-exempt governmental obligations reported on this form.	5	\$60,000.00
6 Check the box that most nearly approximates the weighted average maturity of the obligation(s): a <input type="checkbox"/> Less than 5 years b <input checked="" type="checkbox"/> From 5 to 10 years c <input type="checkbox"/> More than 10 years		
7 Check the box that most nearly approximates the weighted average interest rate on the obligation(s): a <input type="checkbox"/> Less than 5% b <input checked="" type="checkbox"/> From 5% to 10% c <input type="checkbox"/> More than 10%		
8 Total issue price of the obligation(s) reported on line 5 that is/are:		
a Obligation(s) issued in the form of a lease or installment sale	8a	\$60,000.00
b Obligation(s) designated by the Issuer under section 265(b)(3)(B)(i)(III)	8b	\$60,000.00
c Obligation(s) issued to refund prior issues	8c	
d Loans made from the proceeds of another tax-exempt obligation	8d	
9 Check box if issuer has elected to pay a penalty in lieu of rebate <input type="checkbox"/>		

Please 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.


Signature of officer

June 26, 1995
Date

John L. Hyden, County Judge
Type or print name and title

General Instructions.

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

- Learning about the law or the form 1 hr., 40 min.
- Preparing the form 2 hr., 44 min.
- Copying, assembling, and sending the form to the IRS 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you.

You can write to both the Internal Revenue Service, Attention: Reports Clearance Officer, T:FP, Washington, DC 20224; and the Office of Management and Budget, Paperwork Reduction Project (1545-0720), Washington, DC 20503. DO NOT send the form to either of these offices. Instead, see Where To File on page 2.

Purpose of Form

Form 8038-GC is used by 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

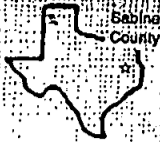
Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

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.—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. However, 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 line 9 instructions).

Filing a consolidated return.—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; but 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.



THE STATE OF TEXAS
County Attorney
County of Sabine
P.O. Box 1783
Hemphill, Texas 75948

DWIGHT P. McDANIEL
Sabine County Attorney

TIFFANI G. BRADBERRY
Secretary

(409) 787-2988
FAX 787-2044

EXHIBIT D to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

June 23, 1995

OPINION OF COUNSEL

RE: State and Municipal Lease/Purchase Agreement dated _____, ("Lease") between Capital City Leasing, Inc. ("Lessor") and Sabine County ("Lessee")

Gentlemen:

As counsel for Lessee, I have examined duly executed originals of the Lease and the proceedings taken by the Lessee to authorize and execute said Lease. Based upon such examination as I have deemed necessary and appropriate, I am of the opinion that:

1. Lessee is a duly created and validly existing state or fully constituted political subdivision or agency of the State of Texas and has the power and authority to enter into the Lease and carry out the terms thereof.
2. The interest component of the Rental Payments as set forth in Exhibit C to the Lease qualifies for exemption from federal income taxes by Lessor under Section 103 of the Internal Revenue Code of 1986, as amended and the related regulations and rulings thereunder.
3. The execution, delivery and performance by the Lessee of the Lease have been duly authorized by all necessary action on the part of the Lessee. All applicable bidding and budgeting requirements have been complied with. I have attached to my opinion copies of any resolutions adopted by the Lessee relating to the Lease.

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4. The Lease is a governmental purpose obligation and constitutes a legal, valid and binding deferred payment obligation of the Lessee, enforceable in accordance with its terms and does not constitute a debt of Lessee under the laws of the State of Texas. In the event Lessor obtains judgment against Lessee for money damages in connection with the Lease, Lessee will be obligated to pay such judgment.
5. The Lease is in accordance with and does not violate the usury statutes of the State.
6. The equipment (as defined in the Lease) constitutes personal property and when subjected to use by Lessee will not become fixtures under applicable law.
7. No litigation is pending or to the best of my knowledge threatened in any court or other tribunal, state or federal, relating to the validity of the Lease.
8. The signature of the official of Lessee which appears on the Lease and the attached documents is true and genuine; I know him to hold the office set forth below his name. Such official is duly authorized to execute the Lease and the attached documents. I have attached hereto a copy of such authorization.
9. The current fiscal period of Lessee ends on September 30, 1995; the next succeeding fiscal period of Lessee ends on September 30, 1996.

Very truly yours,

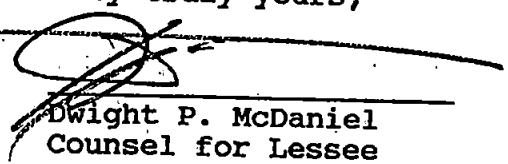

Dwight P. McDaniel
Counsel for Lessee

EXHIBIT E to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

CERTIFICATE OF RESOLUTIONS

I, Janice McDaniel, do hereby certify that I am the duly elected, or appointed and acting Secretary/Clerk of the Commissioners' Court, an agency/subdivision duly organized and existing under the laws of the State of County of Sabine, Tx. (the "Lessee"), and that the following resolutions have been presented to and duly adopted by the Commissioners' Court at a meeting duly and regularly held and convened in accordance with applicable law on the 26 day of June, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated June 26, 1995, with Capital City Leasing, Inc.;

WHEREAS, Lessee has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the calendar year;

WHEREAS, the source of funds in the current fiscal year's budget is adequate for lease/purchase payments due under the Agreement. We expect and anticipate adequate funds to be available for all future lease/purchase payments after the current fiscal year for the following reasons: surplus of the existing budget and prior year budget and the ability of the County to levy taxes if required.

NOW, THEREFORE, be it RESOLVED, that the Lessee be, and hereby is, authorized to enter into the Lease with Capital City Leasing, Inc. for a period of 60 months, and be it further

RESOLVED, that an official of the Lessee be, and hereby is, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

RESOLVED, that pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

RESOLVED, that Lessee shall not designate more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and Lessee, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year.

RESOLVED, the equipment as described in Exhibit "A" of such agreement is essential to the function of the undersigned or to the service we provide to our citizens. Further, we have an immediate need for, and expect to make immediate use of, substantially all of the equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, the equipment was selected by us to be used as follows: the harvesting of glauconite rock.

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this 29 day of June, 1995.

(Seal)

Lessee: County of Sabine (Municipal Entity)

By: Janice McDaniel (Signature of Secretary/Clerk)

Janice McDaniel (Printed Name)

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THIS FINANCING STATEMENT IS PRESENTED TO A FILING OFFICER FOR FILING PURSUANT TO THE UNIFORM COMMERCIAL CODE.

M506AB

11. CHECK TO REQUEST SAME DEBTOR SEARCH CERTIFICATE. (INSTRUCTION B.11)

1. DEBTOR (IF PERSONAL) LAST NAME County of Sabine		FIRST NAME		M.I.	1A. PREFIX	1B. SUFFIX
1C. MAILING ADDRESS P.O. Box 716			1D. CITY, STATE Heaphill, Texas		1E. ZIP CODE 79548	
2. ADDITIONAL DEBTOR (IF PERSONAL) LAST NAME		FIRST NAME		M.I.	2A. PREFIX	2B. SUFFIX
2C. MAILING ADDRESS			2D. CITY, STATE		2E. ZIP CODE	
3. ADDITIONAL DEBTOR (IF PERSONAL) LAST NAME		FIRST NAME		M.I.	3A. PREFIX	3B. SUFFIX
3C. MAILING ADDRESS			3D. CITY, STATE		3E. ZIP CODE	
4. SECURED PARTY (IF PERSONAL) LAST NAME Capital City Leasing, Inc.		FIRST NAME		M.I.		
4A. MAILING ADDRESS 4901 Spicewood Springs Road			4B. CITY, STATE Austin, Texas		4C. ZIP CODE 78759	
5. ASSIGNEE OF SECURED PARTY (IF ANY)						
5A. MAILING ADDRESS			5B. CITY, STATE		5C. ZIP CODE	

6. This FINANCING STATEMENT covers the following types or items of property. (If collateral is crops, fixtures, timber or minerals, read Instruction B. 6-7.)

ONE (1) USED CAT 980C (1979) RUBBER TIRE LOADER

S/N 63X1938

7. CHECK ONLY IF APPLICABLE	7A. PRODUCTS OF COLLATERAL ARE ALSO COVERED <input type="checkbox"/>	7B. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD IN THE REAL ESTATE RECORDS. <input type="checkbox"/>	NUMBER OF ADDITIONAL SHEETS PRESENTED
8. CHECK APPROPRIATE BOX	8A. THIS FINANCING STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL IN ACCORDANCE WITH INSTRUCTION B. 8 ITEM:		<input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4) <input type="checkbox"/> (5)
9. SIGNATURE(S) OF DEBTOR(S) <i>John D. ... County Judge</i> County of Sabine			THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, NUMBER, FILING OFFICER)
SIGNATURE(S) OF SECURED PARTY(IES) Capital City Leasing, Inc.			
10. Return copy to: NAME: Capital City Leasing, Inc. ADDRESS: 4901 Spicewood Springs Road CITY: Austin, Texas STATE: Texas ZIP: 78759			

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THE STATE OF TEXAS
County of Sabine
 P.O. Box 720
 Hemphill, Texas 75948

John L Hyden, County Judge
 Commissioners
 Keith Clark Precinct #1
 Lynn Smith Precinct #2
 Kenneth White Precinct #3
 Chester Cox, Sr. Precinct #4

SABINE COUNTY COMMISSIONERS' COURT

Public Participation Form

Instructions: Fill out all appropriate blanks. Please print or write legibly.

NAME: EDWARD M. FARRELL
 HOME ADDRESS: P.O. 762
HEMPHILL, TEXAS
 HOME TELEPHONE: (409) 787-4653
 PLACE OF EMPLOYMENT: - Self -
 EMPLOYMENT TELEPHONE: - as above -

Do you represent any particular group or organization? No

If you do represent a group or organization, please state the name, address and telephone number of such group or organization.

Which agenda item (or items) do you wish to address? County Rock Mining Operation

In general, are you for or against such agenda item (or items)? Against

Signature: [Handwritten Signature]

NOTE: This Public Participation Form must be presented to the County Clerk prior to the time that the agenda item (or items) you wish to address are discussed before the Court.

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Tuesday, 20 June 95

8 AM met with Clark to put on agenda

9:30A completed form, turned in to E. Pickard
(To be approved by K. Clark)

EXHIBIT E to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT

CERTIFICATE OF RESOLUTIONS

I, Janice McDaniel, do hereby certify that I am the duly elected, or appointed and acting Secretary/Clerk of the Commissioners' Court, an agency/subdivision duly organized and existing under the laws of the State of County of Sabine, Tx. (the "Lessee"), and that the following resolutions have been presented to and duly adopted by the Commissioners' Court at a meeting duly and regularly held and convened in accordance with applicable law on the 26 day of June, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") date June 26, 1995 with Capital City Leasing, Inc.;

WHEREAS, Lessee has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the calendar year;

WHEREAS, the source of funds in the current fiscal year's budget is adequate for lease/purchase payments due under the Agreement. We expect and anticipate adequate funds to be available for all future lease/purchase payments after the current fiscal year for the following reasons: surplus of the existing budget and prior year budget and the ability of the County to levy taxes if required.

NOW, THEREFORE, be it RESOLVED, that the Lessee be, and hereby is, authorized to enter into the Lease with Capital City Leasing, Inc. for a period of 60 months, and be it further

RESOLVED, that an official of the Lessee be, and hereby is, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

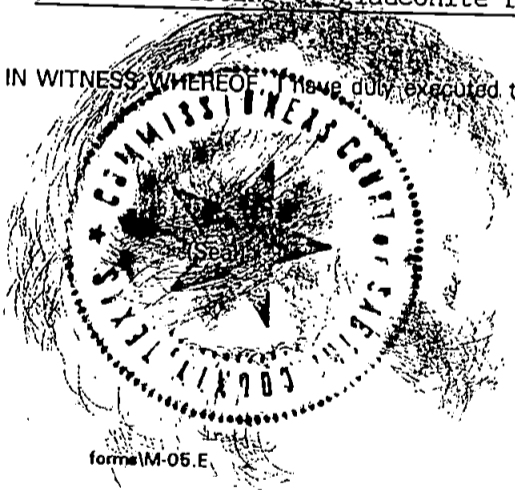
RESOLVED, that pursuant to Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars (\$10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

RESOLVED, that Lessee shall not designate more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and Lessee, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars (\$10,000,000) of tax-exempt obligations during the current calendar year.

RESOLVED, the equipment as described in Exhibit "A" of such agreement is essential to the function of the undersigned or to the service we provide to our citizens. Further, we have an immediate need for, and expect to make immediate use of, substantially all of the equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, the equipment was selected by us to be used as follows:

the harvesting of glauconite rock

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this 29 day of June, 1995.



Lessee: County of Sabine
(Municipal Entity)

By: Janice McDaniel
(Signature of Secretary/Clerk)

Janice McDaniel
(Printed Name)

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CAPITAL CITY LEASING, INC.

**EXHIBIT E to
STATE AND MUNICIPAL LEASE/PURCHASE AGREEMENT**

CERTIFICATE OF RESOLUTIONS

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WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated June 26, 1995, with Capital City Leasing, Inc.;

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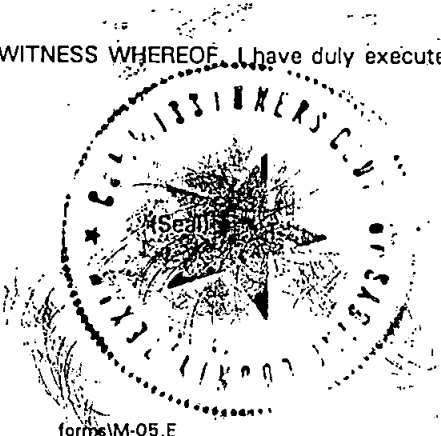
RESOLVED, that an official of the Lessee be, and hereby is, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

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IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this 29 day of June, 1995.



Lessee: County of Sabine (Municipal Entity)

By: Janice McDaniel (Signature of Secretary/Clerk)

Janice McDaniel (Printed Name)

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THE STATE OF TEXAS
COUNTY OF SABINE
I HEREBY CERTIFY THAT THESE DOCUMENTS WERE FILED AND
DULY RECORDED IN THE COMMISSIONERS COURT MINUTES OF SABINE
COUNTY, TEXAS.



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Janice McDaniel County Clerk
by Louise Clark
DEPUTY

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