

October 30, 1995, the Sabine County Commissioners' Court met in a special called meeting. The following members were present:

John L. Hyden	County Judge
Keith C. 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 and stated that notice has been duly posted.

Judge Hyden led the Court in prayer.

Agenda item #2-Open Bids and Take Action on Sale of Used/Surplus Equipment, Road and Bridge

Six envelopes were received marked as bids for used equipment.

Three envelopes are from Carbontractor Parts, Inc., Norman, Ok.; two envelopes are from Equipment and Parts, Kilgore, Tx. and one envelope from Calco, Incorp., Tyler, Texas.

Agenda item #1-Open Bids and Take Action Road grader, Pct. #4

Three envelopes were received: one from Mustang Tractor and Equipment; one from George P. Bane, Inc.; one from Calco Incorp..

The bids are as follows for the used equipment:

670B Motor Grader-Pct.#4

Equipment and Parts	\$54,125.00
Carbontractor Parts, Inc.	54,983.00
Calco, Incorp.	54,000.00
Mustang Tractor and Equip.	70,000.00 trade-in price only
George P. Bane, Inc.	50,000.00 trade-in price only

M100 Allis Chalmers-Pct.#4

Carbontractor	\$2,023.56
Calco	3,800.00
Mustang	3,500.00 trade-in price only
George P. Bane	5,000.00 trade-in price only

John Deere 555B Tract Loader-Pct.#2

Equipment and Parts	\$ 8,150.00
Carbontractor	15,798.00

1987 Fiat Allis FL7-Pct. #1

Calco, Incorp.	\$ 6,500.00
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The bids for the new Motor Grader for precinct #4 under agenda item #1 is as follows:

Mustang Tractor & Equipment	\$131,987.00
George P. Bane	99,670.00
Calco, Incorp.	98,369.64

Allis Chalmers M100B in the amount of \$3,800.00. Commissioner Will Smith withdrew the motion.

Commissioner Will Smith moved to accept the bid from Carbontractor for the John Deere 670B Motor Grader serial #670VX539486 in the amount of \$54,983.00. Commissioner Lynn Smith seconded. All voted for. Motion carried. See attached copy.

Commissioner Will Smith moved to accept the bid from Calco, Incorp. for the new Fiat-Allis FG 85A-B Series Motor Grader in the amount of \$98,369.64. Commissioner Lynn Smith seconded. See attached copy.

Court recessed at 9:49 a.m.

Court reconvened at 10:00 a.m.

All voted for the motion. Motion carried. See attached copies.

Judge Hyden moved that this Resolution be approved authorizing the lease purchase of the new Fiat-Allis motor grader and that the Court allow the County Judge be authorized to sign on behalf of the County all such lease agreements. Commissioner Lynn Smith seconded. All voted for. Motion carried. See attached copy.

Agenda item #5-Set Sheriff and Constable Fees for 1995-96

Commissioner Lynn Smith moved to leave the fees at the same rate as the previous year. Commissioner Clark seconded. All voted for. Motion carried. The fees are set at \$45.00. See attached copy.

Commissioner Lynn Smith left the meeting at this time to attend another meeting. A quorum is still present.

Agenda item #4-Consider and Take Appropriate Action RE: Purchase of Computer Software/Hardware - Dist. Clerk

RFP's were requested approximately one year ago on this item. There was a partial acceptance for the District Clerk's office at that time.

Howard Widmer with Capital Graphics met with the Court to discuss the software and hardware. Tanya Walker, District Clerk, was also present.

Judge Hyden moved to approve the purchase of this hardware and software from Capital Graphics. Commissioner Clark seconded. All voted for. Motion carried. See attached copy.

Judge Hyden moved that the Court enter into a Resolution for a governmental lease purchase agreement for this hardware and software and other services as can be negotiated and that a Resolution identical to that previously given in this Court this morning regarding a maintainer in precinct #4 except this

Resolution will be for software and hardware in the District Clerk's office, computer upgrade, instead of a maintainer. Also, adequate funds to be available for payments on the lease for the reason of the ability to levy and collect advalorem taxes. Commissioner Ellison seconded. All voted for. Motion carried. See attached copy.

Judge Hyden moved that the Court authorize the County Judge to act on behalf of the County in negotiation of that agreement and the signing of any and all papers required. Commissioner Ellison seconded. All voted for. Motion carried.

Agenda item #3-Line Item Transfers

Commissioner Will Smith ask that this be placed on the next regular Court meeting.

Commissioner Clark moved to adjourn. Commissioner Ellison seconded. Meeting adjourned.

<u><i>John Hyden</i></u>	COUNTY JUDGE
<u><i>Russell G. Clark</i></u>	COMMISSIONER PCT. #1
<u><i>Lynn Smith</i></u>	COMMISSIONER PCT. #2
<u><i>Charles Ellison</i></u>	COMMISSIONER PCT. #3
<u><i>Will Smith</i></u>	COMMISSIONER PCT. #4
<u><i>Danice McDaniel</i></u>	COUNTY CLERK

applicable law of the 30th day of October, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated _____, 19____, 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 sufficient and 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: The Countys' ability to levy and collect advalorem taxes.

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

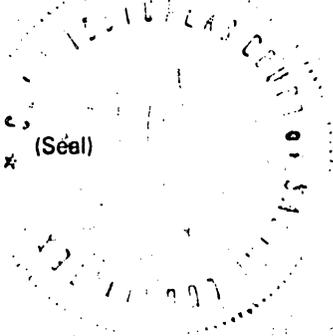
RESOLVED, that an official of the Lessee be, and hereby is, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary 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: upgrading of computers and software for the maintenance of records in the District Clerk's Office.

IN WITNESS WHEREOF, I have duly executed this certificate and affixed the seal hereto this 30 day of October, 1995.



Lessee: County of Sabine (Municipal Entity)

By: Janice McDaniel (Signature of Secretary/Clerk)

Janice McDaniel (Printed Name)

Vol AA Pg 139

Capital Graphics proposes to continue the office automation upgrade process undertaken in the County Clerk's and District Clerk's offices in the Fall of 1994. This upgrade process would allow the District Clerk's office to utilize database software of CountyWorks -- as used in the County Clerk's office -- with its many enhanced features vs the current software utilized. Some of these features are:

- FEE RECEIPTING**
- FORMS GENERATING**
- DETAILED MONTHLY ACCOUNTING REPORTS**
- MONTHLY JUDICIAL REPORT**

To accomplish this upgrade, a Fileserver (Dell 486, 16MB, 528 IDE Hard Drive) would be installed with a Novell 3.12 - 5-user network software; CountyWorks District Clerk's Software; adding of network cards to existing computers; modifying the Hewlett Packard LaserJet IV Plus for duplex printing; necessary cabling and installation of all hardware and software. This project will allow for utilizing all current equipment. The FileMagic! Imaging software can be integrated with CountyWorks database software for seamless viewing of documents from the database software application. Included in the proposal is training of District Clerk's personnel for five (5) working days. Additional training is available on an as needed - as requested basis for a fee of \$ 600.00 per day.

Price for the above Hardware, Software, Cabling, Training, Installation and first years Hardware and Software support.....	\$ 26,675.00
Fee for converting existing Civil - Criminal - Child Support Records.....	\$ 8,000.00
Price for Annual Software Maintenance for following years.....	\$ 3,500.00
Price for Annual Hardware Maintenance for following years.....	\$ 2,400.00

We appreciate the Commissioner's Court consideration and approval of this upgrade to allow the District Clerk's office the software and hardware capabilities as we implemented in the County Clerk's office last fall.

Sincerely,

Howard R. Widmer
Capital Graphics, Inc.

Vol AA Pg 141

Sheriff and Constable Fees for 1995-1996 is
set at \$45.00.

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- FEE RECEIPTING**
- FORMS GENERATING**
- DETAILED MONTHLY ACCOUNTING REPORTS**
- MONTHLY JUDICIAL REPORT**

To accomplish this upgrade, a Fileserver (Dell 586 Pentium, 16MB, 528 IDE Hard Drive) would be installed with a Novell 3.12 - 5-user network software; CountyWorks District Clerk's Software; adding of network cards to existing computers; modifying the Hewlett Packard LaserJet IV Plus for duplex printing; necessary cabling and installation of all hardware and software. This project will allow for utilizing all current equipment. The FileMagic! Imaging software can be integrated with CountyWorks database software for seamless viewing of documents from the database software application. Included in the proposal is training of District Clerk's personnel for five (5) working days. Additional training is available on an as needed - as requested basis for a fee of \$ 600.00 per day.

Price for the above Hardware, Software, Cabling, Training, Installation and first years Hardware and Software support..... \$ 26,950.00

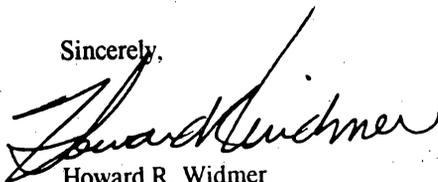
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Sincerely,



Howard R. Widmer
Capital Graphics, Inc.

Vol AA Pg 143



Capital Graphics
I N C O R P O R A T E D

November 3, 1995

Sabine County
John L. Hyden, County Judge
County Courthouse
Hemphill, Texas 75948

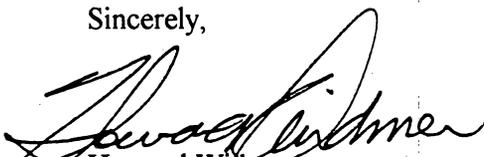
Dear Judge Hyden,

Enclosed is the revised proposal for the District Clerk's office with Pentium (586) hardware. This upgrade increases the cost to \$275.00.

Also attached is a breakdown sheet for your use with Capital City Leasing as to hardware, software, etc. I will be in touch with Shelly.

As always, it is a pleasure to work with you and the Sabine County officials.

Sincerely,


Howard Widmer



SABINE COUNTY DISTRICT CLERK'S OFFICE

TOTAL PROPOSAL	\$26,950.00
WITH RECORD CONVERSION	\$34,950.00
HARDWARE	\$4150.00
FILESERVER	
NETWORK CARDS	
DUPLEX PRINTER OPTION	
CABLING	
SOFTWARE	\$17,300.00
NOVELL NETWORK	
COUNTY WORKS	
INSTALLATION & TRAINING	\$5,500.00
RECORDS CONVERSION	\$8,000.00

I Would Like To Bid On John Deere 670B \$ 54.983

Amount

President

Dan Hanson

Vol AA Pg 145



Rt. 2, Box 265
Norman, OK 73071

Michael Campbell - Manager

Watts 1-800-447-1073
Fax 405-447-5082
Local 405-447-5071

I Would Like To Bid On John Deere 670B \$ 54,983 Amount

President

Dan Harrison

Dear Sirs,
We are pleased to bid the following surplus equipment

John Deere 670B Motorgrader
S/N DW470B X539480
Bid: \$54,125.00

Thank You,
Bill Bruner
Buyer: owner



CARBONTRACTOR
PARTS, INC.
NEW & USED

*Rejected
10/10/95
[Signature]*

Rt. 2, Box 265
Norman, OK 73071

Michael Campbell - Manager

Pct. #4

Watts 1-800-447-1073
Fax 405-447-5082
Local 405-447-5071

I Would Like To Bid On M100B ALLis Chalmers \$2023.56

President

Dan Hogson

Sabine County Courthouse
P.O. Box 716
Hemphill, Texas 75948

Re: "Pct. 1/2/4--Used Equipment-1995"

Dear Commissioner's Court:

We would like to submit the bid for the following machine:

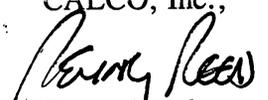
(1) 1987, Fiat-Allis, FL-7, Sabine Co Prect. #2, #1 /
S/N 2511191

Bid Price **\$6,500.00**

Thank you for the opportunity to bid. If you have any questions, please contact me at 1-800-944-1090.

Sincerely,

CALCO, Inc.,


Renny Reed
Sales Department

RR/jc

Vol AA Pg 149



*Accepted
10/30/95
[Signature]*

Rt. 2, Box 265
Norman, OK 73071

Michael Campbell - Manager

Watts 1-800-447-1073
Fax 405-447-5082
Local 405-447-5071

I Would Like To Bid On John Deere 555-B Amount
\$15,798

President

Dan Hopson

Rt. 2, Box 265
Norman, OK 73071

NEW & USED

Michael Campbell - Manager

Watts 1-800-447-1073
Fax 405-447-5082
Local 405-447-5071

I Would Like To Bid On John Deere 555-B Amount
\$15,798

President

Dan Hopson

Vol AA Pg 151



Equipment & Parts

2801 Hwy. 31 East
Kilgore, Texas 75662
(903) 983-1971

Rejected
10/20/95



Pet. #2

To : Sabine County Commissioners Court

Dear Sirs,

We are pleased to bid the following ~~for~~ equipment that is surplus to your needs.

John Deere 555B Track Loader

SN T0555BX717832

Bid : \$8,150.00

Thank You,

Bill Bruner: owner

Bill Bruner

Re: "Pct. # 4--Road Grader-1995"

Dear Commission's Court:

We would like the opportunity to bid the following machine:

- (1) New Fiat-Allis FG 85A-B Series Motor Grader,
As Per Specs. Provided By Sabine Co # 4;
Warranty per Specs, Delivery Date, 45-60 Days. *1/2 Complete*
Bid Price..... \$98,369.64

In addition, we would like to bid on two used machines per your "Bid Notice". If the court desires, the two machines, as follows, can be "accepted" as Trade-ins for the new Fiat-Allis FG 85A-B Motor Grader:

*Bid Awarded
To Carbon Tractor
This Bid
Rejected*

- (1) John Deere 670B Motor Grader, S/N 670VX539486,
Bid Price..... \$54,000.00

AND/OR

- (1) Allis-Chalmers M100B Motor Grader, S/N 67S06906,
Bid Price..... \$3,800.00

*Will purchase
w/o being
Awarded
New Road Grader
Bid*

Accepted 10/30/95

Thank you for the opportunity to bid on your equipment needs. If you have any questions, please contact me at 1-800-944-1090.

Sincerely,

CALCO, Inc.

Renny Reed
Renny Reed
Sales Department

RR/jc

Vol AA Pg 153



THE MANUFACTURERS' NORTH AMERICAN WARRANTY
Applicable to products and service parts sold by
the Distributor or Dealer in North America

- A. The Manufacturer warrants each new Product manufactured by it to be free of defects in workmanship and material at the time of shipment from the point of manufacture.
- B. Your Distributor or Dealer will repair or replace, at its option, at a point designated by your Distributor or Dealer any part of such Product that fails to conform to this warranty for a period of TWELVE (12) MONTHS from the date of delivery of such Product to the first user, so long as this date is timely reported to your Distributor or Dealer. Warranty on a part or component (assembly) installed to correct a warrantable failure is limited to the duration of the unexpired warranty on the Product in which such part or component (assembly) is installed. Unless notified to the contrary in writing by your Distributor or Dealer, all replaced parts must be returned to your Distributor or Dealer, transportation charges prepaid.
- C. Your Distributor or Dealer will repair or replace, at its option, any new part purchased from its parts supplier that is not supplied under a warranty and proves defective in material or workmanship within one hundred eighty (180) days from the date of its delivery to the first user.
- D. Your Distributor or Dealer will repair or replace, at its option, any new Engine assembly purchased from its parts supplier that is not supplied under a warranty and proves defective in material or workmanship within twelve (12) months from the date of its delivery to the first user.
- E. THIS IS THE EXCLUSIVE EXPRESSED MANUFACTURER'S WARRANTY AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY WARRANTY OR REPRESENTATION PREVIOUSLY MADE OR ISSUED.

NO WARRANTY OF ANY KIND IS MADE OR SHALL BE IMPOSED, WITH RESPECT TO

- (I) PRODUCTS THAT HAVE BEEN SUBJECT TO OPERATION IN EXCESS OF RECOMMENDED CAPACITIES, MISUSE, NEGLIGENCE OR ACCIDENT, OR HAVE BEEN ALTERED OR REPAIRED IN AN UNAUTHORIZED MANNER, OR USING OTHER THAN APPROVED PARTS;
- (II) TIRES AND TUBES;
- (III) ACCESSORY ITEMS, ATTACHMENTS, TOOLS OR IMPLEMENTS NOT SOLD BY YOUR DISTRIBUTOR OR DEALER, OR
- (IV) A PRODUCT THAT HAS BEEN USED WITH AN IMPLEMENT, ATTACHMENT, ACCESSORY, OR EQUIPMENT THAT CREATED AN EXCESSIVE WORKLOAD OR STRESS UPON THE PRODUCT OR ANY PART OR COMPONENT THEREOF.

ANY LIABILITY, WHETHER IN CONTRACT, TORT, OR STRICT LIABILITY, ARISING OUT OF WARRANTIES OR REPRESENTATIONS, INSTRUCTIONS, OR DEFECTS FROM ANY CAUSE, SHALL BE LIMITED EXCLUSIVELY TO REPAIR OR REPLACEMENT OF PARTS UNDER THE CONDITIONS, AS AFORESAID. THE MANUFACTURER IS NOT RESPONSIBLE FOR DIRECT OR INDIRECT INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS FOR USE FOR ANY REASON, INCLUDING, BUT NOT LIMITED TO.

October 30, 1995

Sabine County Courthouse
Oak & Main Street
Hemphill, Texas 75948

ATTN: JANICE MCDANIEL

Dear Commissioners:

Thank you for the opportunity to bid a Motorgrader to you. Our bid is as follows:

ONE FIATALLIS FG85A-B MOTORGRADER, FULL HEIGHT ROPS CAB, AIR
CONDITIONER, "CAT" TYPE CONTROLS, FRONT MOUNTED PUSH BLADE,
14' MOLDBOARD:

SALE PRICE: \$99,675.00
WARRANTY: 1 YEAR OR 1500 HOURS
DELIVERY: 2-3 WEEKS

USED EQUIPMENT TRADE-INS:

- | | |
|---|-------------|
| 1. JOHN DEERE 670B MOTORGRADER
TRADE IN PRICE: | \$50,000.00 |
| 2. ALLIS CHALMERS 100B MOTORGRADER
TRADE IN PRICE: | \$ 5,000.00 |
| 3. BADGER GRADALL MODEL 460
TRADE IN PRICE: | NO BID |
| 4. INTERNATIONAL DUMP TRUCK
TRADE IN PRICE: | NO BID |

Vol AA Pg 155

CONSTRUCTION EQUIPMENT
SALES SERVICE PARTS RENTALS

PAGE 2

The purchase of a Motorgrader by Sabine County must happen first before GEORGE P. BANE, INC., can buy one or any of the trade-ins.

Once again, thank you for this opportunity to bid a Motorgrader to you.

Sincerely,

GEORGE P. BANE, INC.

A handwritten signature in black ink, appearing to read "George P. Bane, III". The signature is stylized with a large initial "G" and a long horizontal stroke extending to the right.

George P. Bane, III
Sales Manager

GPBIII/rs

IMPORTANT: WHEN ORDERING, PLEASE MENTION ABOVE QUOTATION NUMBER AND DATE.

QUAN.	DESCRIPTION	UNIT PRICE	EXTENSION
	We are pleased to submit the following for your consideration:		
1	<p>New Caterpillar 12G motor grader with all standard equipment with 14:00 tires, 10" rims, enclosed cab with heat and air, 135 HP diesel engine, 14 foot moldboard, and front mounted hydraulic blade.</p> <p>Price</p> <p>Operating weight: 32,800 lbs.</p> <p>Warranty: 5 years or 7500 hour drive train</p> <p>Should you elect to trade-in your John Deere 670B motor grader, S/N 67BX539486, you may DEDUCT</p> <p>Should you elect to trade-in your Allis Chalmers M100, S/N 67S06906, you may DEDUCT</p> <p>We are pleased to quote on your equipment requirements and hope we may be favored with your order.</p>		<p>\$131,987.00</p> <p>(70,000.00)</p> <p>(3,500.00)</p>
1	<p>New Caterpillar 140G motor grader with all standard equipment with 14:00 tires, 10" rims, enclosed cab with heat and air, 155 HP diesel engine, 14 foot moldboard, and front mounted hydraulic blade.</p> <p>Price</p> <p>Trade-ins as above.</p>		\$147,814.00
<p>Vol <u>AA</u> Pg <u>157</u></p>			
<p>APPLICABLE WARRANTY(S): Value Assurance PRICES ARE F.O.B.: Sabine County</p>			

THIS QUOTATION SHALL TERMINATE UNLESS MUSTANG RECEIVES WRITTEN ACCEPTANCE WITHIN 30 DAYS HEREOF.

MUSTANG TRACTOR & EQUIPMENT COMPANY BY Charlie Bittan Salesman TITLE

THIS QUOTATION IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN MUSTANG'S PURCHASE ORDER AND SECURITY AGREEMENT AND/OR MASTER EQUIPMENT LEASE AGREEMENT & RENTAL CONTRACT.

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 County of Sabine, an agency/subdivision duly organized and existing under the laws of the State of Texas (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 30 day of October, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated _____, 19____, 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 sufficient and 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: Ability to levy and collect advalorem taxes and receipts from other Government entities such as USFS.

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:

maintenance of County roads particularly precinct #4.

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

Vol AA Pg 159

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 supplies and parts, which parts shall become part of the Equipment. If the Equipment is such as is customarily covered by a maintenance agreement,

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 or 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 securitization 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 INSTRUCTED IT SHALL PAY DIRECTLY TO THE ASSIGNEE, OR ITS TRUSTEE OR AGENT WITHOUT ABATEMENT, DEDUCTION OR SETOFF ALL AMOUNT WHICH BECOME DUE HEREUNDER. LESSEE FURTHER AGREES THAT IT SHALL NOT ASSERT AGAINST ANY ASSIGNEE, TRUSTEE OR AGENT A DEFENSE, CLAIM, COUNTERCLAIM OR SETOFF ON ACCOUNT OF ANY REASON WHATSOEVER WITH RESPECT TO ANY PAYMENTS OR OTHER AMOUNT 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 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 here 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 Assignee'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.

November 17, 1995

OPINION OF COUNSEL

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

Gentlemen:

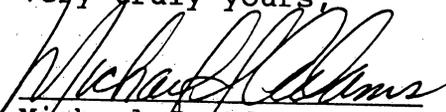
As counsel for Lessee, I have examined duly executed originals of the Lease and the proceedings taken by the Lessee to authorize and execute said Lease. Based upon such examination as I have deemed necessary and appropriate, I am of the opinion that:

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.

Vol AA Pg 103

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, 1996; the next succeeding fiscal period of Lessee ends on September 30, 1997.

Very truly yours,


Michael D. Adams

RE: Lease/Purchase M511AB for the County of Sabine

Dear Judge Hyden:

Capital City is pleased to have another opportunity to provide finance for Sabine County. Enclosed for your review is the lease documentation surrounding the newest County of Sabine lease. Included are the following documents: 1) Lease/purchase agreement; 2) Exhibits "A", "B", "C", "D" and "E"; 3) Insurance information form; 4) Form 8038-GC; 5) a UCC-1 financing statement; and 6) Invoice.

Please complete the forms by filling out the empty blanks, marked by orange dots only, with the information requested. We need a signature for the County in spaces marked by the blue dots. Please also note that on Exhibit "A", we would like you to provide the physical location of the motor grader (where it will be garaged), not the general address of the County.

In addition, please have an attorney for the County fill in the Exhibit "D", Opinion of Counsel. **Please note that it is a requirement that the final version of the opinion must be printed on the letterhead of an attorney or outside counsel for the municipality.**

When the forms are completed, please return all originals **except for Exhibit B, (which should be signed, dated, and returned upon delivery and acceptance of the equipment)**, to our office at the address below, along with a check in the amount of \$11,304.00.

As always, we thank you for your attention to these matters. If you have any questions, please don't hesitate to call.

Sincerely,



Shelly Wilcox
Director of Government Leasing

Vol AA Pg 105

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) New Fiat-Allis FG 85A-B Series Motor Grader

LOCATION OF EQUIPMENT

● ADDRESS: P.O. Box 716

● 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

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: _____
(Authorized Signature)

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

Date: November 17, 1995

(Witness)

forms/M-06.D&A

Vol AA Pg 167

EXHIBIT C

LEASE # M511AB

PAYMENT SCHEDULE
MULTI-YEAR ADJUSTABLE PERIOD

INTEREST RATE: 5.77% AMOUNT: \$94,569.64
 DOWN PAYMENT: \$11,304.00 PAYMENT PERIODS: 60
 DAYS UNTIL REG. PAYMENT: 30 PAYMENTS/YEAR: 12
 REGULAR PAYMENT AMOUNT: \$1,624.29 FUNDING DATE: 00/00/00

PAYMENT DATE	PAYMENT AMOUNT	INTEREST PAID	PRINCIPAL PAID	OPTION TO PURCHASE
1 0 / 0 / 0	\$11,304.00	\$0.00	\$11,304.00	\$85,722.87
2 / /	\$1,624.29	\$400.37	\$1,223.92	\$84,525.73
3 / /	\$1,624.29	\$394.48	\$1,229.80	\$83,218.42
4 / /	\$1,624.29	\$388.57	\$1,235.72	\$81,906.20
5 / /	\$1,624.29	\$382.63	\$1,241.66	\$80,589.06
6 / /	\$1,624.29	\$376.66	\$1,247.63	\$79,266.99
7 / /	\$1,624.29	\$370.66	\$1,253.63	\$77,939.95
8 / /	\$1,624.29	\$364.63	\$1,259.65	\$76,607.94
9 / /	\$1,624.29	\$358.57	\$1,265.71	\$75,270.93
10 / /	\$1,624.29	\$352.49	\$1,271.80	\$73,928.91
11 / /	\$1,624.29	\$346.37	\$1,277.91	\$72,581.86
12 / /	\$1,624.29	\$340.23	\$1,284.06	\$71,229.75
13 / /	\$1,624.29	\$334.05	\$1,290.23	\$69,872.58
14 / /	\$1,624.29	\$327.85	\$1,296.44	\$68,510.31
15 / /	\$1,624.29	\$321.62	\$1,302.67	\$67,142.94
16 / /	\$1,624.29	\$315.35	\$1,308.93	\$65,770.44
17 / /	\$1,624.29	\$309.06	\$1,315.23	\$64,392.79
18 / /	\$1,624.29	\$302.74	\$1,321.55	\$63,009.98
19 / /	\$1,624.29	\$296.38	\$1,327.91	\$61,621.98
20 / /	\$1,624.29	\$290.00	\$1,334.29	\$60,228.78
21 / /	\$1,624.29	\$283.58	\$1,340.71	\$58,830.35
22 / /	\$1,624.29	\$277.13	\$1,347.15	\$57,426.67
23 / /	\$1,624.29	\$270.66	\$1,353.63	\$56,017.74
24 / /	\$1,624.29	\$264.15	\$1,360.14	\$54,603.52
25 / /	\$1,624.29	\$257.61	\$1,366.68	\$53,183.99
26 / /	\$1,624.29	\$251.04	\$1,373.25	\$51,759.15
27 / /	\$1,624.29	\$244.43	\$1,379.85	\$50,328.96
28 / /	\$1,624.29	\$237.80	\$1,386.49	\$48,893.40
29 / /	\$1,624.29	\$231.13	\$1,393.15	\$47,452.47
30 / /	\$1,624.29	\$224.43	\$1,399.85	\$46,006.13
31 / /	\$1,624.29	\$217.70	\$1,406.58	\$44,554.36
32 / /	\$1,624.29	\$210.94	\$1,413.35	\$43,097.16
33 / /	\$1,624.29	\$204.14	\$1,420.14	\$41,624.40

43	/	/	\$1,624.29	\$127.20	\$1,497.09	\$25,178.51
44	/	/	\$1,624.29	\$120.00	\$1,504.29	\$23,648.65
45	/	/	\$1,624.29	\$112.77	\$1,511.52	\$22,113.04
46	/	/	\$1,624.29	\$105.50	\$1,518.79	\$20,571.68
47	/	/	\$1,624.29	\$98.19	\$1,526.09	\$19,024.54
48	/	/	\$1,624.29	\$90.86	\$1,533.43	\$17,471.59
49	/	/	\$1,624.29	\$83.48	\$1,540.80	\$15,912.83
50	/	/	\$1,624.29	\$76.07	\$1,548.21	\$14,348.21
51	/	/	\$1,624.29	\$68.63	\$1,555.66	\$12,777.73
52	/	/	\$1,624.29	\$61.15	\$1,563.14	\$11,201.36
53	/	/	\$1,624.29	\$53.63	\$1,570.65	\$9,619.08
54	/	/	\$1,624.29	\$46.08	\$1,578.20	\$8,030.86
55	/	/	\$1,624.29	\$38.49	\$1,585.79	\$6,436.69
56	/	/	\$1,624.29	\$30.87	\$1,593.42	\$4,836.54
57	/	/	\$1,624.29	\$23.21	\$1,601.08	\$3,230.39
58	/	/	\$1,624.29	\$15.51	\$1,608.78	\$1,618.22
59	/	/	\$1,624.29	\$7.77	\$1,616.51	\$0.00
			\$38,982.88	\$2,248.48	\$36,734.40	

Lessor: _____

Lessee: *JMR*

GRAND TOTAL \$107,136.91 \$12,567.27 \$94,569.64

Vol AA Pg 169

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 County of Sabine, an agency/subdivision duly organized and existing under the laws of the State of Texas (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 30 day of October, 1995.

WHEREAS, the Lessee is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated _____, 19____, 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 sufficient and 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: Ability to levy and collect advalorem taxes and receipts from other Government entities such as USFS.

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 120 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:

maintenance of County roads particularly precinct #4.

address, fax, and telephone number,

Agency: Texas Association of Counties

Agent's Name: Jeri Porter

Address: P.O. Box 2131

Austin, Texas 78768

Phone Number: 512/478-8753

Fax: 512/478-1426

to issue the following:

- a. Evidence of All Risk Physical Damage Insurance on the leased equipment and Long Form Loss Payable Clause naming Capital City Leasing, Inc. ("Lessor") and/or its assigns as Loss Payee.
- b. Evidence of Public Liability Insurance naming Lessor and/or its assigns as an Additional Insured.

MINIMUM COVERAGE REQUIRED:

\$100,000.00 Bodily Injury Liability per person
 \$300,000.00 Bodily Injury Liability per occurrence
 \$100,000.00 Property Damage Liability per occurrence

OR,

Self-Insured

- 2. Pursuant to Section 17 of the Agreement, we are self-insured for all risk, physical damage, and public liability and will provide proof of such self-insurance in letter form, together with a copy of statute authorizing this form of insurance.
- 3. Proof of insurance coverage will be provided to you prior to the time that the equipment is delivered to us.

Lessee: County of Sabine

By: *Juan D. [Signature]*
Authorized Official

Date: November 17, 1995

Form **8038-GC**

(Rev. May 1995)

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**...

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

OMB No. 1545-0720

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, or post office, state, and ZIP code Hemphill, Texas 79548	

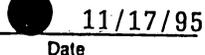
Part II Description of Obligations

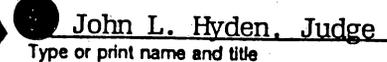
5 Issue price of small tax-exempt governmental obligations reported on this form.	5 \$94,569.64	
6 Check the box that most nearly approximates the weighted average maturity of the obligation(s): a <input type="checkbox"/> Less than 5 years b <input checked="" type="checkbox"/> From 5 to 10 years c <input type="checkbox"/> More than 10 years	(Maturity and Interest Rate Selections)	
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:		8a \$94,569.64
a Obligation(s) issued in the form of a lease or installment sale b Obligation(s) designated by the issuer under section 265(b)(3)(B)(i)(III) c Obligation(s) issued to refund prior issues d Loans made from the proceeds of another tax-exempt obligation		8b \$94,569.64 8c 8d
9 Check box if issuer has elected to pay a penalty in lieu of arbitrage 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.


Issuer's authorized representative

 11/17/95
Date

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

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

General Instructions

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

Purpose of Form

Form 8038-GC is used by issuers of tax-exempt governmental obligations

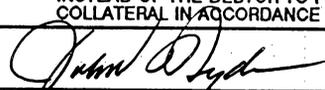
an issue price of less than \$100,000. Each such separate return should specify the calendar year in which the issue was issued.

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

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) New Fiat-Allis FG 85A-B Series Motor Grader

7. CHECK ONLY IF APPLICABLE	7A. <input type="checkbox"/> PRODUCTS OF COLLATERAL ARE ALSO COVERED	7B. <input type="checkbox"/> THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD IN THE REAL ESTATE RECORDS.	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) 		THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, NUMBER, FILING OFFICER)	
County of Sabine			
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 78759		
STATE			
ZIP			

Vol AA Pg 123

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

INVOICE

INVOICE NO. M511AB

SOLD TO

SHIPPED TO

County of Sabine
 Attn: Judge John Larry Hyden
 P.O. Box 716
 Hemphill, Texas 79548

DATE 11/09/95	ORDER NO. 795	SALESMAN	TERMS Due Upon Receipt	SHIPPED VIA	PPD.	COLL.
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QUANTITY	DESCRIPTION	PRICE	AMOUNT
	Due for first (1st) payment out of sixty (60) on Lease #M511AB (with 59 remaining payments of \$1,624.29): PLEASE MAKE CHECK PAYABLE TO CAPITAL CITY LEASING, INC. AT THE ABOVE ADDRESS. 		\$11,304.1

