

Special Session Commissioners' Court

April 21, 2003 8:30 a.m.

Members of the Court Present:

Jack Leath	County Judge
Keith Clark	Commissioner Pct. #1
Lynn Smith	Commissioner Pct. #2
Doyle Dickerson	Commissioner Pct. #3
Fayne Warner	Commissioner Pct. #4
Janice McDaniel	County Clerk

Judge Leath called the meeting to order.

Agenda item #2-Final Consideration and Possibly Take Action for
Depository

Judge Leath said we opened two bids for depository at our last Court meeting. The bids were from First State Bank and Shelby Savings Bank, both in Hemphill. Both bids say the interest is tied to the Treasury bill. First State Bank says that their interest is presently at about 1 ½ but will never drop below 2.5 percent. Shelby just says theirs is tied to the Treasury bill. One of the requirements is that a cashier's check be attached to the bid. First State Bank attached a cashier's check but Shelby did not. First State Bank has the better bid.

Commissioner Clark moved that our depository stay with First State Bank. Commissioner Dickerson seconded. All voted for. Motion carried.

Agenda item #1-Consider and Possibly Take Action on Sheriff's
Advertising for Bids for a Vehicle

Judge Leath said the Sheriff request that the money from the wrecked patrol car and money from FEMA for use of a patrol car be used toward the purchase of a new vehicle for the Sheriff's department.

Judge Leath said we are going to have a large expense coming out of the general fund in the near future and we need to consider that.

After discussion, Commissioner Clark moved to advertise for purchase of a new vehicle for the Sheriff's department. Commissioner Smith seconded. All voted for. Motion carried.

Agenda item #3-Pay Accounts and Salaries

Judge Leath moved to approve payment of the registration fees for Janice and Tanya for the County and District Conference. Commissioner Dickerson seconded. All voted for. Motion carried.

Commissioner Warner moved to adjourn. Commissioner Dickerson seconded. Meeting adjourned.

Paul Leath COUNTY JUDGE

Keith Clark COMMISSIONER PCT. #1

Lynn Smith COMMISSIONER PCT. #2

Doyle Dickerson COMMISSIONER PCT. #3

Layne Warner COMMISSIONER PCT. #4

ATTEST:

Janice McDaniel COUNTY CLERK

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704

1999 LOCALS

BID NOTICE

Sabine County Commissioners Court is accepting sealed bids for the purchase of a Sheriff's patrol car unit meeting the following specification:

Police Package; 4 door sedan, white in color; cloth bucket seats, rear vinyl; 4.6 V8 or above engine; speed control; electric windows and locks; driver side spotlight; auto transmission.

Bids will be accepted until 8:30 a.m. on Monday, May 12, 2003. Bids will be opened, reviewed, and considered in a Commissioners court session at that time.

Bids should be sealed and marked "Sheriff's Patrol Car Bid," submitted to Sabine County Clerk's Office, P.O. Box 580, Hemphill, TX 75948.

Sabine County reserves the right to reject any and/or all bids.

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First State Bank

P.O. Box 1944
Hemphill, Texas 75948-1944

MEMBER FDIC

TELEPHONE: 409 / 787-3361

April 11, 2003

DEPOSITORY OF THE FUNDS OF SABINE COUNTY, TEXAS

The Honorable
The Commissioners Court
Sabine County Courthouse
Hemphill, Texas

Gentlemen:

This letter will serve as our formal application under Texas Civil Statutes, Article 2544 and those following pertaining to County Depositories and Section 115 and 116, Texas Local Government Code to serve as the Depository of the Funds of Sabine County, Texas for the period beginning May 1, 2003 and ending April 30, 2007.

The Capital Stock of the bank is in the amount \$600,000.00 and the Certified Surplus is \$2,800,000.00. We enclose a Statement of Financial Condition of the bank as of December 31, 2002 and a statement of even date with this application.

In accordance with Article 2545 of the Texas Revised Civil Statutes, we attach our Cashier's Check in an amount not less than one-half of one percent (1/2 of 1%) of the County Revenues for the preceding year as a guarantee of the good faith on the part of the bank that if the latter is accepted as the Depository of the Funds of Sabine County, Texas it will comply with the provisions of Article 2547 of the Statutes.

In meeting the requirements of Article 2547, the bank will pledge securities of the type and in the amount required by Section (c) of the cited article.

The bank proposes to serve as your Depository bank during the next four years in the same manner that we have served you in the past and agree to the following:

- (1) All funds of the County will be deposited in "Demand Deposit" or "Time Deposit" accounts at the bank. "Demand Deposits" will earn interest at a rate which will adjust on the first business day of each calendar quarter and be equal to 50 basis points (1/2%) below the yield stated in the Wall Street Journal on the Treasury Bills maturing 26 weeks from the date of the latest auction preceeding said reset date (current yield on 26-week Treasury Bill is 1.135%). Interest will be computed on the daily ledger balance and paid monthly, however such interest paid shall never be less than two and one half percent (2.50%) per annum.

W. M. P. 706

- (2) "Time Deposit" accounts will be paid the posted rates of the bank, as posted in the lobby daily, however, interest paid on "Time Deposits" of the County will never be less than two and one half percent (2.50%) per annum.


The current rates being paid on time Certificates of Deposit at the bank are as follows.

<u>Maturity</u>	<u>Rate (APR)</u>	<u>Annual Yield (APY)</u>
32 Day	1.25	1.26
90 Day	1.40	1.41
180 Day	1.80	1.82
1 Year	2.05	2.07
2 Years	2.25	2.27
3 Years	2.50	2.52
4 Years	3.25	3.29
5 Years	4.00	4.06

- (3) The bank will charge an adjustable rate which will always be equal to 150 basis points (1.50%) below the Prime Rate as stated in the Wall Street Journal per annum (simple interest) from the date of payment of overdrafts of the County originating during the ensuing four-year period. The County will pay such overdrafts with proceeds from other sources within three (3) business days from payment of the overdraft. An overdraft is defined as a negative demand balance in the County accounts collectively, not by individual account.
- (4) The bank will make funds available to the County in the form of loans at a rate of interest in accordance with existing law and on financial terms to be negotiated at the time such loans are needed.
- (5) The bank offers its lobby services to the County free of any service charge to the extent such services rendered are requested for transacting the business of the County.

We are grateful for the privilege of handling the funds of the County and appreciate the opportunity to present this application. Thank you for your consideration. Our first and foremost aim is to provide Sabine County with a strong, independent institution offering the finest in banking services to its citizenry.

Very truly yours,


Lee M. Dutton, Jr.
President

W. M. M. Pg 707

**FIRST STATE BANK, HEMPHILL, TEXAS
STATEMENT OF CONDITION
DECEMBER 31, 2002
(CONDENSED)**

RESOURCES

LOANS	\$10,762,964.10
CASH & DUE FROM BANKS	4,422,094.35
OBLIGATIONS OF THE U.S. GOV'T. AND ITS AGENCIES	33,159,989.42
MUNICIPAL AND CORPORATE BONDS AND OBLIGATIONS	2,679,896.31
OTHER BONDS & SECURITIES	1,086,875.20
BANKING HOUSE	213,253.13
FURNITURE & FIXTURES	53,248.81
FEDERAL FUNDS SOLD	2,625,000.00
OTHER ASSETS	364,048.04

\$ 55,367,369.36

LIABILITIES

CAPITAL	\$ 600,000.00
SURPLUS	2,800,000.00
UNDIVIDED PROFITS	2,773,963.87
RESERVE FOR UNREALIZED GAIN ON SECURITIES	170,237.20
LOAN LOSS RESERVE	217,941.38
OTHER RESERVES	128,333.33
OTHER LIABILITIES	234,228.38
DEPOSITS	48,442,665.20

\$ 55,367,369.36

OFFICERS

J. ROBERT HOWARD, CHAIRMAN OF THE BOARD, CEO
LEE M. DUTTON, JR., PRESIDENT
ROBERT H. RUSSELL, EXECUTIVE VICE PRESIDENT - OPERATIONS
JUANICE VICKERS, EXECUTIVE VICE PRESIDENT - ADMINISTRATION
TAMMIE COX, SENIOR VICE PRESIDENT - CASHIER
CYNTHIA SMITH, VICE PRESIDENT - SECRETARY TO THE CHAIRMAN

DIRECTORS

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LEE M. DUTTON, JR.
O. D. HAMILTON
WALLY KITTMAN

JOSEPH R. TOMLINSON
WILLIAM A. SPEIGHTS
MARTIN RUEFFER, D.D.S.
ROBERT H. RUSSELL

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FIRST STATE BANK, HEMPHILL, TEXAS
STATEMENT OF CONDITION
APRIL 11, 2003
(CONDENSED)

RESOURCES

LOANS	\$11,466,942.75
CASH & DUE FROM BANKS	4,806,758.98
OBLIGATIONS OF THE U.S. GOV'T. AND ITS AGENCIES	29,558,640.84
MUNICIPAL AND CORPORATE BONDS AND OBLIGATIONS	3,635,609.20
OTHER BONDS & SECURITIES	1,083,574.43
BANKING HOUSE	209,834.96
FURNITURE & FIXTURES	52,502.70
FEDERAL FUNDS SOLD	4,125,000.00
OTHER ASSETS	442,252.86

\$ 55,381,116.72

LIABILITIES

CAPITAL	\$ 600,000.00
SURPLUS	2,800,000.00
UNDIVIDED PROFITS	2,880,672.22
RESERVE FOR UNREALIZED GAIN ON SECURITIES	121,004.18
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First State Bank

P.O. Box 1944
Hemphill, Texas 75948-1944

MEMBER FDIC

TELEPHONE: 409 / 787-3361

April 11, 2003

**DEPOSITORY OF THE SPECIAL
FUNDS OF THE COUNTY AND
DISTRICT CLERK**

The Honorable
The Commissioners Court
Sabine County Courthouse
Hemphill, Texas

Gentlemen:

This letter will serve as our formal application under Texas Civil Statutes, Article 2544 and those following pertaining to County Depositories and Section 115 and 116, Texas Local Government Code to serve as the Depository of the Special Funds of the County and District Clerk for the period beginning May 1, 2003 and ending April 30, 2007.

The Capital Stock of this bank is in the amount \$600,000.00 and the Certified Surplus is \$2,800,000.00. We enclose a Statement of Financial Condition of the bank as of December 31, 2002 and a statement of even date with this application.

In accordance with Section 1 of Article 2558-a of the Texas Revised Civil Statutes, we attach our certified check in an amount not less than one-half of one percent (1/2 of 1%) of the average daily balances of the amount of Special Funds in the possession of the Clerks during the preceding calendar year as a guarantee of the good faith on the part of the bank that if the latter is accepted as the Depository of the Funds of Sabine County, Texas it will comply with the provisions of Article 2558-a and qualify by pledging securities as required by Section 3 of Article 2558-a and Article 2547 of the Texas Revised Civil Statutes.

In meeting the requirements of Section 3 of Article 2558-a and the requirements of Article 2547, the bank will pledge securities of the type and in the amount required by Section (c) of Article 2547.

The bank proposes to serve as your depository bank during the next four years in the same manner that we have served you in the past and agree to the following:

- (1) All funds of the County will be deposited in "Demand Deposit" or "Time Deposit" accounts at the bank. "Demand Deposits" will earn interest at a rate which will adjust on the first business day of each calendar quarter and be equal to 50 basis points (1/2%) below the yield stated in the Wall Street Journal on the Treasury Bills maturing 26 weeks from the date of the latest auction preceeding said reset date (current yield on 26-week Treasury Bill is 1.135%). Interest will be computed on the daily ledger balance and paid

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monthly, however such interest paid shall never be less than two and one half percent (2.50%) per annum.

- (2) "Time Deposit" accounts will be paid the posted rates of the bank, as posted in the lobby daily, however, interest paid on "Time Deposits" of the County will never be less than two and one half percent (2.50%) per annum.

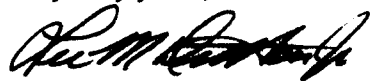
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We are grateful for the privilege of handling the funds of the County and appreciate the opportunity to present this application. Thank you for your consideration. Our first and foremost aim is to provide Sabine County with a strong, independent institution offering the finest in banking services to its citizenry.

Very truly yours,



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ROBERT H. RUSSELL

MM 7/3



P.O. Box 1806
Center, Texas 75935
936/598-5688 Fax 598-5350

April 9, 2003

Janice McDaniel
Sabine County Clerk
Hemphill, Texas 75948

Re: Depository Bid

Dear Ms. McDaniel:

Shelby Savings Bank is pleased to submit the following proposal as our bid for the depository services of Sabine County.

Item #1. Shelby Savings Bank will pay Sabine County a fixed interest rate of 1.25% on checking accounts, savings accounts, and/or other accounts subject to withdrawal by check. This rate is fixed for the first twelve months of the contract. On each annual anniversary date this rate will be subject to change. The new rate for the next twelve months will be the ninety-day T-bill rate on the anniversary date or 1.25% which ever is highest.

Item #2. Shelby Savings Bank will pay Sabine County a fixed interest rate of:

- a. The three (3) month T-bill rate or our posted rate (as quoted by Pat Smith or John Snider) which ever is higher on non-negotiable time deposits of \$2,500.00 or more for terms of sixty (60) days or ninety days (90) days.
- b. The six (6) month T-bill rate or our posted rate (as quoted by Pat Smith or John Snider) which ever is higher on non-negotiable time deposits of \$2,500.00 or more for a term of one hundred eighty (180) days.

Item #3. Shelby Savings Bank will pay Sabine County a fixed interest rate of:

- a. The U. S. Treasury one-year constant maturity index plus twenty-five (25) basis points or our posted rate (as quoted by Pat Smith or John Snider) which ever is higher on non-negotiable time deposits of \$100,000.00 or more for a term of one hundred eighty (180) days.
- b. The U. S. Treasury one-year constant maturity index plus fifty (50) basis points or our posted rate (as quoted by Pat Smith or John Snider) which ever is higher on non-negotiable time deposits of \$100,000.00 or more for a term of three hundred sixty-five (365) days.

Item #4. Shelby Savings Bank will charge Sabine County the prime interest rate as reported in the Wall Street Journal on warrants and short term loans. This rate will float daily on any outstanding balances. The advancement of any funds will be subject to Sabine County providing financial information and meeting Shelby Savings Bank's normal underwriting guidelines, prior to disbursement.

Item #5. Shelby Savings Bank also offers the following services and terms.

- a. Preparation of monthly statements – no charge

Center San Augustine Hemphill

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- b. Separate itemized accounts – no charge
- c. Preparation of other reports from time to time – no charge
- d. Furnishing checks and deposit slips – no charge
- e. ACH and wire transfers – no charge
- f. Night depository – no charge
- g. Night depository bags – no charge
- h. Safe deposit box – no charge
- i. Daily balance reporting via facsimile – no charge
- j. Direct deposit of payroll – no charge
- k. Cashier's checks – no charge
- l. Return items – no charge
- m. Collection items – no charge
- n. Overdrafts/NSF items – no charge if number does not exceed five per month and overdraft balance must be cleared within ten (10) days - \$19.50 per each item over five per month and if overdraft balance is not cleared within ten days.

Shelby Savings Bank's statements are imaged. They include an item section with check images in check number order, and a statement section with checks listed in check number order and in clearing order.

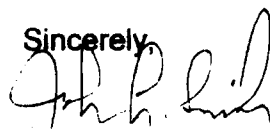
Shelby Savings Bank is a member of the Federal Deposit Insurance Corporation. Deposit accounts are insured under the terms and conditions of the agency. Public funds over and above FDIC insurance levels will be secured by pledging mortgage backed securities issued by FMNA, FHLMC, or GNMA and held in safe keeping at the Federal Home Loan Bank of Dallas.

Enclosed is an audited financial statement of Shelby Bancshares, Inc. as of December 31, 2002. Shelby Savings Bank is a wholly owned subsidiary of Shelby Bancshares. The consolidating statements beginning on page #23 show specific information for Shelby Savings Bank.

Our office located at 103 Worth Street, Hemphill will be the primary service center for Sabine County.

Thank you for the opportunity to bid for the Sabine County depository services

Sincerely,


John L. Snider
President

Copy: Pat Smith
Jon Schillings

The State Of Texas
County Of Sabine

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



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JANICE MEDANIEL COUNTY CLERK

BY Karen Chance
Deputy

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