

NAVARRO COUNTY COMMISSIONER'S COURT

A Special meeting of the Navarro County Commissioner's Court was held on Thursday, the 25th day of April, 2013 at 11:00 a.m., in the County Courtroom of the Navarro County Courthouse in Corsicana Texas. Presiding Judge HM Davenport, Commissioners Present Jason Grant, David Warren, Dick Martin, and James Olsen.

1. 10:00 A.M. Motion to convene by Comm. Olsen sec by Comm. Warren
All voted aye motion carried
2. Opening prayer by Judge Davenport
3. Pledge of Allegiance
4. Motion to approve Equipment Lease Purchase agreement between Welch State Bank and Navarro County for Pct. 3 (John Deere Tractor-replacing)
by Comm. Warren sec by Comm. Olsen
All voted aye motion carried **TO WIT PG 338-359**
5. Presentation by 1113 Architects
Tom Nichols **TO WIT PG 360-362**
6. Motion to adjourn by Comm. Martin sec by Comm. Warren
All voted aye motion carried

I, SHERRY DOWD, NAVARRO COUNTY CLERK, ATTEST THAT THE FOREGOING IS A TRUE AND ACCURATE ACCOUNTING OF THE COMMISSIONERS COURT'S AUTHORIZED PROCEEDING FOR APRIL 25th 2013.

SIGNED 25th DAY OF APRIL 2013.


SHERRY DOWD, COUNTY CLERK



EQUIPMENT LEASE-PURCHASE AGREEMENT

By and between

Welch State Bank
as Lessor

and

Navarro County
as Lessee

Dated as of April 22, 2013

EQUIPMENT LEASE-PURCHASE AGREEMENT

This EQUIPMENT LEASE-PURCHASE AGREEMENT (the "Agreement"), dated as of **April 22, 2013**, and entered into between **Welch State Bank**, 396 S. Commercial; PO Box 129, Welch, OK, 74369 ("Lessor") and **Navarro County**, 300 West 3rd Avenue, Suite 10, Corsicana, TX, 75110 ("Lessee"), a political subdivision duly organized and existing under the laws of the State of Texas ("State").

WITNESSETH:

WHEREAS, Lessor desires to lease the Equipment, as hereinafter described in Exhibit "A", to Lessee, and Lessee desires to lease the Equipment from Lessor, subject to the terms and conditions of and for the purposes set forth in this Agreement; and WHEREAS, Lessee is authorized under the Constitution and laws of the State of Texas to enter into this Agreement for the purposes set forth herein:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of Texas.

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

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

- (a) Lessee is a political subdivision of the State duly organized and existing under the Constitution and laws of the State with full power and authority to enter into this Agreement, as specified in Texas Statutes, and the transactions contemplated hereby and to perform all of its obligations hereunder.
- (b) Lessee has duly authorized the execution and delivery of this Agreement by proper action by its governing body at a meeting duly called, regularly convened and attended throughout by the requisite majority of the members thereof or by other appropriate official approval, and all requirements have been met and procedures have occurred in order to ensure the validity and enforceability of this Agreement.
- (c) No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists at the date hereof.
- (d) Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current budget year to make the Rental Payments scheduled to come due during the current budget year, and to meet its other obligations for the current budget year, and such funds have not been expended for other purposes.
- (e) Lessee will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a public body corporate and politic.
- (f) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by Lessee of the Equipment.

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

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

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

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

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

Section 3.03. Nonappropriation. Lessee is obligated only to pay such Rental Payments under this Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current budget year. Should Lessee fail to budget, appropriate or otherwise make available funds to pay Rental Payments following the then current Original Term or Renewal Term, this Agreement shall be deemed terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to

deliver notice to Lessor of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If this Agreement is terminated in accordance with this Section, Lessee agrees to peaceably deliver the Equipment, at Lessee's sole expense, to Lessor at the location(s) to be specified by Lessor.

ARTICLE IV. Section 4.01. Rental Payments. Lessee shall promptly pay Rental Payments to Lessor, exclusively from legally available funds, in lawful money of the United States of America, without notice or demand, in such amounts and on or before the applicable Rental Payment Dates set forth on Exhibit B hereto, at the address set forth on the first page hereof or such other address as Lessor or its assigns may from time to time request in writing. Lessee shall pay Lessor interest on any Rental Payment not paid on the date such payment is due at the rate of 12% per annum or the maximum amount permitted by law, whichever is less, from such date. A portion of each Rental Payment is paid as and represents payment of, interest, as set forth on Exhibit B hereto.

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

Section 4.03. RENTAL PAYMENTS TO BE UNCONDITIONAL. EXCEPT AS PROVIDED IN SECTION 3.03, THE OBLIGATIONS OF LESSEE TO MAKE RENTAL PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SET-OFF OR DEFENSE, FOR ANY REASON, INCLUDING WITHOUT LIMITATION ANY FAILURE OF THE EQUIPMENT TO BE DELIVERED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

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

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

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

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

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

Section 6.02. Security Interest. To secure the payment of all of Lessee's obligations under this Agreement, Lessee hereby grants to Lessor a security interest constituting a first lien on the Equipment and on all additions, attachments and accessions

thereto, substitutions therefor and proceeds therefrom. Lessee agrees to execute such additional documents, in form satisfactory to Lessor, which Lessor deems necessary or in form satisfactory to Lessor, which Lessor deems necessary or appropriate to establish and maintain its security interest and the security interest of any assignee of Lessor in the Equipment.

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

ARTICLE VII. Section 7.01. Liens, Taxes, Other Governmental Charges and Utility Charges. Lessee shall keep the Equipment free of all levies, liens and encumbrances except those created by this Agreement. The parties to this Agreement contemplate that the Equipment will be used for a governmental or proprietary purpose of Lessee and that the Equipment will therefore be exempt from all property taxes. If the use, possession or acquisition of the Equipment by Lessee is nevertheless determined to be subject to taxation, Lessee shall pay when due all taxes and governmental charges lawfully assessed or levied against or with respect to the Equipment. Lessee shall pay such taxes or charges as the same may become due.

Section 7.02. Insurance. At its own expense, Lessee shall cause casualty, public liability and property damage insurance to be carried and maintained in the amounts and for the coverage set forth in Exhibit G. All insurance proceeds from casualty losses shall be payable as hereinafter provided in this Agreement. Lessee shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term. Alternatively, Lessee may insure the Equipment under a blanket insurance policy or policies which cover not only the Equipment but other properties. All such insurance shall be with insurers that are acceptable to Lessor, shall name Lessee and Lessor as insureds and shall contain a provision to the effect that such insurance shall not be cancelled or modified materially without first giving written notice thereof to Lessor at least 10 days in advance of such cancellation or modification. All such casualty insurance shall contain a provision making any losses payable to Lessee and Lessor as their respective interests may appear. With written consent of Lessor, Lessee may satisfy the insurance requirements of this Section 7.02 by self-insurance.

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

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

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

ARTICLE IX. Section 9.01. DISCLAIMER OF WARRANTIES. Lessee acknowledges and agrees that the Equipment is of a size, design and capacity selected by Lessee and that Lessor is neither a manufacturer nor a vendor of such Equipment. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR USE OF THE EQUIPMENT OR ANY MANUFACTURER'S OR VENDOR'S WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR

THE EXISTENCE, FURNISHING, FUNCTIONING OR LESSEE'S USE OF ANY ITEM, PRODUCT OR SERVICE PROVIDED FOR IN THIS AGREEMENT.

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

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

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

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

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

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

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time specified herein;
- (b) Failure by Lessee to maintain required insurance coverage or to observe and perform any other covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraph (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonable withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected;
- (c) Any statements, representations or warranty made by Lessee in or pursuant to this Agreement or its execution, delivery or performance shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;
- (d) Any provision of this Agreement shall be at any time for any reason cease to be valid and binding on Lessee, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by Lessee or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of Lessor, or Lessee shall deny that it has any further liability or obligation under this Agreement;
- (e) Lessee shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of Lessee, or of all or a substantial part of the assets of Lessee, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against Lessee in any bankruptcy, reorganization or insolvency proceeding; or
- (f) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator of Lessee or of all or a substantial part of the assets of Lessee, in each case without its

application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days.

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

(a) With or without terminating this Agreement, may declare all Rental Payments due or to become due during the Original or Renewal Term in effect when the default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable; and

(b) With or without termination of this Agreement, Lessor may enter the premises where the Equipment is located and disable the Equipment to prevent further use thereof by Lessee. In addition or alternatively, Lessor may take possession of any of all of the Equipment by giving written notice to deliver the Equipment in the manner provided in Section 12.03; in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon Lessee's premises where the Equipment is kept and take possession of the Equipment and charge Lessee for costs incurred in repossessing the Equipment, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. Notwithstanding the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments due with respect thereto during the Fiscal Year then in effect.

(c) If Lessor terminates this Agreement and, in its discretion, takes possession and disposes of the Equipment or any portion thereof, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorney's fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the balance of any Rental Payments owed by Lessee during the Original or Renewal Term then in effect; any disposition proceeds remaining after the requirements of the clauses (i), (ii), (iii), (iv), and (v) have been met shall be paid to Lessee; (v) the applicable Purchase Price of the Equipment and

(d) Lessor may take whatever action at law or in equity may appear necessary or desirable to enforce its rights as the owner of the Equipment, and Lessee shall pay the reasonable attorney's fees and expenses incurred by Lessor in enforcing any remedy hereunder.

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

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

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

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

Section 13.02. Release and Indemnification. To the extent permitted by law, Lessee shall indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liability, obligation, loss claim, tax and damage whatsoever, regardless of cause thereof, and all expenses in connection therewith (including without limitation counsel fees and expenses and any federal income tax and interest and penalties connected therewith imposed on interest received) arising out of or as the result of (a) the entering into of this Agreement, (b) the ownership of any item of Equipment, (c) the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any item of the Equipment, (d) or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury to or

death to any person, and/or (e) the breach of any covenant herein or any material misrepresentation contained herein. The indemnification arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the Lease Term for any reason.

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

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

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

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

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

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

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

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

LESSOR

Welch State Bank

By: _____

Print Name: Sherri J. Mount

Title: Vice President

LESSEE

Navarro County

By: 

Print Name: Hershell M. Davenport

Title: County Judge

(SEAL)

ATTEST:

By: _____

Print Name: Kelli Langley

Title: Notary Public

(SEAL)

ATTEST:

By: 

Print Name: Sherry Dowd

Title: County Clerk

EXHIBIT A TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

DESCRIPTION OF EQUIPMENT

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

- Description
- 1 John Deere 5101E Utility Tractor SN# 1LV5101EPCY540250
Together with all accessions, additions and attachments thereto.

The Equipment is located at: Precinct #3

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

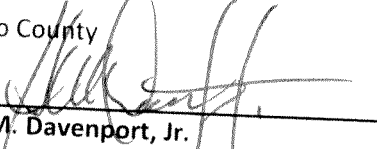
STATEMENT OF ESSENTIAL USE

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

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

In answer to the above, the following is submitted:

- 1 Road & Bridge general maintenance and mowing of road ways. 20 years.
- 2 Yes. It was used for 20 years.
- 3 This piece of equipment was chosen from the Texas Association of School Boards "Buy Board".
- 4 Navarro County Road & Bridge Fund – Pct 3

Navarro County
By: 
H.M. Davenport, Jr.

Title: County Judge

EXHIBIT B TO EQUIPMENT LEASE-PURCHASE AGREEMENT

LEASE NO. 52449

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

RENTAL PAYMENT SCHEDULE

RATE: 2.87%

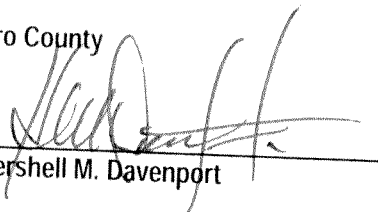
Equipment Cost \$40,744.40 + Doc Fee \$200.00 = \$40,944.40

	Date	Payment	Interest	Principal	Balance
Loan	04/22/2013				40,944.40
1	05/22/2013	1,757.65	98.23	1,659.42	39,284.98
2	06/22/2013	1,757.65	94.25	1,663.40	37,621.58
3	07/22/2013	1,757.65	90.26	1,667.39	35,954.19
4	08/22/2013	1,757.65	86.26	1,671.39	34,282.80
5	09/22/2013	1,757.65	82.25	1,675.40	32,607.40
6	10/22/2013	1,757.65	78.23	1,679.42	30,927.98
7	11/22/2013	1,757.65	74.20	1,683.45	29,244.53
8	12/22/2013	1,757.65	70.16	1,687.49	27,557.04
2013 Totals		14,061.20	673.84	13,387.36	
9	01/22/2014	1,757.65	66.11	1,691.54	25,865.50
10	02/22/2014	1,757.65	62.06	1,695.59	24,169.91
11	03/22/2014	1,757.65	57.99	1,699.66	22,470.25
12	04/22/2014	1,757.65	53.91	1,703.74	20,766.51
13	05/22/2014	1,757.65	49.82	1,707.83	19,058.68
14	06/22/2014	1,757.65	45.72	1,711.93	17,346.75
15	07/22/2014	1,757.65	41.62	1,716.03	15,630.72
16	08/22/2014	1,757.65	37.50	1,720.15	13,910.57
17	09/22/2014	1,757.65	33.37	1,724.28	12,186.29
18	10/22/2014	1,757.65	29.24	1,728.41	10,457.88
19	11/22/2014	1,757.65	25.09	1,732.56	8,725.32
20	12/22/2014	1,757.65	20.93	1,736.72	6,988.60
2014 Totals		21,091.80	523.36	20,568.44	
21	01/22/2015	1,757.65	16.77	1,740.88	5,247.72
22	02/22/2015	1,757.65	12.59	1,745.06	3,502.66
23	03/22/2015	1,757.65	8.40	1,749.25	1,753.41
24	04/22/2015	1,757.65	4.24	1,753.41	0.00
2015 Totals		7,030.60	42.00	6,988.60	
Grand Totals		42,183.60	1,239.20	40,944.40	

Final payment may vary due to the actual date payments were received.

Navarro County

By:


Hershell M. Davenport

Title: County Judge

EXHIBIT C TO EQUIPMENT LEASE-PURCHASE AGREEMENT
ACCEPTANCE CERTIFICATE

Welch State Bank
396 S. Commercial; PO Box 129
Welch, OK 74369

Re: Equipment Lease-Purchase Agreement, dated April 22, 2013 (the "Agreement") between Welch State Bank ("Lessor") and Navarro County ("Lessee")

Ladies and Gentlemen:

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

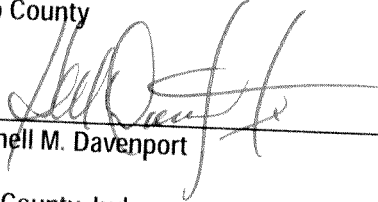
- (1) All of the Equipment (as defined in the Agreement) has been delivered, installed and accepted on the date hereof.
- (2) Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.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

Acceptance Date: _____

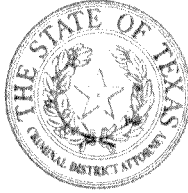
Equipment Description: **John Deere 5101E Utility Tractor SN# 1LV5101EPCY540250**

Navarro County

By: _____


Hershell M. Davenport

Title: County Judge



OFFICE OF
R. LOWELL THOMPSON

CRIMINAL DISTRICT ATTORNEY
NAVARRO COUNTY COURTHOUSE
300 WEST 3RD AVENUE, SUITE 203
CORSIANA, TEXAS 75110

TELEPHONE
903-654-3045

FAX
903-872-6858

EXHIBIT D TO EQUIPMENT LEASEPURCHASE AGREEMENT

OPINION OF COUNSEL
(On Counsel's Letterhead)

Welch State Bank
PO Box 129
Welch, OK 74369

As counsel for the Navarro County ("Lessee"), I have examined duly executed originals of the Equipment Lease-Purchase Agreement (the "Agreement") dated April 22, 2013, by and between Lessee and Welch State Bank ("Lessor"), the proceedings taken by Lessee to authorize and execute the Agreement together with other related documents, and the Constitution of the State of Texas the ("State") as presently enacted and construed. Based upon said examination and upon such other examination as I have deemed necessary or appropriate, it is my opinion that:

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

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

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

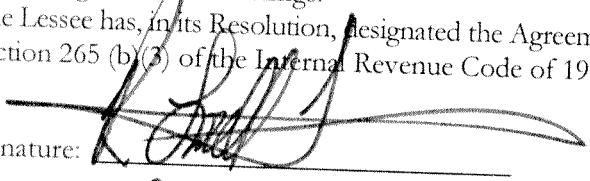
Lessee has complied with applicable public bidding requirements.

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

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

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

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

Signature: 

Printed Name: R. Lowell Thompson

Address: 300 West 3rd Ave. Suite 203
Corsicana, TX 75110

Telephone: (903) 654-3045

Date: 4/16/13

35

EXHIBIT E TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

CERTIFICATE OF CLERK OR SECRETARY OF LESSEE

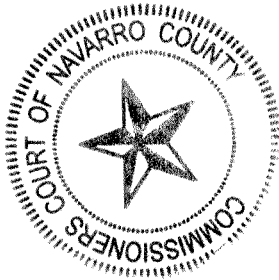
I, the undersigned, do hereby certify that I am the duly elected or appointed and acting Secretary/Clerk of the Navarro County and I do hereby certify (i) that the officer of Lessee who executed the foregoing Agreement on behalf of Lessee and whose genuine signature appears thereon, is the duly qualified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

_____ to _____

Dated: April 25, 2013

By: Sherry Dowd by: Dubbie Robinson
Sherry Dowd

Title: County Clerk



351

EXHIBIT F TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

RESOLUTION OF GOVERNING BODY

At a duly called meeting of the governing body of the Navarro County (the "Lessee") held on April 22, 2013, the following resolution was introduced and adopted:

RESOLVED, whereas the governing body of Lessee has determined that a true and very real need exists for the acquisition of John Deere 5101E Utility Tractor SN# 1LV5101EPCY540250 (the "Equipment"), Lessee desires to finance the Equipment by entering into an Equipment Lease-Purchase Agreement with Welch State Bank as Lessor and Navarro County as Lessee (the "Agreement") according to the terms set forth in the Bid Proposal from Welch State Bank dated April 22, 2013, presented at the board meeting; and the Equipment will be used by Lessee for the purpose of:

RESOLVED, whereas the governing body of Lessee has taken the necessary steps, including any legal bidding requirements, under applicable law to arrange for the acquisition of such equipment,

RESOLVED, whereas the governing body hereby directs its legal counsel to review the Agreement and negotiate appropriate modifications to said Agreement so as to assure compliance with state law and local statutory law, prior to execution of the Agreement by those persons so authorized by the governing body for such purpose,

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

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

Name and Title of Persons to Execute and Attest Agreement:

Hershell M. Davenport, County Judge

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

Lessee hereby certifies that it has not issued or effected the issuance of, and reasonably anticipates that it and its subordinate entities shall not issue or effect the issuance of, more than ten million dollars (\$10,000,000.00) of tax-exempt obligations during the 2013 calendar year and hereby designates the Agreement as a "qualified tax-exempt obligation", as defined by Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended.

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


Sherry Dowd
Secretary/Clerk of Lessee

Attachments: Related Board Minutes

352

EXHIBIT G TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

INSURANCE REQUIREMENTS

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

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

Equipment Description: John Deere 5101E Utility Tractor SN# 1LV5101EPCY540250

\$500,000.00 per person

\$500,000.00 aggregate bodily injury liability

\$300,000.00 property damage liability

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

Texas Association of Counties

1210 San Antonio

PO Box 2131

Austin, TX 78768-2131

(512) 478-8753

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

EXHIBIT H TO EQUIPMENT LEASE-PURCHASE AGREEMENT

Dated April 22, 2013 Between Welch State Bank as Lessor and Navarro County as Lessee.

CERTIFICATE OF BANK ELIGIBILITY

This Certificate of Bank Eligibility is entered into and executed by the Navarro County as Lessee, supplementing and adding to the Equipment Lease-Purchase Agreement (the "Agreement").

Lessee hereby certifies that it has not issued or effected the issuance of, and reasonably anticipates that it and its subordinate entities shall not issue or effect the issuance of, more than ten million dollars (\$10,000,000.00) of tax-exempt obligations during the 2013 calendar year and hereby designates the Agreement as a "qualified tax-exempt obligation", as defined by Section 256 (b)(3) of the Internal Revenue Code of 1986, as amended.

Lessee: Navarro County

By: 
Hershell M. Davenport

Title: County Judge

353

RISK MANAGEMENT POOL

CERTIFICATE OF PROPERTY COVERAGE

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

NAME AND ADDRESS OF COVERED COUNTY:

Navarro County
300 W 3rd Ave Ste 14
Corsicana, TX 75110-4677

Coverage Agreement No.: PR 1750 2012 07 01

Coverage Period: 4/16/2013 to 7/1/2013

PROPERTY

Includes the following coverages:

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

☒ Actual cash value

Deductible: \$5,000

With respect to the following property:

John Deere 5101E Utility Tractor Serial #
1LV5101EPCY540250

Total Value: \$40,835

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



Lien Holder / Loss Payee

Welch State Bank
PO Box 129
Welch, OK 74369

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

Certificate Issued
Tuesday, April 16, 2013

RISK MANAGEMENT POOL

CERTIFICATE OF GENERAL LIABILITY COVERAGE

The Texas Association of Counties Risk Management Pool is created by Chapter 119 of the Local Government Code to enable each county to provide self insurance coverage against liability claims. The specified county participates in this Pool under an agreement pursuant to the provisions of and operates under the Chapter 791, Texas Government Code Annotated.

NAME AND ADDRESS OF COVERED COUNTY:

Navarro County
300 W 3rd Ave Ste 14
Corsicana, TX 75110-4677

Coverage Agreement No.:

GL 1750 2013 01 01

Coverage Period:

4/16/2013 to 1/1/2014

GENERAL LIABILITY

Limits of Liability:

Bodily Injury

\$100,000 per person

\$300,000 per occurrence

Property Damage

\$100,000 per occurrence

Deductible: \$5,000

With respect to the following property:
John Deere 5101E Utility Tractor Serial #
1LV5101EPCY540250

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

Randy P. Plyler

Additional Insured

Welch State Bank
PO Box 129
Welch, OK 74369

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

Certificate Issued
Tuesday, April 16, 2013

355

GENERAL LIABILITY

Automatic Additional Insureds Endorsement- Equipment Leases

This endorsement modifies the General Liability Coverage Document to which it is attached. This change is effective on the inception date of the Document unless another date is indicated below.

The following provision is added to Section II – Who is a Covered Person:

Any person(s) or organization(s) (hereinafter called “Additional Insured”) with whom the **Named Member** agrees in a written equipment lease or rental agreement to name as an insured is an insured with respect to liability arising out of the maintenance, operation or use by an **employee** of the **Named Member** of the equipment leased, as shown on the schedule below, to the **Named Member**, by such person(s) or organization(s) subject to the following additional exclusions.

The coverage provided to the Additional Insured does not apply to:

Bodily Injury, property damage or personal injury occurring after the **Named Member** ceases to lease the equipment.

Bodily Injury, property damage or personal injury arising out of the sole negligence of the Additional Insured.

Property damage to:

Property owned, used or occupied by or rented to the Additional Insured; or

Property in the care, custody or control of the Additional Insured or over which the Additional Insured is for any purpose exercising physical control.

ADDITIONAL INSURED:

Welch State Bank
PO Box 129
Welch, OK 74369

SCHEDULE OF LEASED EQUIPMENT:

John Deere 5101E Utility Tractor Serial # 1LV5101EPCY540250

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THE COVERAGE REMAIN UNCHANGED.

Endorsement: GL/AIEL

Endorsement Effective Date: Tuesday, April 16, 2013

Named Member: Navarro County

Attached to and forming part of Coverage Document Number: GL 1750 2008 01 01

Vernon's Texas Statutes and Codes Annotated Currentness

Civil Practice and Remedies Code (Refs & Annos)

Title 5. Governmental **Liability**

Chapter 101. Tort Claims (Refs & Annos)

Subchapter B. Tort Liability of Governmental Units (Refs & Annos)

→ § 101.023. **Limitation on Amount of Liability**

(a) **Liability** of the state government under this chapter is limited to money damages in a maximum **amount** of \$250,000 for each person and \$500,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property.

(b) Except as provided by Subsection (c), **liability** of a unit of local government under this chapter is limited to money damages in a maximum **amount** of \$100,000 for each person and \$300,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property.

(c) **Liability** of a municipality under this chapter is limited to money damages in a maximum **amount** of \$250,000 for each person and \$500,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property.

(d) Except as provided by Section 78.001, **liability** of an emergency service organization under this chapter is limited to money damages in a maximum **amount** of \$100,000 for each person and \$300,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property.

CREDIT(S)

Acts 1985, 69th Leg., ch. 959, § 1, eff. Sept. 1, 1985. Amended by Acts 1987, 70th Leg., 1st C.S., ch. 2, § 3.03, eff. Sept. 2, 1987; Acts 1995, 74th Leg., ch. 827, § 2, eff. Aug. 28, 1995; Acts 1997, 75th Leg., ch. 968, § 2, eff. Sept. 1, 1997.

INVOICE INSTRUCTIONS

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

Person/Department: Auditors Office

Name of Lessee: Navarro County

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

City, State, Zip: Corsicana, Texas 75110

Equipment Lease-Purchase Agreement between Welch State Bank as Lessor and Navarro County as Lessee dated April 22, 2013

Equipment Description: John Deere 5101E Utility Tractor SN#1LV5101EPCY540250

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

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

Name: Patty Wells, Assistant County Auditor

Phone Number: (903) 875-3318

Form **8038-GC**

(Rev. January 2012)

Department of the Treasury
Internal Revenue Service**Information Return for Small Tax-Exempt
Governmental Bond Issues, Leases, and Installment Sales**

► Under Internal Revenue Code section 149(e)

OMB No. 1545-0720

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

1 Issuer's name Navarro County		Check box if Amended Return <input type="checkbox"/>	
3 Number and street (or P.O. box if mail is not delivered to street address) 300 West 3rd Avenue		2 Issuer's employer identification number (EIN) 7 5 6 0 0 1 0 9 2	
4 City, town, or post office, state, and ZIP code Corsicana, TX 75110		5 Report number (For IRS Use Only) 903-654-3025	
6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information Hershell M. Davenport		7 Telephone number of officer or legal representative	

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

8a Issue price of obligation(s) (see instructions)	8a	40,944	40
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ► 4/22/2013			
9 Amount of the reported obligation(s) on line 8a that is:			
a For leases for vehicles	9a		
b For leases for office equipment	9b		
c For leases for real property	9c		
d For leases for other (see instructions)	9d	40,944	40
e For bank loans for vehicles	9e		
f For bank loans for office equipment	9f		
g For bank loans for real property	9g		
h For bank loans for other (see instructions)	9h		
i Used to refund prior issue(s)	9i		
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j		
k Other	9k		
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box	<input checked="" type="checkbox"/>		
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions)	<input type="checkbox"/>		
12 Vendor's or bank's name: Welch State Bank			
13 Vendor's or bank's employer identification number: 7 3 0 5 0 4 8 3 0			

**Signature
and
Consent**

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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.

Signature of issuer's authorized representative

Date

Hershell M. Davenport, County Judge
Type or print name and title**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ►

Firm's address ►

Firm's EIN ►

Phone no.

General Instructions

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

What's New

The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at www.irs.gov/form8038. Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

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

Who Must File

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

Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Filing a separate return for a single issue.

Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.

An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to

pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

Filing a consolidated return for multiple issues. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, 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.



PURCHASE ORDER

NAVARRO COUNTY, TEXAS

359

PURCHASE ORDER	
NO. PO #	236824
REPLACES ORDER ON ALL INVOICES AND COMMUNICATION	

VENDOR

VENDOR: 006265 JOHN DEERE GOVERNMENT & NATION
2000 JOHN DEERE RUN
CARY, NC 27513

DELIVER TO:

DATE	04/08/2013
DEPARTMENT CODE	
DEPARTMENT NAME	ROAD & BRIDGE
CONTRACT AWARDED DATE	
CONTRACT AND BOND APPROVED DATE	
REQUISITION NUMBER	

QUANTITY	DESCRIPTION	DISTRIBUTION	UNIT PRICE	TOTAL
1	JOHN DEERE 5101E UTILITY CONTRACT #TASB 373-11	213-613-575	40744.40	40744.40
GRAND TOTAL				40,744.40

Budget provisions have been made and funds are available or will be available to meet this obligation when due, provided there is proper and legal performance.

APPROVED BY Kathy B. Halloran
County Auditor

Mail Invoices To:

Navarro County Auditor's Office
300 West Third Avenue Suite 10
Corsicana, TX 75110-4672
903/654-3095 Fax 903/654-3097

April 25, 2013

Navarro County Courthouse Bid Schedule and Process

May 4th, Saturday	Advertise for bids (plans available May 6)
May 6th, Monday	Plans for Haz Mat and Arch package ready for pick-up
May 11th, Saturday	2nd Advertisement for bids
May 13th, Monday	Pre-bid conference on site
May 20th, Monday	Scheduled walk-through for contractors and subs
June 5th, Wednesday	Bid Date

Bids are generally good for 60 days. We can ask the contractors to hold for 90, but there may be some resistance. Regardless, it will be imperative for the County to think NOW about the brisk schedule you will need to have in place to move forward once bids are received.

It is also imperative to have an idea of anything else that will go into the bond total PRIOR to the receipt of the construction proposals. Ideally, those costs will be determined and you can simply 'drop' the cost of the courthouse restoration in June 10 and you will have the total for the bonds.

June 5	Bids received / References checked / Lowest qualified bidder selected
June 10	Financial Advisor works to include cost of Courthouse project in projected bond needs.
June 24	Court Approves total for Bond Package / Citizens have 30 days to collect signatures opposing issuance of Cos.
July 24	Citizens do not get required number of signatures and court approves the construction contract with a delayed start to allow for relocation. Contractor can get started with contracts, submittals, shop drawings/etc.
OR	County approves lease with Navarro Mall and they get started on construction.
July 24	Citizens do get required number of signatures and an election must be called.
November 5th.	Bonds Pass - County negotiates with selected contractor to determine fixed construction cost.
	Bonds Fail - Project Ends.

Construction Delivery Methods

The County can choose amongst several construction delivery methods.

Design-Build (NA for this job)
Construction Manager at Risk
Construction Manager Agent
Competitive Sealed Proposals
Competitive Bidding
Job Order Contracts (NA for this job)

We are experienced with Construction Manager at Risk and/or Agent and Competitive Bid and prefer the Competitive Bid to the Construction Manager. Anecdotally amongst THC, 1113, and contractors, bidding gives the Owner the best price and lessens project management needs.

In the fall of 2011, the Texas Government Code was amended to allow **Competitive Sealed Proposals** as described under Subchapter D. This allows the Court more flexibility to not use the low bidder should they not be as qualified as someone else AND gives the county the ability to negotiate a final figure with the low bidder. This is definitely to the County's advantage as it allows there to be value-engineering prior to the contract signing.

We recommend Competitive Sealed Proposals. Please see the attached Weighted Selection Criteria.

Contractor Selection Criteria and Weights

Selection Criteria	Description	Weighted Factor
1. Contractor's Stipulated Construction Cost		30%
2. Past Performance	a. Previous performance on other restoration projects. b. Previous performance on other projects for State of Texas governmental entities – State, County, Municipal.	20%
3. Quality of Subcontractors	a. Previous performances on other restoration projects. b. Previous experience with General Contractor.	15%
4. Safety Record and Litigation	a. OSHA safety record. b. Claims against contractor for safety violations. c. Construction related claims against the contractor.	5%
5. Proposed Personnel	a. Superintendent – years of experience in the business; years with the contractor; restoration project experience.	5%
6. Contractor's financial capability in relation to the scope of work.	a. Ability to get bonding and insurance for the project. b. Experience in completing projects of similar scope and size. c. Prior bankruptcies or failure to complete job.	15%
7. Time required for completion.		5%
8. Warranty work.	a. Reputation for call-backs for warranty work during 1 st year and afterwards.	5%