

TOM GREEN COUNTY
COMMISSIONERS' COURT
Commissioners' Court Meeting Room
Edd B. Keyes Building
113 W. Beauregard Street
San Angelo, Texas 76903
TUESDAY, August 28th, 2007

The Commissioners' Court of Tom Green County Texas met in Regular Session August 28th, 2007 in the Edd B. Keyes Building, with the following members present:

Ralph E. Hoelscher, Commissioner of Precinct #1
Aubrey deCordova, Commissioner of Precinct #2- Absent
Steve Floyd, Commissioner of Precinct #3
Richard Easingwood, Commissioner of Precinct #4
Michael D. Brown, County Judge

1. County Judge Michael Brown, called the meeting to order at 8:31 AM
2. County Judge Michael Brown offered the invocation and led the Pledge of Allegiance to the United States and the Texas Flags.
3. Announcement: Anyone intending to address the Commissioners' Court shall complete and turn in to the County Judge a Witness Testimony form with the exception of Tom Green County Employees who are providing resource information pursuant to an Agenda item.
4. **Commissioner Easingwood moved to approve the Consent Agenda as presented with Item E omitted since it was accepted on August 14th, 2007. Commissioner Floyd seconded the motion. The following items were presented:**
 - A. Approved the Minutes of previous meeting(s) August 21st, 2007.
 - B. Approved the bills (Minutes of Accounts Allowable) from August 22-28, 2007 in the amount of \$267,378.81 (Exhibit recorded with these minutes as a matter of record.); and purchase orders from August 20-24th, 2007 in the amount of \$15,094.39.
 - C. Consider acceptance of Personnel Actions as presented:

The following salary expenditures are being presented for your *Approval*:

NAME	DEPARTMENT	ACTION	EFF DATE	RANGE	SALARY	SUPPLEMENT
Smith, James E.	Constable	Salary Correction	9-01-07	N/A	\$1342.70 S/M	\$417.00 S/M
Kruse, Kachina R.	Jail	Status Change	8-20-07	L01	\$997.48 S/M	

**TOM GREEN COUNTY
COMMISSIONERS' COURT
TUESDAY, AUGUST 28, 2007**

The following personnel actions are presented for *Acknowledgement* and as a matter of record:

<i>NAME</i>	<i>DEPARTMENT</i>	<i>ACTION</i>	<i>EFF DATE</i>	<i>RANGE</i>	<i>SALARY</i>	<i>SUPPLEMENT</i>
Harris, Natalie	Juvenile Probation	Resignation	8-03-07	N/A	\$1041.69 S/M	
Sims, Eric J.	Jail	Resignation	9-02-07	L01	\$997.48 S/M	
Kates, Karla F.	CSCD	Dismissal	8-21-07	N/A	\$901.78 S/M	
Thomas, Debra	CSCD	Salary Increase	6-16-07	N/A	\$865.88 S/M	
Faz, Thomas	CSCD	Salary Increase	6-16-07	N/A	\$865.88 S/M	
McCain, Nancy	CSCD	Salary Increase	8-01-07	N/A	\$865.88 S/M	
Taylor, Lisa	CSCD	Salary Increase	8-16-07	N/A	\$816.17 S/M	
Braden, Karl W.	Road & Bridge 2/4	Deceased	8-14-07	N/A	\$1528.28 S/M	

The following personnel actions are presented for *Grants* as a matter of record: **NONE**

- D.** Acknowledged tag numbers 5549, 8237 and 1347 to be declared as surplus items and to be sold through the on-line auction.
- E.** OMITTED accepting County Clerk's Criminal Collection fees for July, 2007, accepted on the August 14th, 2007.
- F.** Acknowledged notice from Verizon Southwest to construct a communication line within right-of-way of a County Road in Tom Green County to bury cable 3 feet in the South ROW of Walling Pecan Road for a distance of 5880 feet from West of Little Sorell East to Hiddenview Drive. Proposed buried cable will be placed a minimum depth of 24 inches.
- G.** Approved the sale of Tax Foreclosure Property: Lot 3, Block 5, Mineola Addition, Suit # B-05-0086-T, to Jose Guadalupe Zapata for \$2,300.00. (Exhibit recorded with these minutes as a matter of record.)
- H.** Set September 7, 2007 as the opening date for RFB 07-020 "Police Package Vehicle."

The motion passed 4-0.

10. Judge Brown moved to adopt the Resolution Proclaiming September as National Literacy Month. Commissioner Easingwood seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

11. Judge Brown rescinded consideration, as requested, to move \$250,000 from the Beacon Library Fund to the Area Foundation.

**TOM GREEN COUNTY
COMMISSIONERS' COURT
TUESDAY, AUGUST 28, 2007**

12. Judge Brown moved to approve the appointments of Library Board Members as recommended by the Library Board and as presented: Sylvan Polunsky, Joel Sugg, William Collins and Dennis Grafa to be reappointed for two year terms, to expire September 30, 2009. Commissioner Hoelscher seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

13. Judge Brown **tabled** considering changes to funding of the Office of the Attorney General's Victim Assistance Grant for the 2008 Grant year **until the Budget Meeting on September 10th, 2007.**

14. Commissioner Floyd moved to leave the Texas County and District Retirement System 2008 Benefit/Contribution Rates at the current rate of 1.75% and authorize the Judge to sign all necessary papers. Commissioner Easingwood seconded the motion. The motion passed 4-0.

15. There was no Action taken on consideration of awarding RFB # 07-019 "State Grade & Rock" as no new bids were received.

16. Judge Brown moved to award the Software Contract to Tyler Technologies for the Odyssey Package to be used for the Sheriff & Jail Management, Dispatch, Justice of the Peace Courts, County and District Courts, Jury System, Prosecutors, Check Manager and Web Access and the Munis Products to be used for the Financial package. Commissioner Floyd seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

5. Judge Brown recessed the Regular Session at 9:00 AM.

6. Judge Brown convened the Open Meeting and Determined a Quorum.

7. Judge Brown opened the meeting to take Public comment on the Proposed Tax Rate for Fiscal Year 2008 for Tom Green County.

The only question asked was "Where is the largest amount of increase in the budget?" The response was across the board, building maintenance and utilities, to address needed infrastructure problems with road problems and employee salary issues addressed. There were no further comments.

8. Judge Brown adjourned the Open Meeting at 9:02 AM.

9. Judge Brown reconvened the Regular Session at 9:02 AM.

**17. Commissioner Floyd moved to adopt the revised change to the Human Resources Policy Section 5.02.05 as follow:
Present Policy**

5.02.05 Setting Pay Rates for Demotions. A demotion occurs when an employee moves from a position to another in a lower pay range.

The pay rate for an employee requesting a voluntary demotion will be set in accordance with paragraph 5.02.02. In no case will the salary rate for the lower position exceed the employee's current salary rate. (Note: Employees interested in lower level positions must submit a job application during the posting period and be selected for the position by the hiring authority.)

**TOM GREEN COUNTY
COMMISSIONERS' COURT
TUESDAY, AUGUST 28, 2007**

The pay rate for an employee who is involuntarily demoted as a result of disciplinary action or unsatisfactory performance will be reduced by a minimum of 10%.

The pay rate resulting from a demotion must fall within the range for the lower level position.

Proposed Change

5.02.05 Setting Pay Rates for Demotions/**Voluntary Downgrades**. A demotion/**voluntary downgrade** occurs when an employee moves from a position to another in a lower pay range.

The pay rate for an employee requesting a voluntary **downgrade** demotion will be set in accordance with paragraph 5.02.02. In no case will the salary rate for the lower position exceed the employee's current salary rate. (Note: Employees interested in lower level positions must submit a job application during the posting period and be selected for the position by the hiring authority.)

The pay rate for an employee who is involuntarily demoted as a result of disciplinary action or unsatisfactory performance will be reduced by a minimum of 10%.

The pay rate resulting from a demotion must fall within the range for the lower level position.

Judge Brown seconded the motion. The Motion passed 4-0.

18. Judge Brown moved to approve the renewal of Employee Dental Insurance plan with LifeRe as recommended by the Insurance Committee, at no increase. Commissioner Hoelscher seconded the motion. The motion passed 4-0.

19. Commissioner Easingwood moved to approve the option for a one year renewal of Employee Group Term Life Insurance with Madison Life, at no increase. Commissioner Floyd seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

20. Judge Brown moved to approve the Data Processing Services Agreement between Tom Green County Indigent Health Care and Healthcare Solutions Ltd. pursuant to acquisitions and agreements through the Building and Procurement Commission; also pursuant to the Memorandum of Understanding agreement for no billing for September 11-30th, 2007, authorize the Judge to sign all necessary paperwork. Commissioner Hoelscher seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

21. Judge Brown moved to Order the November 6, 2007 Constitutional Amendment Election. Commissioner Easingwood seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

22. Commissioner Easingwood moved to authorize the renewing of the Rural Transit District Contract for the 2nd option of four allowable one year renewals. Commissioner Hoelscher seconded the motion. The motion passed 4-0.

23. Commissioner Easingwood moved to authorize the order authorizing the issuance of Tom Green County, Texas Tax Note, Series 2007 in the amount of \$1,850,000.00, awarding the sale thereof

**TOM GREEN COUNTY
COMMISSIONERS' COURT
TUESDAY, AUGUST 28, 2007**

to Bank of America at the interest rate of 3.874% to be paid in 5 years, making provisions for the security thereof and ordering other matters related thereto, authorizing the County Judge to sign all necessary papers. Commissioner Hoelscher seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

24. Commissioner Floyd moved to authorize the renewal of the Financial Advisor's contract with the The Skiles Company for 60 months, under existing condition, beginning September 1, 2007. Commissioner Hoelscher seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

25. Consideration of the Commissioners' Annual Road Reports was table until the next meeting.

26. Judge Brown recessed the Regular Session at 8:35 AM

27. Judge Brown convened the Public Hearing on the abandonment of approximately 1341.3 feet of unmaintained alleyway in the North Concho Lake Subdivision between UTE Pass and Grape Creek Road, in Precinct 3.

28. Judge Brown proposed to accept Public comment. No survey has been completed at this time. No one offered Public comment.

29. Judge Brown adjourned the Public Hearing at 9:37 AM.

30. Judge Brown reconvened the Regular Session at 9:37 AM.

31. Consideration for abandonment of approximately 1341.3 feet of unmaintained alley way in the North Concho Lake Subdivision between UTE Pass and Grape Creek Road, in Precinct 3 was tabled until the requested survey of the property is presented for review.

32. The only issues dealing with Library/Former Hemphill-Wells Building Committee Report were explained by Larry Justiss. The architect was in town last week, phase ends 9-3-07 Construction document phase, and October 1, 2007 will begin the Bid phase. Some items have been removed because of cost. Fund raising continues. Recommendation, by the committee, to close with investors in November. No Action.

33. The only issues relating to Tom Green County Subdivision and Manufactured Home Rental Community Development Regulations was the discussion for the need to meet with Mr. Allison. No action.

34. Judge Brown moved to approve the following line item transfer(s) and Budget Adjustment for FY 2007:

Fund: 001 Jail Building

Department	Account	Budget Increase	Budget Decrease
142 Jail Building	0514 Special Projects		15,000.00
142 Jail Building	0327 Kitchen Repairs	5,000.00	
142 Jail Building	0530 Building Repair	10,000.00	

**TOM GREEN COUNTY
COMMISSIONERS' COURT
TUESDAY, AUGUST 28, 2007**

Fund: General Fund

Department	Account	Budget Increase	Budget Decrease
018 Justice of the Peace, Pct. 4	0428 Travel & Training	86.00	
018 Justice of the Peace, Pct. 4	0405 Dues & Subscriptions		39.00
018 Justice of the Peace, Pct 4	0301 Office Supplies		47.00

Budget Adjustment

Fund: Loan Star Library Grant

Department	Account	Budget Increase	Budget Decrease
201-080 Loan Star Grant	0528 Electronic Subscriptions	613.00	
201-080 Loan Star Grant	0336 Audio/Visual Supplies		350.00
201-080 Loan Star Grant	0435 Books	179.00	
201-080 Loan Star Grant	0365 Electronic Books		2.00

Commissioner Floyd seconded the motion. The motion passed 4-0. (Exhibit recorded with these minutes as a matter of record.)

35. Future agenda items:

1. Extension Services Report

36. Announcements

1. Collection of returned items to the Library through the efforts of the Compliance office.

2. Kay Womack, an Intern from the College was introduced and will be working with various departments in the County to give input to the HR Department.

37. Judge Brown adjourned the meeting at 9:51 AM.

As per HB 2931, Section 4:

I, Elizabeth McGill, County Clerk of Tom Green County, Texas do hereby attest that this is an accurate accounting of the proceedings of the Commissioners' Court Meeting that met in Regular Session on August 28th, 2007

I hereby set my hand and seal to this record August 28th, 2007.

**Elizabeth McGill, County Clerk and
Ex-officio Clerk of the Commissioners' Court**

4-B

RESOLUTION AUTHORIZING TAX RESALE
OF THE COUNTY COMMISSIONERS OF
TOM GREEN COUNTY

Date: August 28, 2007

Buyer: Jose Guadalupe Zapata
807 W. 17th Street
San Angelo, Texas 76903

Property: Lot 3, Block 5, Mineola Addition, City of San Angelo, Tom Green County, Texas, according to the map or plat thereof, recorded in Volume 1, Page 90, Plat Records of Tom Green County, Texas.

Purchase Price: Buyer will purchase the Property for the sum of Two Thousand Three Hundred and NO/100 Dollars (\$ 2,300.00)

Judgment: Judgment for the foreclosure of a tax lien against the Property entered on November 20, 2006 in cause B-05-0086-T by the 119th District Court of Tom Green County, Texas.

Sheriff's Deed: Sheriff's Tax Deed dated March 22, 2007, filed of record on March 27, 2007, and recorded in Instrument Number 629145 of the Official Public Records of Real Property, Tom Green County, Texas.

WHEREAS, the City of San Angelo, a Texas home rule municipal corporation, acquired full legal title to the Property — both for its own benefit and as Trustee for all other taxing authorities entitled to receive proceeds from the sale of the Property under the terms of the Judgment — by the Sheriff's Tax Deed.

WHEREAS, Tom Green County, a political subdivision of the State of Texas, is one of the taxing authorities entitled to receive proceeds from the sale of the Property under the terms of the Judgment.

WHEREAS, the City of San Angelo now desires to sell the Property to Buyer, and Buyer desires to purchase the Property from the City of San Angelo, in a private sale for the Purchase Price, an amount that is less than the lesser of (1) the market value specified in the Judgment or (2) the total amount of the Judgment.

WHEREAS, Texas Tax Code §34.05(i) requires that Tom Green County consent to any sale of the Property upon such terms; and

WHEREAS, Tom Green County desires to consent to the sale of the Property to Buyer as proposed by the City of San Angelo, and Tom Green County makes this

Certificate of Resolution for the purpose of evidencing Tom Green County's resolution to consent to the sale of the Property to Buyer for the Purchase Price;

NOW, THEREFORE, the Commissioners of Tom Green County convened on August 28th, 2007, for its regularly-scheduled meeting, following proper notice and agenda posting as required by law. At such meeting, the commissioners fully discussed and considered the sale of the Property to Buyer. Following a full evaluation of the matter and review of the proposed sale, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that Tom Green County Commissioners authorizes the City of San Angelo to sell the Property to Buyer for the Purchase Price, in accordance with §34.05(i) of the Texas Tax Code;

and further,

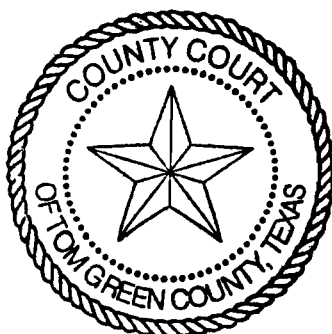
RESOLVED, that Judge Brown, Judge of Tom Green County, is hereby authorized and directed to execute any and all instruments on behalf of Tom Green County that may be appropriate or necessary to effectuate the sale of the Property to Buyer as contemplated herein.

Tom Green County, a political
Subdivision of the State of Texas

By: *J. A. Brown*
Judge Brown, Judge of Tom Green County

STATE OF TEXAS §
 §
COUNTY OF TOM GREEN §

This instrument was acknowledged before me on August 28th, 2007,
by Michael D. Brown, County Judge of
Tom Green County, a political subdivision of the State of Texas, on behalf of Tom Green
County.



Elizabeth McGill
Notary Public, State of Texas

Elizabeth McGill
County Clerk
Tom Green County, Texas

**LITERACY AWARENESS MONTH
RESOLUTION**

WHEREAS, The Adult Literacy of the Concho Valley provides free educational opportunities to individuals seventeen year old and older who want to learn;

WHEREAS, The Adult Literacy of the Concho Valley provides free and confidential learning to adults with educational materials and volunteer tutors to meet the individual needs of each student;

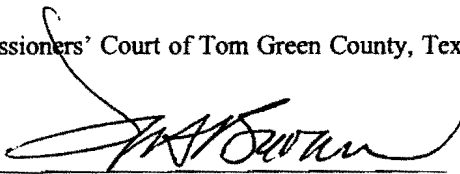
WHEREAS, The Adult Literacy Council provides assistance to empower individuals toward a better life by assisting them to learn the basic skills to help themselves and their families to participate more fully in the community;

WHEREAS, The Adult Literacy Council and friends of literacy are being recognized for the work already accomplished and the challenges ahead in striving for a more literate community;

NOW, THEREFORE, The Commissioners' Court of Tom Green County hereby proclaim the month of September as "*Tom Green County Literacy Month*" and encourage the community to pay tribute to the dedicated people who aide adults of the Concho Valley in their quest for literacy.

Approved by the County Commissioners' Court of Tom Green County, Texas, on this the 28 day of

Aug, 2007


Michael D. Brown, County Judge

Ralph E. Hoelscher
Ralph E. Hoelscher, Commissioner Pct. 1

Absent
Aubrey deCordova, Commissioner Pct. 2

Steve Floyd
Steve Floyd, Commissioner Pct. 3

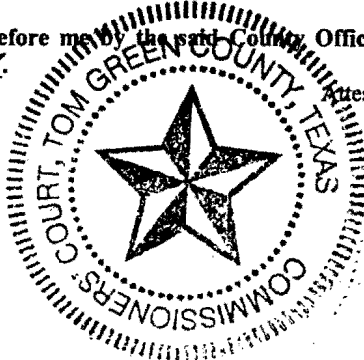
Richard S. Easingwood
Richard Easingwood, Commissioner Pct. 4

ATTEST:

Before me, the undersigned authority, on this day personally appeared Michael D. Brown, County Judge; Ralph E. Hoelscher, Commissioner, Pct. 1; Aubrey deCordova, Commissioner, Pct. 2; Steve C. Floyd, Commissioners, Pct 3; and Richard S. Easingwood, Commissioner, Pct. 4; Tom Green County, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes, therein expressed and in the capacity therein stated.

Subscribed and acknowledged before me by the said County Officials, on this the 28th day of August, 2007.

Attest: Elizabeth McGill
Elizabeth McGill, County Clerk
Tom Green County, Texas



VOL. 88 PG. 133

12

August 1, 2007

Michael D. Brown, County Judge
Commissioners Court
Tom Green County Courthouse
San Angelo, Texas 76903

Re: Appointment of Board Members
Tom Green County Library Board

Honorable Judge Brown:

The Tom Green County Library board is comprised of eleven members. Terms of appointment are two years with five members' terms expiring in odd numbered years and six in even numbered years. Four members' terms expire September 30, 2007 and one position is vacant at this time.

The Library Board recommends that Sylvan Polunsky, Joel Sugg, William Collins, and Dennis Grafa be reappointed for two-year terms to expire September 30, 2009. The filling of the vacant position will be considered at a later date.

Your consideration of this matter will be greatly appreciated.

Respectfully submitted,

Sylvan Polunsky, Chairman
Tom Green County Library Board

Software License & Professional Services Agreement



Tom Green County, Texas
113 W. Beauregard
San Angelo, Texas 76093
(325) 659-6500

tyler

COURTS & JUSTICE SOLUTIONS
6500 International Parkway, Suite 200
Plano, Texas 75093
(972) 713-3770

VOL. 88 PG. 135

Software License Agreement

This agreement is made and entered into this 28th day of August, 2007, by and between Tom Green County, Texas ("Client") and Tyler Technologies, Inc. | Courts & Justice Solutions ("Tyler"), a Texas Corporation with its principal place of business at 6500 International Parkway, Suite 2000, Plano, Texas.

Software Product/Item Description		License Fee/ Amount
Odyssey Sheriff & Jail Management		100,000
Computer Aided Dispatch (Server Application)		45,000
Computer Aided Dispatch (Dispatch Station (2) Application)		50,000
Odyssey Unified Case Management for Justice of the Peace Courts		140,000
Odyssey Unified Case Management for County & District Courts		355,000
Odyssey Jury System		30,000
Odyssey Prosecutor		70,000
Odyssey Check Manager (Hot Checks)		50,000
Web Access		40,000
Discount for Attorney Subscriber Application		(8,000)
Note: Tyler and Client anticipate that the delivery of the above software products will begin in 2008 and 2009, unless an earlier schedule is agreed to by both parties.		
This agreement shall become a binding contract between the parties when accepted by the signature of an officer of Tyler at its home office. CLIENT IS ADVISED TO READ THE TERMS AND CONDITIONS APPEARING ON THE REVERSE SIDE OF THIS AGREEMENT BEFORE SIGNING BELOW.	Subtotal Charge	\$ 872,000
	Purchase Price	\$ 872,000
	Deposit (15%)	\$ 130,800

Client	Tyler Technologies, Inc. Courts & Justice Solutions
Tom Green County, Texas	
County	Contact Name (Print)
Contact Name (Print)	Title/Position
Title/Position	Authorized Signature
Authorized Signature	Date
Date	

Terms and Conditions

1. Software Product License.

(a) Upon Client's acceptance of each Software Product described on the face of this agreement, for the License Fee set forth on the face opposite said description, Tyler shall grant to Client and Client shall accept from Tyler a fully-paid, royalty free, non-exclusive, non-transferable license to use and practice (but not permit others to use and practice) the Software Product, subject to the following conditions and limitations:

(b) The Software Product shall only be used and practiced for its intended purpose strictly within the territorial boundaries of the county in which Client performs its services.

(c) In the event Client enters into a separate agreement with Tyler for the purchase of post-acceptance Software Support Services, any Software Product changes, improvements or enhancements delivered there under shall be subject to the same license as set forth in Paragraph 1 and subject to the same restrictions thereon.

(d) The Software Product and all changes, improvements and enhancements thereto, shall at all times be and remain the property of Tyler, and Client's sole rights therein shall be to use and practice the same, as permitted by Subparagraphs 1 (a) and 1 (b) above. Client agrees that all algorithms, techniques and processes contained in the Software Product and any changes, improvements and enhancements thereto, constitute trade secrets of Tyler, and Client shall further agree to use reasonable care to safeguard the same against disclosure to unauthorized employees of Client and all persons not employed by Client. Client shall not, under any circumstance, modify, copy, reproduce, or in any way duplicate any written or machine-readable material provided it by Tyler, without the express written approval signed by an officer of Tyler. Notwithstanding the foregoing, client may make archival copies of those portions of the Software Product and all changes, improvements and enhancements thereto which are supplied by Tyler on machine-readable media, but such copies shall not be disclosed to unauthorized employees of Client or persons not employed by Client.

(e) The term of the license granted by this paragraph shall be perpetual, but the term of any post-acceptance Software Support Service Agreement shall be as set forth therein.

2. Responsibilities of Tyler.

For the license Fee set forth in the face hereof, Tyler shall perform the following in addition to any responsibilities set forth on the face hereof:

(a) Install Tyler proprietary Software Product on Client's equipment, which Software Product will be in substantial compliance with its specifications set forth in Exhibit A attached hereto and made a part hereof by reference.

(b) After the aforementioned installation, test the Software Product in accordance with Tyler's standard acceptance test procedure, and cause the Software Product to be accepted by Client.

(c) After Client's acceptance of the Software Product, correct any functions of the Software Product that failed said standard acceptance test procedure but which did not prevent acceptance of the Software Product.

(d) For a period of sixty days (60) after client's acceptance of the Software Product, correct any other defects in said Software Product.

(e) After acceptance of the Software Product, Tyler will deliver to Client, a back-up copy of the Software Product on the standard off-line data storage media used by Tyler.

3. Responsibilities of Client.

In addition to the other responsibilities set forth herein, Client will perform the following:

(a) Designate an employee of Client as its System Administrator.

(b) Provide all training of its personnel, except and to the extent this agreement specifically requires Tyler to provide training.

(c) Collect, prepare, and enter all data necessary for operation of the Software Product into the equipment loaded with the Software Product.

(d) Retain separate copies of records of all data entered into the computer Equipment.

(e) Provide the computer systems into which the Software Product will be loaded.

(f) Install any Software Product changes or updates into the Software Product, which are supplied by Tyler in accordance with this agreement.

(g) Client agrees to allow remote access by Tyler for purposes of software support via a secure Microsoft-based connection (VPN).

4. License Fee.

Client agrees to pay to Tyler, and Tyler agrees to accept from Client, as payment in full for the license granted herein and all other responsibilities to Tyler set forth in Paragraph 2 hereof, the total sum of money set forth for each Software Product listed on the face hereof, payable in the following manner:

(a) Fifteen percent (15%) of the Total Agreement Amount set forth on the hereof upon execution of the License Agreement by both parties; and

(b) Sixty percent (60%) of the License Fee upon installation of the Software Product on Client's Equipment; and

(c) The remaining balance of the License Fee, fifteen days (15) after Client's acceptance of the Software Product.

The total Agreement Amount does not include any tax or other governmental impositions including, without limitation, sale and use tax. All such cost, if any, shall be invoiced separately to client, and client shall pay the same.

5. Acceptance of the Software Product.

(a) Within thirty (30) days after a Software Product has been installed on Client's equipment, Tyler will test the Software Product in accordance with Tyler's standard acceptance test procedure, by demonstrating to Client thereby that the Software Product performs all of its functions identified in Exhibit A, which demonstration shall constitute Client's acceptance of the Software Product. Upon acceptance, Client shall pay the remaining balance of the License Fee for the accepted Software Product.

(b) Notwithstanding anything to the contrary herein, Client's use of the Software Product for its intended purpose, shall constitute Client's acceptance of the Software Product, without exception and for all purposes.

(c) Acceptance of the Software Product by Client shall be final and conclusive except for latent defects, fraud, and such gross mistakes as amount to fraud and the operation of any provision of this agreement, which specifically survives acceptance. In the event said acceptance becomes other than final, or becomes inconclusive, pursuant to this Subparagraph, Client's sole right and remedy against Tyler therefore shall be to require Tyler to correct the cause thereof.

6. Schedule for Acceptance.

Tyler will install the Software Product and cause the same to be accepted within ninety days (90) after Client makes available to Tyler the equipment into which the Software Product is to be loaded. Tyler shall exercise reasonable effort to cause the Software Product to be accepted according to the schedule set forth in this Paragraph, but shall not be liable for failure to meet said schedule, if and to the extent said failure is due to causes beyond the control and without the fault of negligence of Tyler.

7. Standard Format.

Any form or format, on which data is to be reproduced or displayed, shall be the standard form utilized by Tyler for such purpose and Client will not have the right (except under the Paragraph hereof entitled Post Acceptance Software Support Service) to change or modify such forms or formats.

8. Post-Acceptance Software Support Services.

To the extent that Tyler offers post-acceptance Software Support Services to all its clients, Tyler will offer to sell and supply such services to Client. Following are the post-acceptance Software Support Services presently offered to Tyler's clients:

(a) Conversion and clean-up of a client's existing data;

(b) Training;

(c) Software update and enhancements; and

(d) Technical Support.

9. Limitation on Liability.

(a) THE RIGHTS AND REMEDIES OF ANY CLIENT SET FORTH HEREIN ARE EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER RIGHTS, REMEDIES OR WARRANTIES AVAILABLE AT LAW INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR OR INTENDED PURPOSE.

(b) Tyler's liability for damages arising out of or in connection with this Agreement whether based on a theory of contract or tort, including negligence or strict liability, shall be limited to the license fee set forth herein or the total amount paid by Client hereunder, whichever is less. Notwithstanding anything to the contrary, in no event shall Tyler be liable to Client for (i) indirect, remote, incidental, special, exemplary, punitive, or consequential damages, or (ii) for any damages whatsoever due to causes beyond the reasonable control of Tyler, or (iii) damages resulting from the loss of use, loss or damage to Client source data, loss of revenues, or from loss or destruction of materials provided to Tyler by Client.

10. Client Information.

All data provided to Tyler by Client relating to Software Product shall be considered Proprietary Information of Client even though not stamped with a Proprietary Information stamp or similar legend or marking. Tyler agrees to use reasonable care to safeguard said Proprietary Information against disclosure to unauthorized employees of Tyler and all persons not employed by Tyler.

11. Data Security; Indemnification.

(a) The parties recognize that the purpose of a computer system consisting of equipment and software is the processing of data, as each Client deems necessary for its operations. The term "processing" for the purpose of this Paragraph shall mean the gathering of such data for input into the system, the input of the data into the system, the retrieval of the data in the system, and the dissemination of such data, regardless of the media upon which the data is contained, whether it be on paper, disk, tapes, or other media.

(b) The parties further recognize that (i) the data so processed may contain sensitive or confidential material, the unauthorized disclosure of which might cause damage to the Client or third parties, (ii) the dissemination and disclosure may take place at any stage of the processing, and (iii) the control of the processing, dissemination, and disclosure of such data is totally within the control of the client.

(c) It shall be the responsibility of the Client to establish and maintain all necessary security measures to safeguard and control the disclosure of such data and to prevent its disclosure to unauthorized parties. The Client shall indemnify and hold harmless Tyler, its officers, agents and employees, from and against any and all claims, demands, damages, and causes of action arising out of, resulting from or in any way related to the disclosure of data, whether authorized or unauthorized.

12. Governing Law.

This Agreement shall be interpreted in accordance with the laws of the State of Texas. In the event any of this Agreement is invalidated by a court or legislative action, the remainder thereof shall remain in full force and effect.

13. Entirety of Agreement and Amendments.

(a) This License Agreement contains all of the representations, warranties, and promises of the parties relating to the subject matter hereof, whether oral or written, and supersedes all representations, warranties, and promises of the parties relating to the subject matter hereof, whether oral or written, and supersedes all representations, warranties and promises of the parties relating to the subject matter hereof which predate this License Agreement.

(b) This License Agreement may only be amended, modified, or changed by written instrument signed by both parties hereto.

14. Approval of Governing Body.

Client represents and warrants to Tyler that this Agreement has been approved by its governing body and is a binding obligation upon Client.

Purchase Agreement

This agreement is made and entered into this 28th day of August, 2007, by and between Tom Green County, Texas ("Client") and Tyler Technologies, Inc. | Courts & Justice Solutions ("Tyler"), a Texas Corporation with its principal place of business at 6500 International Parkway, Suite 2000, Plano, Texas.

Equipment/Services Item Description	Qty	Unit Price	Extended Amount
Professional Services			
Project Management	200	\$150/hr	30,000
Initial Application Installation & Configuration	75	\$120/hr	9,000
Standard TSG Data Conversion	1	N/A	30,000
Configuration & Training			
Sheriff, Jail Management, and CAD	32	\$1,000/day	32,000
Justices of the Peace	42	\$1,000/day	42,000
County & District Courts	116	\$1,000/day	116,000
Jury	6	\$1,000/day	6,000
Prosecutor	15	\$1,000/day	15,000
Check Manager (Hot Checks)	12	\$1,000/day	12,000
Web Access	15	\$1,000/day	15,000
Post Go-Live Follow Up Assistance	30	\$1,000/day	30,000
Site Visit Charges	72	\$320/site visit	23,040
<i>Note: Configuration and Training above is billed monthly as delivered at the rate of \$1000 per day plus \$320 per site visit (See Site Visit Charges above). Additional services can be purchased at the rates published in Tyler's then most recent Annual Texas Budget Letter.</i>			
UNIX Server			
IBM 7074-185 and system software per attached price quotation dated 8/27/2007 (excluding shipping charges)	1	8,574.00	8,574.00
This agreement shall become a binding contract between the parties when accepted by the signature of an officer of Tyler at its home office. CLIENT IS ADVISED TO READ THE TERMS AND CONDITIONS APPEARING ON THE REVERSE SIDE OF THIS AGREEMENT BEFORE SIGNING BELOW.		Subtotal Charge	\$ 360,040
		Purchase Price	\$ 360,040
		Deposit (15%)	\$ 55,292

Client

Tom Green County, Texas

County

Contact Name (Print)

Title/Position

Authorized Signature

Date

Tyler Technologies, Inc. | Courts & Justice Solutions

Contact Name (Print)

Title/Position

Authorized Signature

Date

Terms and Conditions

1. Agreement to Sell and Purchase Equipment.

For the Purchase Price stated on the face hereof, Tyler agrees to sell and deliver to Client, and Client agrees to purchase and accept from Tyler the Equipment and/or Services described and listed on the face hereof or any continuation sheets hereof.

2. Sub-license of the Program.

For the purpose of this paragraph and if applicable to the Equipment, the term "Program" shall mean the Supplier's operating system software. For the Purchase Price, Tyler agrees to obtain for Client from the Supplier of each item of Equipment a non-exclusive, non-assignable sub-license to use and practice the Program. The sub-license does not grant to Client the right to produce, publish, or license the Program to others, or to use the Program in any manner other than with the Equipment. Client acknowledges and agrees that the entire right and title to the Program and the material therein contained is and shall remain the property of Supplier and has been expressly reserved unto Supplier. Client further acknowledges and agrees that Supplier has exclusive right to protect by copyright or otherwise, to produce, publish, sell and distribute the Program and all material therein contained. The provisions of this subparagraph shall be considered as a third-party beneficiary contract for the benefit of the supplier and enforceable by the Supplier.

3. Purchase Price and Method of Payment.

Client agrees to pay to Tyler and Tyler agrees to accept from Client, as payment in full for the Equipment or Services, the Purchase Price in the following manner and at the following times:

- (1) Fifteen percent (15%) of the Purchase Price upon execution of the Purchase Agreement by both and
- (2) The remaining balance of (a) the unit price of each item of Equipment delivered to Client within ten (10) days after said Equipment is delivered; or (b) the unit price of each item of Services delivered to Client, which will be invoiced on a monthly basis and due with thirty (30) days of receipt of such invoice.

4. Costs and Taxes.

The Purchased Price does not include shipment costs for the Equipment from the Supplier's place of manufacture to Client's installation site and insurance while the same is in transit. Also, the Purchase Price does not include any taxes or other government impositions, including without limitation, sales and use taxes. All such costs of shipping, freight, warehousing, handling, insurance, taxes, and government impositions, if any, shall be invoiced separately to Client and Client shall pay the same in addition to the purchase Price.

5. FOB Point.

Delivery of each unit of Equipment shall be F.O.B. supplier's place of manufacture.

6. Schedule of Delivery.

Delivery of each unit of Equipment shall take place within ninety (90) days after execution of this Purchase Agreement by both of the parties; provided, however, that Tyler shall have no liability to Client for delays in delivery due to causes beyond the control and without the fault or negligence of Tyler, such as but not limited to, acts of God, acts of government, fire, flood, strikes, embargos, material shortages, delays in transportation, and client's failure to or delay in signing the non-exclusive sub-license agreement.

7. Installation of Equipment and Acceptance.

Upon the completion of the installation, Client shall obtain from the installer a Certificate of Completion of Installation, or similar document, which Certificate or similar document shall constitute Client's acceptance of the Equipment and Program. Such acceptance shall be final and conclusive except for latent defects, fraud, such gross mistakes as amount to fraud and rights and remedies available to Client under the Paragraph hereof entitled Warranties.

8. Site Requirements.

Client shall provide a suitable environment, location, and space for the installation and operation of the Equipment, which space shall be free from excessive personnel traffic, dust and smoke. Client shall provide sufficient and adequate electrical circuits for the Equipment in accordance with Supplier's specifications for said Equipment. Client shall provide for the installation of the CRT cable, printer cable, and communications cable to the specifications of the Supplier.

9. Warranties.

(a) Tyler warrants that each unit of Equipment shall be new and unused, and, if Client fully and faithfully performs each and every obligation required of it including making all payments hereunder when due, Client's title to each unit of Equipment shall be free and clear of all liens and encumbrances arising through Tyler.

(b) The parties understand and agree that Tyler is not the manufacturer of the Equipment. As such, Tyler does not warrant or guarantee the condition of the Equipment or the operational characteristics of the Equipment. Tyler hereby grants and gives to Client any warranty adjustments Tyler may receive from the manufacturer or Supplier of the Equipment.

(c) THIS PARAGRAPH CONTAINS ALL THE REPRESENTATION AND WARRANTIES OF TYLER. NO OTHER WARRANTIES ARE APPLICABLE TO THIS PURCHASE AGREEMENT OR THE EQUIPMENT DELIVERED HEREUNDER INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR INTENDED OR PARTICULAR PURPOSE.

10. Security Interest in Tyler.

Client hereby grants to Tyler a security interest in each unit of Equipment delivered hereunder from the time of its delivery until its Purchase Price is paid in full to secure payment of any remaining balances of its Purchase Price. Tyler may enforce its security interest in any manner provided by the laws of the State of Texas. Client agrees upon the request of Tyler, to sign any documents necessary to perfect or to continue perfected the security interest of Tyler.

11. Separate License Agreement.

The parties understand and agree that this Purchase Agreement contains no rights and remedies for either party related to any separate Software License Agreement between the parties. The rights and remedies of either party relating to any licensed software product and its use on and with the Equipment shall be as stated in said separate License Agreement.

12. Equipment Maintenance.

It shall be the responsibility of Client to repair and maintain the Equipment after its acceptance.

13. Limitations on Liability.

Tyler's liability for damages arising out of or in connection with this Purchase Agreement, whether based on a theory of contract or tort, including negligence or strict liability, shall be limited to the total Purchase Price or the total amount paid by Client hereunder, whichever is less. Notwithstanding anything to the contrary, in no event shall Tyler be liable to client or any person claiming through Client, for (i) indirect, remote, incidental, special, exemplary, punitive, or consequential damages (ii) any damages whatsoever due to causes beyond the reasonable control of Tyler or (iii) loss of use, profits, or revenues by Client.

14. Independent Contractor.

Tyler shall be and remain at all times an Independent Contractor and shall not be considered for any purpose as an officer, agent, or employee of either Client or a Supplier. Tyler shall not represent to any person that it is an agent or employee of Client or a Supplier.

15. Governing Law.

This Purchase Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas. In the event any part of this Purchase Agreement is invalidated by a court or legislative action, the remainder hereof shall remain in full force and effect.

16. Entirety of Agreement and Amendments.

(a) This Purchase Agreement contains all of the representations, warranties, and promises of the parties relating to the subject matter hereof, whether oral or written, and supersedes all representations, warranties, and promises of the parties relating to the subject matter hereof which predate this Purchase Agreement.

(b) This Purchase Agreement may only be amended, modified or changed by written instrument signed by both parties hereto.

17. Approval of Governing Body.

Client represents and warrants to Tyler that this Purchase Agreement has been approved by its governing body and is a binding obligation upon Client.

Client Support and Software Update Services Agreement

Client Installation Location: Commencement Date:
Tom Green County Courthouse System Administrator: Susan Counts, Data Processing Mgr.
San Angelo, Texas 76903 Phone Number: (325) 659-6516

Tyler Technologies, Inc. (Tyler) agrees to provide and Tom Green County, Texas ("Client") agrees to accept Client Support and Software Update Services on the item(s) listed below, at the quarterly charge indicated. The terms and conditions of this Agreement are set forth on the face hereof and in the Terms and Conditions appearing on the reverse side of this agreement.

Software Product Description	Quarterly Charge
Case Management- Countywide	\$10,539.00
Court Admin- County Wide	3,157.00
Justice of the Peace- County Wide, JP Omni and JP Delinquent Export	5,538.00
Jail Manager and Law Enforcement with Mug Shots	9,822.00
Computer Aided Dispatch	820.00
Check Manager	1,526.00
Prosecutor	1,897.00
Jury and Legacy Child Support	1,778.00
Imaging Support	1,540.00
<i>Note: The rates listed above are 2007 Odyssey Maintenance & Support rates, and will be subject to changes published annually in Tyler's Texas budget letter. Client's existing maintenance agreement will remain in place until Client is live on the Odyssey software listed above, at which time this Client Support and Software Update Services Agreement will become effective.</i>	
This agreement shall become a binding contract between the parties when accepted by the signature of an officer of Tyler at its home office. CLIENT IS ADVISED TO READ THE TERMS AND CONDITIONS APPEARING ON THE REVERSE SIDE OF THIS AGREEMENT BEFORE SIGNING BELOW.	Total Quarterly Charge \$ 36,617.00

Client	Tyler Technologies, Inc. Courts & Justice Solutions
Tom Green County, Texas	
County	Contact Name (Print)
Contact Name (Print)	Title/Position
Title/Position	Authorized Signature
Authorized Signature	Date
Date	

Terms and Conditions

1. Definitions

(a) **Equipment.** The computer hardware, including the central processing unit on which Software is installed, and any other Tyler supplied peripheral equipment at the location of software installation.

(b) **Software.** Any Software product licensed to Client by Tyler under a separate agreement for which Tyler offers its Client Software Update and Client Support services, which Software is identified in writing on the face of this document. Software may include machine readable code (object code) written in any language on any media, source code of listing, and any improvements, modifications, enhancements, changes or updates to such code or listings provided to Client by Tyler.

(c) **System.** The Equipment and the Software that are defined in 1(a) and 1(b) above.

2. Term

(a) This Agreement is effective from the Commencement Date and shall continue for an initial term of six months. After the initial term, this Agreement shall remain in force until terminated by either party for any or all the products listed on the face of this agreement upon ninety days (90) prior written notice to the other party.

3. Eligibility for Service Agreement

(a) Software is eligible for inclusion under this Agreement immediately upon Tyler's installation of Software, expiration of Tyler's Software warranty, or expiration of an existing Tyler Software Update and Client Support Service Agreement.

(b) Service under this Agreement is contingent upon:

- (1) The Software being unmodified and properly maintained at the latest Tyler revision.
- (2) The System containing at least the minimum hardware configuration and prerequisite software as specified by Tyler.
- (3) All Software being covered by Software warranty or by this Agreement, if such coverage is available. Software licensed after the Commencement Date of this Agreement may be subject to additional charge(s) for coverage under this Agreement.

4. Service Responsibilities of Tyler

For the charges stated herein, Tyler shall provide the following Software Update and Client Support services:

(a) Software updates and enhancements to the covered Software made generally available by Tyler to its Clients during the term of this Agreement shall be provided as product releases on Tyler's standard media. Software updates and enhancements include:

- (1) Program modifications required due to legislative changes.
- (2) Program changes required to use Tyler's standard forms.
- (3) Fixes to reported software problems.
- (4) General enhancements to covered Software, which Tyler deems to be included in the standard system.

(b) Improvements and revisions to reference manuals or documentation made generally available by Tyler to its Clients during the term of this agreement.

(c) Remote diagnostics of problems with covered Software.

(d) Periodic review of outstanding enhancement requests and bug reports.

(e) Telephone assistance, telephone number(s) will be provided to the Client. Contact to enable communication with a Tyler Specialist during the hours of 8:30 AM to 5:00 PM, local Dallas, Texas time, Monday through Friday, exclusive of Tyler holidays. Tyler will use reasonable efforts to respond to the Client Contact call within four working hours assisting with:

- (1) Identifying, verifying, and resolving problems in the Software.
- (2) Identifying and verifying problems with the Equipment used in connection with the Software.
- (3) Installation of Software releases.

5. Services Not Included

(a) No on-site Software Updates or Client Support services are included under this Agreement. Any on-site service requested by the Client or required due to software changes, operating system upgrades, training, or other assistance will be provided at Tyler's per-call rates and terms then in effect.

(b) Services not covered by this Agreement include, but are not limited to, failure of Equipment, failure of non-Tyler supplied software, failure of Software caused by non-Tyler provided hardware, failure of Software due to Equipment operation, catastrophe, fault, or negligence of Client, operation error, improper use or misuse of the System or any part thereof, or any other causes beyond the control of Tyler and occurring without the fault or negligence of Tyler.

6. Responsibilities of Client

(a) Client agrees to appoint a System Administrator to be responsible for the overall operation of the System and individual Product Administrator(s) to be

responsible for the operation of each product identified on the face of this agreement to function as the primary contact between Client and Tyler.

(b) Client acknowledges all Software changes, improvements, enhancements or updates (and each of them) provided by Tyler are subject to the same License Agreement under which Client obtained a license to the Software, including all terms and conditions thereof, and Client agrees to abide by such License Agreement.

(c) Client agrees to maintain the Software to the latest revision level.

(d) Client agrees to provide adequate training to its employees and further agrees to assign to the use of the system only those employees who have received adequate training.

(e) Client agrees to allow remote access by Tyler for purposes of software support including VPN access.

7. Charges

(a) Charges will be invoiced each quarter in advance and will be payable on the first day of the quarterly service period for which the Tyler invoice is rendered.

(b) Charges for the preparation of each release will be invoiced at such time as the release is prepared at Tyler's then current release charge.

(c) Charges do not include any tax or other governmental impositions including, without limitation, sales and use tax. All such cost, if any, shall be invoiced separately to client, and client shall pay the same.

8. Limitation of Liability and Warranty

(a) Tyler's liability for damages arising out of or in connection with this Agreement whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the total charges paid or payable during one (1) year under this Agreement.

(b) No action arising out of or in connection with this Agreement whether based on a theory of contract or tort, including negligence and strict liability, may be brought or instituted by either party more than two (2) years after the cause of action accrues.

(c) In no event shall Tyler be liable to Client for (i) indirect, remote, incidental, special, exemplary, punitive or consequential damages, (ii) damages due to causes beyond the reasonable control of Tyler or (iii) damages resulting from loss of use of the System or any part thereof, loss or damage to Client source data, loss of revenue or destruction, or loss of materials provided to Tyler by client.

(d) THE RIGHTS AND REMEDIES OF CLIENT SET FORTH HEREIN ARE EXCLUSIVE AND IN LIEU OF ANY AND ALL OTHER RIGHTS AVAILABLE AT LAW OR IN EQUITY. TYLER DISCLAIMS ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR OR INTENDED PURPOSE.

9. General

(a) Client recognizes that Tyler invests considerable time and expenses in training Tyler employees. Should Client directly or indirectly contract with or hire any Tyler employee, Client shall immediately pay to Tyler four (4) months salary for each employee hired or contracted with and Tyler shall be entitled to any other modification or amendment to this agreement as shall be equitable under the circumstances.

(b) If either party neglects, fails or refuses to perform any of its obligations under this Agreement, and such failure continues for a period of twenty (20) days after written notice thereof, the other party shall have the right to discontinue performance and the right to terminate this Agreement.

(c) This Agreement supersedes all prior Software Update and Client Support services agreements and understandings between the parties with respect to any services covered by this Agreement, and may not be changed except by written instrument signed by both parties unless specifically permitted herein to the contrary and may not be terminated except by written notice.

(d) It is expressly understood and agreed that if either party, on any occasion fails to perform any term of this Agreement, and the other party does not enforce that term, the failure to enforce on that occasion shall not prevent enforcement on another occasion.

(e) Performance of this Agreement and payment of charges hereunder shall take place at Tyler's facility at the address set forth below.

(f) This Agreement shall be governed, interpreted and enforced in accordance with the laws of the State of Texas.

10. Entirety of Agreement and Amendments.

(a) This Service Agreement contains all of the representations, warranties, and promises of the parties relating to the subject matter hereof, whether oral or written, and supersedes all representations, warranties, and promises of the parties relating to the subject matter hereof which predate this Service Agreement.

(b) This Service Agreement may only be amended, modified or changed by written instrument signed by both parties hereto.

Purchase Agreement

This agreement is made and entered into this 28th day of **August, 2007**, by and between **Tom Green County, Texas** ("Client") and Tyler Technologies, Inc. | Courts & Justice Solutions ("Tyler"), a Texas Corporation with its principal place of business at 6500 International Parkway, Suite 2000, Plano, Texas.

Equipment/Services Item Description	Qty	Unit Price	Extended Amount
Odyssey Judicial System Hardware & Software Dell Servers, Dell Rack, and SQL Server DBMS License per attached Judicial Hardware quotation Document Scanners (each JP, 2 CA, 1 DA, 2 SO) per attached Judicial Hardware quotation	1	83,044	83,044
	10	1,442	14,420
This agreement shall become a binding contract between the parties when accepted by the signature of an officer of Tyler at its home office. CLIENT IS ADVISED TO READ THE TERMS AND CONDITIONS APPEARING ON THE REVERSE SIDE OF THIS AGREEMENT BEFORE SIGNING BELOW.	Subtotal Charge		\$ 97,464
	Purchase Price		\$ 97,464
	Deposit (15%)		\$14, 620

Client

Tom Green County, Texas

County

Contact Name (Print)

Title/Position

Authorized Signature

Date

Tyler Technologies, Inc. | Courts & Justice Solutions

Contact Name (Print)

Title/Position

Authorized Signature

Date

Terms and Conditions

1. Agreement to Sell and Purchase Equipment.

For the Purchase Price stated on the face hereof, Tyler agrees to sell and deliver to Client, and Client agrees to purchase and accept from Tyler the Equipment and/or Services described and listed on the face hereof or any continuation sheets hereof.

2. Sub-license of the Program.

For the purpose of this paragraph and if applicable to the Equipment, the term "Program" shall mean the Supplier's operating system software. For the Purchase Price, Tyler agrees to obtain for Client from the Supplier of each item of Equipment a non-exclusive, non-assignable sub-license to use and practice the Program. The sub-license does not grant to Client the right to produce, publish, or license the Program to others, or to use the Program in any manner other than with the Equipment. Client acknowledges and agrees that the entire right and title to the Program and the material therein contained is and shall remain the property of Supplier and has been expressly reserved unto Supplier. Client further acknowledges and agrees that Supplier has exclusive right to protect by copyright or otherwise, to produce, publish, sell and distribute the Program and all material therein contained. The provisions of this subparagraph shall be considered as a third-party beneficiary contract for the benefit of the supplier and enforceable by the Supplier.

3. Purchase Price and Method of Payment.

Client agrees to pay to Tyler and Tyler agrees to accept from Client, as payment in full for the Equipment or Services, the Purchase Price in the following manner and at the following times:

- (1) Fifteen percent (15%) of the Purchase Price upon execution of the Purchase Agreement by both and
- (2) The remaining balance of (a) the unit price of each item of Equipment delivered to Client within ten (10) days after said Equipment is delivered; or (b) the unit price of each item of Services delivered to Client, which will be invoiced on a monthly basis and due with thirty (30) days of receipt of such invoice.

4. Costs and Taxes.

The Purchased Price does not include shipment costs for the Equipment from the Supplier's place of manufacture to Client's installation site and insurance while the same is in transit. Also, the Purchase Price does not include any taxes or other government impositions, including without limitation, sales and use taxes. All such costs of shipping, freight, warehousing, handling, insurance, taxes, and government impositions, if any, shall be invoiced separately to Client and Client shall pay the same in addition to the purchase Price.

5. FOB Point.

Delivery of each unit of Equipment shall be F.O.B. supplier's place of manufacture.

6. Schedule of Delivery.

Delivery of each unit of Equipment shall take place within ninety (90) days after execution of this Purchase Agreement by both of the parties; provided, however, that Tyler shall have no liability to Client for delays in delivery due to causes beyond the control and without the fault or negligence of Tyler, such as but not limited to, acts of God, acts of government, fire, flood, strikes, embargos, material shortages, delays in transportation, and client's failure to or delay in signing the non-exclusive sub-license agreement.

7. Installation of Equipment and Acceptance.

Upon the completion of the installation, Client shall obtain from the installer a Certificate of Completion of Installation, or similar document, which Certificate or similar document shall constitute Client's acceptance of the Equipment and Program. Such acceptance shall be final and conclusive except for latent defects, fraud, such gross mistakes as amount to fraud and rights and remedies available to Client under the Paragraph hereof entitled Warranties.

8. Site Requirements.

Client shall provide a suitable environment, location, and space for the installation and operation of the Equipment, which space shall be free from excessive personnel traffic, dust and smoke. Client shall provide sufficient and adequate electrical circuits for the Equipment in accordance with Supplier's specifications for said Equipment. Client shall provide for the installation of the CRT cable, printer cable, and communications cable to the specifications of the Supplier.

9. Warranties.

(a) Tyler warrants that each unit of Equipment shall be new and unused, and, if Client fully and faithfully performs each and every obligation required of it including making all payments hereunder when due, Client's title to each unit of Equipment shall be free and clear of all liens and encumbrances arising through Tyler.

(b) The parties understand and agree that Tyler is not the manufacturer of the Equipment. As such, Tyler does not warrant or guarantee the condition of the Equipment or the operational characteristics of the Equipment. Tyler hereby grants and gives to Client any warranty adjustments Tyler may receive from the manufacturer or Supplier of the Equipment.

(c) THIS PARAGRAPH CONTAINS ALL THE REPRESENTATION AND WARRANTIES OF TYLER. NO OTHER WARRANTIES ARE APPLICABLE TO THIS PURCHASE AGREEMENT OR THE EQUIPMENT DELIVERED HEREUNDER INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR INTENDED OR PARTICULAR PURPOSE.

10. Security Interest in Tyler.

Client hereby grants to Tyler a security interest in each unit of Equipment delivered hereunder from the time of its delivery until its Purchase Price is paid in full to secure payment of any remaining balances of its Purchase Price. Tyler may enforce its security interest in any manner provided by the laws of the State of Texas. Client agrees upon the request of Tyler, to sign any documents necessary to perfect or to continue perfected the security interest of Tyler.

11. Separate License Agreement.

The parties understand and agree that this Purchase Agreement contains no rights and remedies for either party related to any separate Software License Agreement between the parties. The rights and remedies of either party relating to any licensed software product and its use on and with the Equipment shall be as stated in said separate License Agreement.

12. Equipment Maintenance.

It shall be the responsibility of Client to repair and maintain the Equipment after its acceptance.

13. Limitations on Liability.

Tyler's liability for damages arising out of or in connection with this Purchase Agreement, whether based on a theory of contract or tort, including negligence or strict liability, shall be limited to the total Purchase Price or the total amount paid by Client hereunder, whichever is less. Notwithstanding anything to the contrary, in no event shall Tyler be liable to client or any person claiming through Client, for (i) indirect, remote, incidental, special, exemplary, punitive, or consequential damages (ii) any damages whatsoever due to causes beyond the reasonable control of Tyler or (iii) loss of use, profits, or revenues by Client.

14. Independent Contractor.

Tyler shall be and remain at all times an Independent Contractor and shall not be considered for any purpose as an officer, agent, or employee of either Client or a Supplier. Tyler shall not represent to any person that it is an agent or employee of Client or a Supplier.

15. Governing Law.

This Purchase Agreement shall be interpreted and enforced in accordance with the laws of the State of Texas. In the event any part of this Purchase Agreement is invalidated by a court or legislative action, the remainder hereof shall remain in full force and effect.

16. Entirety of Agreement and Amendments.

(a) This Purchase Agreement contains all of the representations, warranties, and promises of the parties relating to the subject matter hereof, whether oral or written, and supersedes all representations, warranties, and promises of the parties relating to the subject matter hereof which predate this Purchase Agreement.

(b) This Purchase Agreement may only be amended, modified or changed by written instrument signed by both parties hereto.

17. Approval of Governing Body.

Client represents and warrants to Tyler that this Purchase Agreement has been approved by its governing body and is a binding obligation upon Client.



APPRAISAL & TAX

CITIZEN SERVICES

COURTS & JUSTICE

DOCUMENT MANAGEMENT

EDUCATION

FINANCIAL MANAGEMENT

GENERAL & RECORDS

INVESTMENT MANAGEMENT

PUBLIC SAFETY

SOFTWARE AND SERVICES
FOR THE PUBLIC SECTOR

Tom Green County, TX

August 27, 2007

Client COPY

Volume 88

INCODE PRODUCT DIVISION
5808 4th Street
Lubbock, Texas 79416

P. 800-646-2633
F. 806-797-0761

www.tyler-incode.com

VOL. 88 PG. 144

August 27, 2007

Johnny Grimaldo
Tom Green County
113 W. Beauregard
San Angelo, TX 76903

Dear Johnny,

We appreciate the trust and confidence you have placed in Tyler Technologies by choosing to purchase our Financial and Administrative Data Solution for Tom Green County. We will do our best to honor your trust with quality products and support.

I am enclosing Tyler Technology's standard agreements for you to review. These agreements outline the products and services purchased and the governing language establishing our respective responsibilities. During your review, if you have any questions about these agreements, please call Kirk Cunningham or myself.

Please return an executed copy of these agreements to Tyler Technologies, attn: Lori Dudley Sales Administration Manager, via Federal Express or UPS. If the agreements are not returned within 90 days from the issue date, they will be voided and prices are subject to change. Additionally, please keep one copy for your records.

In addition, please return a completed copy of your state's Sales and Use Tax Exemption Certification and/or Resale Certificate. We are required to charge sales tax unless we receive this documentation. Also, please verify the files to be converted by Tyler Technologies, if any. If all the files that you have requested to be converted are not included in these agreements, then please notify us immediately.

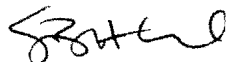
When the signed and executed agreements have been received by the Tyler Technologies office, implementation will proceed. You will receive communication regarding the following documents:

- A Customer Survey
- The Hardware System Requirements
- Sample Forms Packet (if applicable)
- Conversion Statement (if applicable)
- Customer Signature Page
- Additional items as needed

Once the appropriate items are reviewed, completed and returned to Tyler Technologies, our Scheduling Coordinator will contact you to facilitate the implementation process.

Again, thank you for choosing Tyler Technologies. We look forward to working with you and the other staff members at Tom Green County.

Sincerely,



S. Brett Cate
President, INCODE Solution

System Agreement
Between

Tyler Technologies, Inc.

5808 4th Street
Lubbock, Texas 79416
(800) 646-2633
(806) 797-4849 Fax

AND

Tom Green County

113 W. Beauregard
San Angelo, TX 76903
Phone: (325) 659-6500
Fax: (325) 659-5441

tyler

tyler

AGREEMENT

This agreement is entered into by and between Tyler Technologies, Inc., hereinafter referred

to as COMPANY, located at 5808 4th Street, Lubbock, Texas 79416; and:

Tom Green County

hereinafter referred to as CLIENT on, 8-28, 2007.

COMPANY and CLIENT agree as follows:

1. COMPANY shall furnish the products and services as described in this Agreement, and CLIENT shall pay the prices set forth in this Agreement.
2. This Agreement consists of this Cover and the following Attachments and Exhibits:

Part A	Investment Summary (A-D)
Part B	COMPANY Agreement Terms and Conditions
Part C	Addendum A
3. The License Fees set forth in the Investment Summary are based on defined category levels. Placement within a category is based on the size of the organization serviced and measured by such factors as operating budget, number of employees, number of utility accounts, number of sworn officers, population of the entity, etc.

IN WITNESS WHEREOF, persons having been duly authorized and empowered to enter into this Agreement hereunto executed this Agreement effective as of the date last set forth below.

Client: Tom Green County

By: [Signature]

Signature

Printed Name

Title

Date

Sales Tax Certificate Number

Tyler Technologies, Inc.:

By: [Signature]

Signature

Printed Name

President, INCODE Solution

Title

8/27/07

Issue Date

Prepared for:	Tom Green County	Contract ID #:	2067-0263
Contact Person:	Johany Grimsdale	Issue Date:	8/27/87
Address:	113 W. Beauregard San Angelo, TX 76903 (325) 659-6599 (325) 659-5441 jgrimsdale@co.tom-green.tx.us	Schedule:	A. Crenshawham
Phone:		Tax Exempt:	Yes / No
Fax:			
Email:			

Third Party Products	Quantity	License Fee 1 Purchase Price per Unit	Total License Fee 1 Purchase Price	Total Year 1 Maintenance Fee per Unit	Total Year 1 Maintenance Price
Yelp Forms Processing Secure Signature (includes 1 back-up card)	1	\$1,650	\$1,650	\$0	\$0
MAILBOX USER 200K Licenses (includes back-up server)	1	\$6,250	\$6,250	\$1,650	\$1,650
TOTALS			\$8,000		\$1,650

[illegible]

SUMMARY	
Application Software License Fees	\$17,050
Year 1 Application Software Maintenance Fees	80
Hardware	1,930
Consulting	\$0,000
Quarterly	\$28,000
Third Party Products License Fees/Purchase Price	\$0,000
First Party Products Year 1 Maintenance Fees	1,550
Other Professional Services	\$23,000
Hardware and System Software	\$5,840
Acquisition and Configuration of System	1,500
GRAND TOTAL:	\$70,800

Tom Green County - Optional Services/Items

Optional Annual Services	Year 1 Fee
OSDBA	\$7,709
TOTAL	\$7,709

SUMMARY	
Optional Annual Services	\$7,709
GRAND TOTAL	\$7,709

Optional Items	License Fee / Purchase Price	Year 1 Maintenance Fees	Consulting		Implementation		Conversion/Installation Fee
			Days	Cost per Day	Days	Cost per Day	
Disaster Recovery		\$7,709					

Please Note: CLIENT has six (6) months from execution of this Agreement to exercise the purchase of the optional services/items listed above.

PART B – COMPANY TERMS & CONDITIONS

Section A - Software License Agreement

1. License Grant.

- a) Upon the Effective Date of this Agreement, Tyler hereby grants to Client a non-exclusive, non-transferable, royalty-free, revocable license to use the Tyler software products and related interfaces (collectively, the “Tyler Software Products”) and Tyler user manuals for Client's internal business purposes only and otherwise subject to the terms and conditions of this Agreement. This license is revocable by Tyler if Client fails to comply with the terms and conditions of this Agreement, including without limitation, Client's failure to timely pay the Application Software License Fees in full. Upon Client's payment in full for the Tyler Software Products, this license shall become irrevocable, subject to the restrictions on use and other terms set forth in this Agreement.
- b) Tyler shall retain ownership of the Tyler Software Products and user manuals.
- c) The Tyler Software Products are not licensed to perform functions or processing for subdivisions or entities that were not disclosed to Tyler prior to the Effective Date of this Agreement.
- d) The right to transfer the Tyler Software Products to a replacement hardware system is included in this Agreement. Client shall pay Tyler for the cost of new media or any required technical assistance to accommodate the transfer. Client shall provide advance written notice to Tyler of any such transfer.
- e) Client acknowledges and agrees that the Tyler Software Products and user manuals are proprietary to Tyler and have been developed as trade secrets at Tyler's expense. Client shall use best efforts to keep the Tyler Software Products and user manuals confidential and to prevent any misuse, unauthorized use or unauthorized disclosure of the Tyler Software Products or user manuals by any party.
- f) The Tyler Software Products may not be modified by anyone other than Tyler. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on and warranty the Tyler Software Products shall be void. Client shall not perform decompilation, disassembly, translation or other reverse engineering on the Tyler Software Products.
- g) Client may make copies of the Tyler Software Products for archive purposes only. Client will repeat any and all proprietary notices on any copy of the Tyler Software Products. Client may make copies of the Tyler user manuals for internal use only.
- h) Tyler maintains an escrow agreement with an escrow services company under which Tyler places the source code of each major release of the Tyler Software Products. At Client's request, Tyler will add Client as a beneficiary to such escrow agreement. Client shall pay the annual beneficiary fee directly to the escrow services company and is solely responsible for maintaining its status as a beneficiary.

2. License Fees. Client agrees to pay Tyler, and Tyler agrees to accept from Client as payment in full for the license granted herein, the Application Software License Fees set forth in the Investment Summary.

PART B – COMPANY TERMS & CONDITIONS

3. Verification of the Tyler Software Products.

Client will select one (1) of the following two (2) options within thirty (30) days of installation by providing written notice to Tyler in accordance with Article 15 of Section G:

- a) Within sixty (60) days after the Tyler Software Products have been installed on Client's hardware, Tyler will verify the Tyler Software Products by demonstrating to Client that the Tyler Software Products perform all of the functions set forth in Exhibit 1 - Verification Test, which demonstration shall constitute verification that the Tyler Software Products substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client; or
- b) Within sixty (60) days after the Tyler Software Products have been installed on Client's hardware, Client may use its own process to verify that the Tyler Software Products perform all of the functions set forth in Exhibit 1 - Verification Test, which shall constitute verification that the Tyler Software Products substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client.
- c) Verification as described herein shall be final and conclusive except for latent defect, fraud, and a gross mistake that amounts to fraud. In the event verification is not final and conclusive, pursuant to this paragraph, Tyler shall correct the cause thereof. In the event Tyler cannot correct the cause thereof, Client may invoke its rights under Article 4 Limited Warranty of Section A - Software License Agreement.
- d) Tyler shall promptly correct any functions of the Tyler Software Products that failed verification.

4. Limited Warranty. For as long as a current Maintenance Agreement is in place, Tyler warrants that the Tyler Software Products will substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client. In the event of conflict between the afore-mentioned documents, the then-current Tyler user manuals shall control. If the Tyler Software Products do not perform as warranted, Tyler will use reasonable efforts, consistent with industry standards, to cure the defect. Should Tyler be unable to cure the defect or provide a replacement product, Client shall be entitled to a refund of the Application Software License Fee paid for the defective Tyler Software Product, as depreciated on a straight-line basis over a seven (7) year period commencing on the effective date of this Agreement.

5. Intellectual Property Infringement Indemnification. Tyler will defend and indemnify Client against any claim by an unaffiliated third party of this Agreement that a Tyler Software Product infringes that party's patent, copyright or other intellectual property right issued and existing as of the Effective Date or as of the distribution date of a release to the Tyler Software Product, and will pay the amount of any resulting adverse final judgment issued by a court of competent jurisdiction or of any settlement that Tyler pre-approves in writing, provided that Client promptly notifies Tyler in writing of any such claim, gives Tyler reasonable cooperation, information, and assistance in connection with it, and consent to Tyler's sole control and authority with respect to the defense, settlement

PART B – COMPANY TERMS & CONDITIONS

or compromise of the claim. Tyler will not be obligated under this section if the infringement results from: (i) Client's use of a previous version of a Tyler Software Product and the claim would have been avoided had you used the current version of the Tyler Software Product; (ii) Client's combining the Tyler Software Product with devices or products not provided by Tyler, (iii) use of a Tyler Software Product in applications, business environments or processes for which the Tyler Software Product was not designed or contemplated, and where use of the Tyler Software Product outside such application, environment or business process would not have given rise to the claim, (iv) corrections, modifications, alterations or enhancements that Client made to the Tyler Software Product; (v) use of the Tyler Software Product by any person or entity other than Client or Client's employees; or (vi) Client's willful infringement. In the event a Tyler Software Product is finally determined to be infringing and its use by Client is enjoined, Tyler shall, at its election (i) procure for Client the right to continue using the infringing Tyler Software Products; (ii) modify or replace the infringing Tyler Software Products so that it becomes non-infringing; or (iii) terminate Client's license for the infringing Tyler Software Product and refund to Client the Application Software License Fee paid for the infringing Tyler Software Product, as depreciated on a straight-line basis over a seven (7) year period commencing on the Effective Date of this Agreement. Tyler shall have no liability hereunder if (i) Client modified a Tyler Software Product without Tyler's prior written consent and such modification is determined by a court of competent jurisdiction to be a contributing cause of the infringement, (ii) Client continues using the infringing Tyler Software Product after Client becomes aware that such infringing Tyler Software Product is or is likely to become the subject of a claim hereunder, or (iii) the infringement would have been avoided by Client's use of the most current version of the Tyler Software Products. The foregoing states Tyler's entire liability and Client's sole and exclusive remedy with respect to the subject matter hereof.

6. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Software License Agreement, whether based on a theory of contract or tort, including negligence and strict liability shall be limited to the Application Software License Fees set forth in the Investment Summary. Such Application Software License Fees reflect and are set in reliance upon this limitation of liability.

Section B - Professional Services Agreement

1. Services. Tyler shall provide the services set forth in the Investment Summary at Client's election, including installation, consulting, implementation, conversion, and programming.

PART B – COMPANY TERMS & CONDITIONS

2. Professional Services Fees.

- a) Notwithstanding specific prices to the contrary set forth in the Investment Summary, all Consulting and Implementation services shall be invoiced in half-day and full-day increments.
- b) Upon the completion of each service day or group of days, Tyler will present a Customer Service Report to Client. Client shall either sign the report indicating acceptance of the service day and its subsequent billing, or not sign the report and note reasons for Client's non-acceptance of the service day. This acceptance is final.
- c) Verification in accordance with Article 3 Verification of the Tyler Software Products (a) of Section A - Software License Agreement shall be billable to Client at the rate for Implementation services set forth in the Investment Summary.
- d) Payment is due within thirty (30) calendar days of invoice receipt.
- e) Expenses shall be billed in accordance with the then-current Tyler Business Travel Policy, based on Tyler's usual and customary practices. Copies of receipts shall be provided on an exception basis at no charge. Should all receipts for non per diem expenses be requested, an administrative fee shall be incurred. Receipts for mileage and miscellaneous items less than five dollars (\$5) are not available.

3. Additional Services. Services utilized in excess of those set forth in the Investment Summary and additional related services not set forth in the Investment Summary shall be billed at Tyler's then current rates.

4. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the provision or quality of the services or the use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Professional Services Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the Consulting, Implementation, Conversion, and Other Professional Services fees set forth in the Investment Summary. Such fees reflect and are set in reliance upon this limitation of liability.

5. Cancellation. In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the canceled services if Tyler is unable to re-assign its personnel.

Section C - Maintenance Agreement

1. Scope of Agreement. Client agrees to purchase and Tyler agrees to provide maintenance services for the Tyler Software Products in accordance with the following terms and conditions.

2. Term of Agreement. This Maintenance Agreement is effective on installation of the Tyler Software Products and shall remain in force for a one (1) year term. Upon

PART B – COMPANY TERMS & CONDITIONS

expiration of this Maintenance Agreement, Client may renew the Maintenance Agreement for subsequent one (1) year periods at the then-current Application Software Maintenance Fees.

3. Payment.

- a) Additional Charges. Any maintenance services performed by Tyler for Client which are not covered by this Maintenance Agreement, as set forth in Article 5 of Section C Maintenance Agreement, including materials and expenses, shall be billed to Client at Tyler's then current rates.
- b) Tyler reserves the right to suspend maintenance services if Client fails to pay undisputed Application Software Maintenance Fees within sixty (60) calendar days of the due date. Tyler will reinstate maintenance services upon Client's payment of the overdue Application Software Maintenance Fees.

4. Maintenance Services Terms and Conditions.

- a) For as long as a current Maintenance Agreement is in place, Tyler shall, in a professional, good and workmanlike manner, perform its obligations in order to conform the Tyler Software Products to the applicable warranty under this Agreement. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on and warrant the Tyler Software Products shall be void.
- b) Tyler shall provide telephone support on the Tyler Software Products.
- c) Tyler shall continuously maintain a master set of the Tyler Software Products on appropriate media, a hardcopy printout of source code to the Tyler Software Products, and Tyler user manuals.
- d) Tyler shall maintain personnel that are appropriately trained to be familiar with the Tyler Software Products in order to provide maintenance services.
- e) Tyler shall provide Client with all releases Tyler makes to the Tyler Software Products. Client acknowledges and agrees that a new release of the Tyler Software Products is for implementation in the Tyler Software Products as they exist without Client customization or modification.
- f) Client acknowledges and agrees that Tyler reserves the right to cease supporting a prior release of the Tyler Software Products six (6) months after shipping a new release of the Tyler Software Products.

5. Limitations and Exclusions. Application Software Maintenance Fees do not include installation or implementation of the Tyler Software Products, onsite support (unless Tyler cannot remotely correct a defect in a Tyler Software Product), application design, other consulting services, support of an operating system or hardware, and support outside Tyler's normal business hours.

6. Client Responsibilities.

- a) Client shall provide, at no charge to Tyler, full and free access to the Tyler Software Products; working space; adequate facilities within a reasonable distance from the equipment; and use of machines, attachments, features, or other equipment necessary to provide maintenance services set forth herein.

PART B – COMPANY TERMS & CONDITIONS

b) Tyler currently utilizes “Go To Assist” as a secure commercial PC to PC remote connectivity tool to provide remote maintenance services. Client shall maintain for the duration of the Agreement a high-speed Internet connection capable of connecting to Client's PC's and server. Tyler strongly recommends that Client also maintain a modem connectivity (including PC-Anywhere, if necessary) for backup connectivity purposes. In the event Client uses the Tyler Software Products on a Windows platform, Client shall maintain a modem connection through PC-Anywhere. Tyler, at its option, shall use the connection to assist with problem diagnosis and resolution.

7. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the provision or quality of maintenance services or use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Maintenance Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the Application Software Maintenance Fees paid to Tyler during the twelve (12) months prior to the claim. Such Application Software Maintenance Fees reflect and are set in reliance upon this limitation of liability.

Section D - Third Party Product Agreement

1. Agreement to License or Sell Third Party Products. For the price set forth in the Investment Summary, Tyler agrees to license or sell and deliver to Client, and Client agrees to accept from Tyler the Third Party Products set forth in the Investment Summary (“Third Party Products”).

2. License of Third Party Products.

a) Upon Client's payment in full of the System Software License Fees, Tyler shall grant to Client and Client shall accept from Tyler a non-exclusive, nontransferable, non-assignable license to use the Third Party Products and related documentation for Client's internal business purposes, subject to the terms and conditions set forth herein.

b) The developer of the Third Party Products (each a “Developer”, collectively “Developers”) shall retain ownership of the Third Party Products.

c) The right to transfer the Third Party Products to a replacement hardware system is governed by the Developer. The cost for new media or any required technical assistance to accommodate the transfer would be billable charges to Client. Client shall provide advance written notice to Tyler of any such transfer.

d) Client acknowledges and agrees that the Third Party Products and related documentation are proprietary to the Developer and have been developed as trade secrets at the Developer's expense. Client shall use best efforts to keep the Third Party Products and related documentation confidential and to prevent any misuse, unauthorized use, or unauthorized disclosure of the Third Party Products and related documentation by any party.

e) Client shall not perform decompilation, disassembly, translation or other reverse engineering on the Third Party Products.

PART B – COMPANY TERMS & CONDITIONS

f) Client may make copies of the Third Party Products for archive purposes only. Client will repeat any and all proprietary notices on any copy of the Third Party Products. Client may make copies of the documentation accompanying the Third Party Products for internal use only.

3. Delivery. Unless otherwise indicated in the Investment Summary, the prices for Third Party Products include costs for shipment while in transit from the Developer or supplier to Client.

4. Installation and Acceptance. Unless otherwise noted in Addendum A or in the Investment Summary, the Tyler Software Product installation fee includes installation of the Third Party Products. Upon completion of installation, Client shall obtain from Tyler a certification of completion, or similar document, which shall constitute Client's acceptance of the Third Party Products. Such acceptance shall be final and conclusive except for latent defect, fraud, and a gross mistake as amount to fraud.

5. Site Requirements. Client shall provide a suitable environment, location and space for the installation and operation of the Third Party Products; sufficient and adequate electrical circuits for the Third Party Products; and installation of all required cables.

6. Warranties.

a) Tyler is authorized by each Developer to grant licenses or sublicenses to the Third Party Products.

b) Tyler warrants that each Third Party Product shall be new and unused, and if Client fully and faithfully performs each and every obligation required of it under this Third Party Product Agreement, Client's title or license to each Third Party Product shall be free and clear of all liens and encumbrances arising through Tyler.

c) Client acknowledges and agrees that Tyler is not the manufacturer of the Third Party Products. As such, Tyler does not warrant or guarantee the condition or operating characteristics of the Third Party Products. Tyler hereby grants and passes through to Client any warranty adjustments that Tyler may receive from the Developer or supplier of the Third Party Products.

7. Maintenance.

a) In the event Client elects not to purchase through Tyler maintenance services on the Third Party Products, it shall be the responsibility of Client to repair and maintain the Third Party Products and purchase enhancements as necessary after acceptance.

b) In the event Client elects to purchase through Tyler maintenance services on the Third Party Products, Tyler will facilitate resolution of a defect in a Third Party Product with the Developer.

c) In the event the Developer charges a fee for future Third Party Software release(s), Client shall be required to pay such fee.

8. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or

PART B – COMPANY TERMS & CONDITIONS

failure to realize savings arising out of or in connection with the use of the Third Party Products. Tyler's liability for damages and expenses arising out of this Third Party Product Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the License Fee/Purchase Price of the Third Party Products. Such prices are set in reliance upon this limitation of liability.

Section E – Hardware and System Software

1. **License of Hardware.** Upon CLIENT's payment for the hardware and system software listed in the Investment Summary, COMPANY shall grant to CLIENT and CLIENT shall accept from COMPANY a non-exclusive, nontransferable, non-assignable license to the hardware and system software products and accompanying documentation and related materials for internal business purposes of CLIENT, subject to the conditions and limitations in this section.
2. **Price.** CLIENT agrees to pay COMPANY and COMPANY agrees to accept from CLIENT as payment in full for the hardware and system software products.
3. **Schedule of Delivery.** Delivery of each hardware and system software product shall take place according to mutually agreeable schedule, but COMPANY shall not be liable for failure to meet the agreed upon schedule if, and to the extent, said failure is due to causes beyond the control and without the fault of COMPANY.
4. **CLIENT Delays.** If any act or failure to act by the CLIENT delays COMPANY's performance, COMPANY shall be excused from performance for an amount of time commensurate with the delay caused by CLIENT. CLIENT acknowledges that its delay may excuse COMPANY from performance for an amount of time greater than the delay caused by CLIENT. Such delays by CLIENT that may cause COMPANY to delay performance include, but are not limited to failure to have prepared any data in the form and format requested by COMPANY, on or before the date specified by COMPANY or to have verified such data for accuracy, submission of erroneous data to COMPANY or CLIENT's failure to have completely prepared the Hardware's installation site prior to the Hardware's actual delivery including, but not limited to, failure to have all electrical work and cable installation completed.
5. **Installation and Verification.** If itemized in the Investment Summary, the price includes installation of the hardware and system software products. Upon the completion of installation, CLIENT shall obtain from the installer a certification of completion, or similar document, which certification or similar document shall constitute CLIENT's acceptance of the hardware and system software products. Such acceptance shall be final and conclusive except for latent defects, fraud, and such gross mistakes as amount to fraud and rights and remedies available to CLIENT under the paragraph hereof entitled Warranties.
6. **Site Requirements.** CLIENT shall prepare the installation site prior to the delivery of the hardware and system software. CLIENT is solely responsible for and will furnish all necessary labor and material to install all associated electrical lines, CRT cables, and telephone lines for communication modems. CLIENT is responsible for installing all required cables.
7. **Warranties.** ALL WARRANTIES RELATING TO THE HARDWARE AND SYSTEM SOFTWARE ARE PROVIDED DIRECTLY FROM THE HARDWARE

PART B – COMPANY TERMS & CONDITIONS

MANUFACTURERS AND/OR SOFTWARE PUBLISHERS UNDER THE TERMS AND CONDITIONS OF THEIR RESPECTIVE WARRANTIES. THE WARRANTIES SET FORTH IN THIS HARDWARE AND SYSTEM SOFTWARE AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS AND REMEDIES REPRESENTATIONS OR WARRANTIES EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND SYSTEM INTEGRATION.

8. **Maintenance.** There is no hardware maintenance provided pursuant to this Agreement. Hardware warranty and/or maintenance are typically provided by the manufacturer or a Third Party.
9. **Limitation of Liability.** CLIENT expressly assumes sole responsibility for the selection and use of the hardware and system software. In no event shall COMPANY be liable for special, indirect, incidental, consequential or exemplary damages, including without limitation any damages resulting from loss of use, loss of data, interruption of business activities or failure to realize savings arising out of or in connection with the use of the hardware and system software products. COMPANY's liability for damages arising out of this Hardware and System Software Agreement, whether based on a theory of contract or tort, including negligence and strict liability shall be limited to the price of the hardware and system software products set forth in the Investment Summary. The prices set forth in the Investment Summary reflect and are set in reliance upon this allocation of risk and the exclusion of such damages as set forth in this Hardware and System Software Agreement.

Section F - General Terms and Conditions

1. **Taxes.** The fees set forth in the Investment Summary do not include any taxes, including, without limitation, sales, use or excise tax. All applicable taxes shall be paid by Tyler to the proper authorities and shall be reimbursed by Client to Tyler. In the event Client possesses a valid direct-pay permit, Client will forward such permit to Tyler on the Effective Date of this Agreement, in accordance with Article 15 of Section F General Terms and Conditions. In such event, Client shall be responsible for remitting all applicable taxes to the proper authorities. If tax-exempt, Client shall provide Tyler with Client's tax-exempt certificate.

2. **Invoice Dispute.**

a) In the event Client believes products or services do not conform to warranties in this Agreement, Client shall provide written notice to Tyler within fifteen (15) calendar days of receipt of the applicable invoice. Client is allowed an additional fifteen (15) calendar days to provide written clarification and details. Tyler shall provide a written response to Client that shall include either a justification of the invoice or an adjustment to the invoice. Tyler and Client shall develop a plan to outline the reasonable steps to be taken by Tyler and Client to resolve any issues presented in Client's notice to Tyler. Client may only withhold payment of the amount actually in dispute until Tyler completes its action items outlined in the plan. Notwithstanding the foregoing, if Tyler is unable to complete

PART B – COMPANY TERMS & CONDITIONS

its actions outlined in the plan because Client has not completed its action items outlined in the plan, Client shall remit full payment of the invoice.

b) Any invoice not disputed as described above shall be deemed accepted by Client. Tyler reserves the right to suspend delivery of all services in the event Client fails to pay an invoice not disputed as described above within sixty (60) calendar days of receipt of invoice.

3. Force Majeure. Neither party shall be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by force majeure.

Force majeure shall not be allowed unless:

a) Within five (5) business days of the occurrence of force majeure, the party whose performance is delayed thereby shall provide the other party or parties with written notice explaining the cause and extent thereof, as well as a request for a time extension equal to the estimated duration of the force majeure events.

b) Within ten (10) business days after the cessation of the force majeure event, the party whose performance was delayed shall provide the other party written notice of the time at which force majeure ceased and a complete explanation of all pertinent events pertaining to the entire force majeure situation.

Either party shall have the right to terminate this Agreement if Force Majeure suspends performance of scheduled tasks by one or more parties for a period of one hundred-twenty (120) or more days from the scheduled date of the task. This paragraph shall not relieve Client of its responsibility to pay for services and goods provided to Client and expenses incurred on behalf of Client prior to the effective date of termination.

4. Indemnification.

a) Subject to the limitation of liability set forth herein, Tyler shall indemnify and hold harmless Client and its agents, officials and employees from and against any and all claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) arising from Tyler's negligence or willful misconduct. Tyler shall not be liable to the degree or extent of damages, loss, or expense determined to be the fault of the Client.

b) Subject to the limitation of liability set forth herein, Client shall indemnify and hold harmless Tyler and its agents, officials and employees from and against any and all claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) arising from Client's negligence or willful misconduct. Client shall not be liable to the degree or extent of damages, loss, or expense determined to be the fault of Tyler.

5. Disclaimer. THE RIGHTS, REMEDIES, AND WARRANTIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS, REMEDIES, AND WARRANTIES EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND SYSTEM INTEGRATION, WHICH ARE HEREBY DISCLAIMED BY TYLER.

PART B – COMPANY TERMS & CONDITIONS

6. Dispute Resolution. Client will notify Tyler in writing within fifteen (15) days of becoming aware of a dispute. If Tyler and Client cannot resolve such dispute within thirty (30) calendar days of Tyler's receipt of written notice from Client, the following procedure shall apply:

a) Each party shall appoint one (1) person to act as an impartial representative. The appointed individual shall be of sufficient knowledge and experience to understand and deal with the dispute but shall not be a person assigned to the project. The set of four (4) individuals consisting of Tyler's Project Manager for this project, Client's Project Manager for this project, and the two (2) appointees is called a Dispute Resolution Group.

b) The Dispute Resolution Group shall convene no later than twenty-one (21) calendar days after the expiration of the thirty (30) calendar day period referenced above and shall meet for a maximum of four (4) four (4) hour sessions during the subsequent four (4) business days, unless otherwise mutually agreed. Any resolution shall be in writing and signed by both parties. Such resolution shall constitute a binding amendment to the Agreement.

In the event the Dispute Resolution Group fails to resolve the dispute as set forth above, the dispute will be referred to non-binding mediation. Thereafter, either party may assert its other rights and remedies under this Agreement within a court of competent jurisdiction.

Nothing in this Article shall prevent a party from applying to a federal or state court of competent jurisdiction to obtain injunctive relief pending resolution of the dispute through the dispute resolution procedures set forth herein.

7. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of Tyler and Client. No third party shall be deemed a beneficiary of this Agreement, and no third party shall have the right to make any claim or assert any right under this Agreement.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

9. Entire Agreement. This Agreement represents the entire agreement of Client and Tyler with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this Agreement it did not rely on any information not explicitly set forth in this Agreement.

10. Severability. If any term or provision of this Agreement or the application thereof shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

PART B – COMPANY TERMS & CONDITIONS

11. Modification. This Agreement may only be modified by written amendment signed by authorized representatives of both parties.

12. Termination.

a) Termination for Convenience. In the event of Client's termination of this Agreement for convenience, Client shall provide Tyler with thirty (30) days' advance written notice of Client's intent to terminate this Agreement. Client shall pay Tyler for products, services and expenses delivered or incurred prior to the date Tyler received Client's notice of termination.

b) Termination for Cause. In the event of Tyler's failure to perform under this Agreement, Client shall immediately notify Tyler in writing of such failure and allow Tyler a thirty (30) day period in which to cure such failure. If, at the end of the cure period, Tyler has not cured such failure, Client will have the right to terminate this Agreement. Upon such termination, Client shall pay Tyler for all products, services, and expenses not in dispute which were delivered or incurred prior to the date Tyler received Client's notice of termination. Payment for products, services, and expenses in dispute will be determined in accordance with the dispute resolution process.

13. Approval of Governing Body. Client represents and warrants to Tyler that this Agreement has been approved by its governing body and is a binding obligation upon Client.

14. No Assignment. Client may not assign its rights and responsibilities under this Agreement without Tyler's prior written permission, not to be unreasonably withheld.

15. Notices. All notices or communications required or permitted as a part of this Agreement shall be in writing (unless another verifiable medium is expressly authorized) and shall be deemed delivered when:

- 1) Actually received,
- 2) Upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the party,
- 3) Upon receipt by sender of proof of email delivery, or
- 4) If not actually received, ten (10) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the respective other party at the address set forth in this Agreement or such other address as the party may have designated by notice or Agreement amendment to the other party.

Consequences to be borne due to failure to receive a notice due to improper notification by the intended receiving party of a new address will be borne by the intended receiving party. The addresses of the parties to this Agreement are as in the Investment Summary.

16. Independent Contractor. This is not an Agreement of partnership or employment of Tyler or any of Tyler's employees by Client. Tyler is an independent contractor for all purposes under this Agreement.

PART B – COMPANY TERMS & CONDITIONS

17. Insurance. Prior to performing services under this Agreement, Tyler shall provide Client with certificates of insurance evidencing the following insurance coverage:

- a) Commercial general liability of at least \$1,000,000;
- b) Automobile liability of at least \$1,000,000;
- c) Professional liability of at least \$1,000,000; and
- d) Workers compensation complying with statutory requirements.

18. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein shall survive the termination or cancellation of this Agreement for a period of two (2) years. This obligation of confidentiality shall not apply to:

- (a) information that at the time of the disclosure is in the public domain;
- (b) information that, after disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Agreement by a party;
- (c) information that a party can establish by reasonable proof was in that party's possession at the time of disclosure;
- (d) information that a party receives from a third party who has a right to disclose it to that party; or
- (e) information that is subject to Freedom of Information Act requests, only to the extent disclosure is based on the good faith written opinion of the receiving party's legal counsel that disclosure is required by law: provided, however, that that receiving party shall give prompt notice of the service of process or other documentation that underlies such requirement and use its best efforts to assist the disclosing party if the disclosing party wishes to obtain a protective order or otherwise protect the confidentiality of such confidential information. The disclosing party reserves the right to obtain protective order or otherwise protect the confidentiality of its confidential information.

19. Nondiscrimination. Tyler shall not discriminate against any person employed or applying for employment concerning the performance of Tyler's responsibilities under this Agreement. This discrimination prohibition shall apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation.

20. Subcontractors. Tyler shall not subcontract any services under this Agreement without Client's prior written permission, not to be unreasonably withheld.

21. Non-appropriation. If Client should not appropriate or otherwise make available funds sufficient to purchase, lease, operate or maintain the products set forth in this Agreement, or other means of performing the same functions of such products, Client

PART B – COMPANY TERMS & CONDITIONS

may unilaterally terminate this Agreement only upon thirty (30) days written notice to Tyler. Upon termination, Client shall remit payment for all products and services delivered to Client and all expenses incurred by Tyler prior to Tyler's receipt of the termination notice.

22. Shipping. Delivery shall be F.O.B. shipping point.

23. Business License. In the event a local business license is required for Tyler to perform services hereunder, Client will notify Tyler prior to the Effective Date of this Agreement and will provide Tyler with the necessary paperwork and/or contact information.

PART C – ADDENDUM A

The following are clarifications and/or modifications to the Agreement. In the event of a conflict between Addendum A and the Agreement, Addendum A shall prevail.

1. Payment Terms.

a) Tyler will invoice \$45,927.25 upon the Effective Date of this Agreement. Such sum equals:

25% of the Application Software License Fees (\$42,762.50)

25% of the Hardware and System Software Fees (\$3,164.75)

b) Tyler will invoice Client \$106,569.25 upon delivery of the Tyler Software Products. Such sum equals:

50% of the Application Software License Fees (\$85,525.00)

75% of the Hardware and System Software Fees (\$9,494.25)

100% of the Third Party Product License Fees/Purchase Price (\$9,900.00)

100% of the Third Party Product Year 1 Maintenance Fees, excluding MUNIS GUI Runtime (\$1,650.00)

c) Tyler will invoice Client \$42,762.50 upon verification of the Tyler Software Products in accordance with Article 3 of Section A Software License Agreement ("Verification") Such amount equals 25% of the Application Software License Fees. Unless Client notifies Tyler in writing that the Tyler Software Products have failed Verification, Verification will be deemed to have occurred ninety (90) days after delivery of the Tyler Software Products.

d) Tyler will invoice Client fees for Consulting, Implementation, Conversion, Installation and Configuration of System and Other Professional Services, plus expenses, if and as provided/incurred.

e) Tyler will invoice Client fees for modifications 50% upon delivery of specifications and 50% upon delivery of modification. Tyler will perform a modification upon receipt of written notice to proceed from Client. Client will have thirty (30) days from delivery of a modification to test such modification. In the event Client does not report an issue with such modification to Tyler within such thirty (30) day period, the modification will be deemed in compliance with the specifications.

2. Prices do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

3. Payment is due within thirty (30) days of the invoice date.

4. The first annual Application Software Maintenance Fees of \$30,834.00 which cover the one (1) year period commencing upon installation of the Tyler Software Products are hereby waived. Subsequent annual Application Software Maintenance Fees will be due on the anniversary of the installation date of the Tyler Software Products.

5. Upon the CLIENT exercising the option to purchase OSDBA and Disaster Recovery, Tyler will invoice CLIENT 100% of the Year 1 OSDBA Fee (\$7,709.00) and 100% of the Year 1 Disaster Recovery Fee (\$7,709.00) as delivered upon execution.



APPRAISAL & TAX

COURTS & JUSTICE

EDUCATION

FINANCIAL MANAGEMENT

PUBLIC SAFETY

SOFTWARE AND SERVICES
FOR THE PUBLIC SECTOR

Tom Green County, TX

Client COPY

INCODE PRODUCT DIVISION
5808 14th Street
Lubbock, Texas 79416

P. 800-646-3633
T. 806-797-0761

www.tyler-incode.com

VOL. 88 PG. 165



Tyler Technologies, Inc.

5808 4th Street Lubbock, Texas 79416 Phone 800.646.2633 Fax 806.797.4849 tylerworks.com

August 27, 2007

Johnny Grimaldo
Tom Green County
113 W. Beauregard
San Angelo, TX 76903

Dear Johnny,

We appreciate the trust and confidence you have placed in Tyler Technologies by choosing to purchase our Financial and Administrative Data Solution for Tom Green County. We will do our best to honor your trust with quality products and support.

I am enclosing Tyler Technology's standard agreements for you to review. These agreements outline the products and services purchased and the governing language establishing our respective responsibilities. During your review, if you have any questions about these agreements, please call Kirk Cunningham or myself.

Please return an executed copy of these agreements to Tyler Technologies, attn: Lori Dudley Sales Administration Manager, via Federal Express or UPS. If the agreements are not returned within 90 days from the issue date, they will be voided and prices are subject to change. Additionally, please keep one copy for your records.

In addition, please return a completed copy of your state's Sales and Use Tax Exemption Certification and/or Resale Certificate. We are required to charge sales tax unless we receive this documentation. Also, please verify the files to be converted by Tyler Technologies, if any. If all the files that you have requested to be converted are not included in these agreements, then please notify us immediately.

When the signed and executed agreements have been received by the Tyler Technologies office, implementation will proceed. You will receive communication regarding the following documents:

- A Customer Survey
- The Hardware System Requirements
- Sample Forms Packet (if applicable)
- Conversion Statement (if applicable)
- Customer Signature Page
- Additional items as needed

Once the appropriate items are reviewed, completed and returned to Tyler Technologies, our Scheduling Coordinator will contact you to facilitate the implementation process.

Again, thank you for choosing Tyler Technologies. We look forward to working with you and the other staff members at Tom Green County.

Sincerely,

S. Brett Cate
President, INCODE Solution

System Agreement Between

Tyler Technologies, Inc.

5808 4th Street
Lubbock, Texas 79416
(800) 646-2633
(806) 797-4849 Fax

AND

Tom Green County

113 W. Beauregard
San Angelo, TX 76903
Phone: (325) 659-6500
Fax: (325) 659-5441

tyler

tyler

AGREEMENT

This agreement is entered into by and between Tyler Technologies, Inc., hereinafter referred to as COMPANY, located at 5808 4th Street, Lubbock, Texas 79416; and; Tom Green County, hereinafter referred to as CLIENT on, 8-28, 2007.

COMPANY and CLIENT agree as follows:

1. COMPANY shall furnish the products and services as described in this Agreement, and CLIENT shall pay the prices set forth in this Agreement.
2. This Agreement consists of this Cover and the following Attachments and Exhibits:

Part A	Investment Summary (A-D)
Part B	COMPANY Agreement Terms and Conditions
Part C	Addendum A
3. The License Fees set forth in the Investment Summary are based on defined category levels. Placement within a category is based on the size of the organization serviced and measured by such factors as operating budget, number of employees, number of utility accounts, number of sworn officers, population of the entity, etc.

IN WITNESS WHEREOF, persons having been duly authorized and empowered to enter into this Agreement hereunto executed this Agreement effective as of the date last set forth below.

Client: Tom Green County

By: [Signature]

Signature MIKE BROWN

Printed Name COUNTY JUDGE

Title 8-28-07

Date 75-6001184

Sales Tax Certificate Number

Tyler Technologies, Inc.:

By: [Signature]

Signature S. Brett Cate

Printed Name President, INCODE Solution

Title 8/27/07

Issue Date

Investment Summary

Prepared for:	Tom Green County	Contract ID # :	2007-0263
Contact Person:	Johnny Grimaldo	Issue Date:	8/27/07
Address:	113 W. Beauregard San Angelo, TX 76903	Salesman:	K. Cunningham
Phone:	(325) 659-6500	Tax Exempt:	Yes / No
Fax:	(325) 659-5441		
Email:	jgrimaldo@co.tom-green.tx.us		

Tyler Software Products	Application Software License Fees	Year 1 Application Software Maintenance Fees	Consulting		Implementation		Conversion
			Days	Cost per Day	Days	Cost per Day	
Accounting, General Ledger, Budgeting, Accounts Payable	\$28,000	\$5,220	1	\$1,250	16	\$1,100	\$8,200
Requisitions	\$5,000	\$900	1	\$1,250	3	\$1,100	\$0
Purchase Orders	\$7,700	\$1,386	1	\$1,250	2	\$1,100	\$1,800
Treasury Management	\$6,000	\$900	1	\$1,250	1	\$1,100	\$0
Work Orders, Fleet and Facilities	\$8,950	\$1,611	3	\$1,250	8	\$1,100	\$8,000
Project Accounting	\$6,000	\$1,080	1	\$1,250	2	\$1,100	\$0
Fixed Assets	\$7,700	\$1,386	1	\$1,250	3	\$1,100	\$3,000
Bid Management	\$3,300	\$594	1	\$1,250	1	\$1,100	\$0
Payroll	\$23,500	\$4,230	2	\$1,250	21	\$1,100	\$18,800
Human Resources Management	\$11,500	\$2,070	1	\$1,250	6	\$1,100	\$0
Applicant Tracking	\$5,500	\$990	1	\$1,250	2	\$1,100	\$0
Self Service for Employees (self-hosted)	\$7,000	\$1,260	0	\$1,250	1	\$1,100	\$0
Accounts Receivable	\$6,600	\$1,188	1	\$1,250	3	\$1,100	\$0
General Billing	\$3,000	\$540	1	\$1,250	2	\$1,100	\$0
Time Keeping Interface	\$2,300	\$594	1	\$1,250	2	\$1,100	\$0
MUNIS Office	\$5,000	\$900	0	\$1,250	1	\$1,100	\$0
Business Object and MUNIS Crystal Reports	\$7,500	\$1,875	0	\$1,250	2	\$1,100	\$0
GASB 34 Report Writer	\$6,500	\$1,530	0	\$1,250	3	\$1,100	\$0
Workflow	\$0	\$0	0	\$1,250	5	\$1,100	\$0
System Administration Security	\$0	\$0	0	\$1,250	5	\$1,100	\$0
Tyler Forms Processing System	\$5,000	\$1,500	0	\$1,250	2	\$1,100	\$0
Tyler Forms Processing Go Docs	\$6,000	\$0	0	\$1,250	0	\$1,100	\$0
Tyler Content Management for MUNIS	\$6,000	\$1,080	0	\$1,250	0	\$1,100	\$0
							\$0
SUBTOTALS	\$171,050	\$30,834	17	\$19,550	91	\$91,000	\$39,800
Reduction Application Software License Fees	\$0						
100% reduction Year 1 Application Software Maintenance Fees		-\$30,834					
TOTALS	\$171,050	\$0	17	\$19,550	91	\$91,000	\$39,800

Third Party Products	Quantity	License Fee / Purchase Price per Unit	Total License Fees / Purchase Price	Year 1 Maintenance Fee Per Unit	Total Year 1 Maintenance Fee
Tyler Forms Processing Secure Signature (includes 1 backup card)	1	\$1,650	\$1,650	\$0	\$0
MUNIS User Site Licenses (includes back up server)	1	\$8,250	\$8,250	\$1,650	\$1,650
TOTALS			\$9,900		\$1,650

Other Professional Services	Price
Tyler Forms Processing purchase order distribution (50)	\$1,500
Tyler Forms Processing Finance Library	\$1,400
Tyler Forms Processing Human Resources Library	\$1,400
Tyler Forms Processing General Billing Library	\$1,500
Go Docs Installation and Configuration TCM	\$3,000
Installation of Tyler Software Products 1 Server and 1 Back Up Server	\$11,000
Project Planning Service	\$4,000
TOTAL	\$23,800

SUMMARY	
Application Software License Fees	\$171,050
Year 1 Application Software Maintenance Fees	\$0
Consulting	\$19,550
Implementation	\$91,000
Conversion	\$39,800
Third Party Products License Fees/Purchase Price	\$9,900
Third Party Products Year 1 Maintenance Fees	\$1,650
Other Professional Services	\$23,800
GRAND TOTAL	\$356,750

Tom Green County - Optional Services/Items

Optional Annual Services	Year 1 Fee
OSDBA	\$7,709
TOTAL	\$7,709

SUMMARY	
Optional Annual Services	\$7,709
GRAND TOTAL	\$7,709

Optional Items	License Fee / Purchase Price	Year 1 Maintenance Fees	Consulting		Implementation		Conversion/Installation Fee
			Days	Cost per Day	Days	Cost per Day	
Disaster Recovery		\$7,709					

Please Note: CLIENT has six (6) months from execution of this Agreement to exercise the purchase of the optional services/items listed above.

PART B – COMPANY TERMS & CONDITIONS

Section A - Software License Agreement

1. License Grant.

- a) Upon the Effective Date of this Agreement, Tyler hereby grants to Client a non-exclusive, non-transferable, royalty-free, revocable license to use the Tyler software products and related interfaces (collectively, the "Tyler Software Products") and Tyler user manuals for Client's internal business purposes only and otherwise subject to the terms and conditions of this Agreement. This license is revocable by Tyler if Client fails to comply with the terms and conditions of this Agreement, including without limitation, Client's failure to timely pay the Application Software License Fees in full. Upon Client's payment in full for the Tyler Software Products, this license shall become irrevocable, subject to the restrictions on use and other terms set forth in this Agreement.
- b) Tyler shall retain ownership of the Tyler Software Products and user manuals.
- c) The Tyler Software Products are not licensed to perform functions or processing for subdivisions or entities that were not disclosed to Tyler prior to the Effective Date of this Agreement.
- d) The right to transfer the Tyler Software Products to a replacement hardware system is included in this Agreement. Client shall pay Tyler for the cost of new media or any required technical assistance to accommodate the transfer. Client shall provide advance written notice to Tyler of any such transfer.
- e) Client acknowledges and agrees that the Tyler Software Products and user manuals are proprietary to Tyler and have been developed as trade secrets at Tyler's expense. Client shall use best efforts to keep the Tyler Software Products and user manuals confidential and to prevent any misuse, unauthorized use or unauthorized disclosure of the Tyler Software Products or user manuals by any party.
- f) The Tyler Software Products may not be modified by anyone other than Tyler. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on and warranty the Tyler Software Products shall be void. Client shall not perform decompilation, disassembly, translation or other reverse engineering on the Tyler Software Products.
- g) Client may make copies of the Tyler Software Products for archive purposes only. Client will repeat any and all proprietary notices on any copy of the Tyler Software Products. Client may make copies of the Tyler user manuals for internal use only.
- h) Tyler maintains an escrow agreement with an escrow services company under which Tyler places the source code of each major release of the Tyler Software Products. At Client's request, Tyler will add Client as a beneficiary to such escrow agreement. Client shall pay the annual beneficiary fee directly to the escrow services company and is solely responsible for maintaining its status as a beneficiary.

2. License Fees. Client agrees to pay Tyler, and Tyler agrees to accept from Client as payment in full for the license granted herein, the Application Software License Fees set forth in the Investment Summary.

PART B – COMPANY TERMS & CONDITIONS

3. Verification of the Tyler Software Products.

Client will select one (1) of the following two (2) options within thirty (30) days of installation by providing written notice to Tyler in accordance with Article 15 of Section E:

- a) Within sixty (60) days after the Tyler Software Products have been installed on Client's hardware, Tyler will verify the Tyler Software Products by demonstrating to Client that the Tyler Software Products perform all of the functions set forth in Exhibit 1 - Verification Test, which demonstration shall constitute verification that the Tyler Software Products substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client; or
- b) Within sixty (60) days after the Tyler Software Products have been installed on Client's hardware, Client may use its own process to verify that the Tyler Software Products perform all of the functions set forth in Exhibit 1 - Verification Test, which shall constitute verification that the Tyler Software Products substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client.
- c) Verification as described herein shall be final and conclusive except for latent defect, fraud, and a gross mistake that amounts to fraud. In the event verification is not final and conclusive, pursuant to this paragraph, Tyler shall correct the cause thereof. In the event Tyler cannot correct the cause thereof, Client may invoke its rights under Article 4 Limited Warranty of Section A - Software License Agreement.
- d) Tyler shall promptly correct any functions of the Tyler Software Products that failed verification.

4. Limited Warranty. For as long as a current Maintenance Agreement is in place, Tyler warrants that the Tyler Software Products will substantially conform to the then-current Tyler user manuals and the functional descriptions of the Tyler Software Products in Tyler's written proposal to Client. In the event of conflict between the afore-mentioned documents, the then-current Tyler user manuals shall control. If the Tyler Software Products do not perform as warranted, Tyler will use reasonable efforts, consistent with industry standards, to cure the defect. Should Tyler be unable to cure the defect or provide a replacement product, Client shall be entitled to a refund of the Application Software License Fee paid for the defective Tyler Software Product, as depreciated on a straight-line basis over a seven (7) year period commencing on the effective date of this Agreement.

5. Intellectual Property Infringement Indemnification. Tyler will defend and indemnify Client against any claim by an unaffiliated third party of this Agreement that a Tyler Software Product infringes that party's patent, copyright or other intellectual property right issued and existing as of the Effective Date or as of the distribution date of a release to the Tyler Software Product, and will pay the amount of any resulting adverse final judgment issued by a court of competent jurisdiction or of any settlement that Tyler pre-approves in writing, provided that Client promptly notifies Tyler in writing of any such claim, gives Tyler reasonable cooperation, information, and assistance in connection with it, and consent to Tyler's sole control and authority with respect to the defense, settlement

PART B – COMPANY TERMS & CONDITIONS

or compromise of the claim. Tyler will not be obligated under this section if the infringement results from: (i) Client's use of a previous version of a Tyler Software Product and the claim would have been avoided had you used the current version of the Tyler Software Product; (ii) Client's combining the Tyler Software Product with devices or products not provided by Tyler, (iii) use of a Tyler Software Product in applications, business environments or processes for which the Tyler Software Product was not designed or contemplated, and where use of the Tyler Software Product outside such application, environment or business process would not have given rise to the claim, (iv) corrections, modifications, alterations or enhancements that Client made to the Tyler Software Product; (v) use of the Tyler Software Product by any person or entity other than Client or Client's employees; or (vi) Client's willful infringement. In the event a Tyler Software Product is finally determined to be infringing and its use by Client is enjoined, Tyler shall, at its election (i) procure for Client the right to continue using the infringing Tyler Software Products; (ii) modify or replace the infringing Tyler Software Products so that it becomes non-infringing; or (iii) terminate Client's license for the infringing Tyler Software Product and refund to Client the Application Software License Fee paid for the infringing Tyler Software Product, as depreciated on a straight-line basis over a seven (7) year period commencing on the Effective Date of this Agreement. Tyler shall have no liability hereunder if (i) Client modified a Tyler Software Product without Tyler's prior written consent and such modification is determined by a court of competent jurisdiction to be a contributing cause of the infringement, (ii) Client continues using the infringing Tyler Software Product after Client becomes aware that such infringing Tyler Software Product is or is likely to become the subject of a claim hereunder, or (iii) the infringement would have been avoided by Client's use of the most current version of the Tyler Software Products. The foregoing states Tyler's entire liability and Client's sole and exclusive remedy with respect to the subject matter hereof.

6. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Software License Agreement, whether based on a theory of contract or tort, including negligence and strict liability shall be limited to the Application Software License Fees set forth in the Investment Summary. Such Application Software License Fees reflect and are set in reliance upon this limitation of liability.

Section B - Professional Services Agreement

1. Services. Tyler shall provide the services set forth in the Investment Summary at Client's election, including installation, consulting, implementation, conversion, and programming.

PART B – COMPANY TERMS & CONDITIONS

2. Professional Services Fees.

- a) Notwithstanding specific prices to the contrary set forth in the Investment Summary, all Consulting and Implementation services shall be invoiced in half-day and full-day increments.
- b) Upon the completion of each service day or group of days, Tyler will present a Customer Service Report to Client. Client shall either sign the report indicating acceptance of the service day and its subsequent billing, or not sign the report and note reasons for Client's non-acceptance of the service day. This acceptance is final.
- c) Verification in accordance with Article 3 Verification of the Tyler Software Products (a) of Section A - Software License Agreement shall be billable to Client at the rate for Implementation services set forth in the Investment Summary.
- d) Payment is due within thirty (30) calendar days of invoice receipt.
- e) Expenses shall be billed in accordance with the then-current Tyler Business Travel Policy, based on Tyler's usual and customary practices. Copies of receipts shall be provided on an exception basis at no charge. Should all receipts for non per diem expenses be requested, an administrative fee shall be incurred. Receipts for mileage and miscellaneous items less than five dollars (\$5) are not available.

3. Additional Services. Services utilized in excess of those set forth in the Investment Summary and additional related services not set forth in the Investment Summary shall be billed at Tyler's then current rates.

4. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the provision or quality of the services or the use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Professional Services Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the Consulting, Implementation, Conversion, and Other Professional Services fees set forth in the Investment Summary. Such fees reflect and are set in reliance upon this limitation of liability.

5. Cancellation. In the event Client cancels services less than two (2) weeks in advance, Client is liable to Tyler for (i) all non-refundable expenses incurred by Tyler on Client's behalf; and (ii) daily fees associated with the canceled services if Tyler is unable to re-assign its personnel.

Section C - Maintenance Agreement

1. Scope of Agreement. Client agrees to purchase and Tyler agrees to provide maintenance services for the Tyler Software Products in accordance with the following terms and conditions.

2. Term of Agreement. This Maintenance Agreement is effective on installation of the Tyler Software Products and shall remain in force for a one (1) year term. Upon

PART B – COMPANY TERMS & CONDITIONS

expiration of this Maintenance Agreement, Client may renew the Maintenance Agreement for subsequent one (1) year periods at the then-current Application Software Maintenance Fees.

3. Payment.

a) Additional Charges. Any maintenance services performed by Tyler for Client which are not covered by this Maintenance Agreement, as set forth in Article 5 of Section C Maintenance Agreement, including materials and expenses, shall be billed to Client at Tyler's then current rates.

b) Tyler reserves the right to suspend maintenance services if Client fails to pay undisputed Application Software Maintenance Fees within sixty (60) calendar days of the due date. Tyler will reinstate maintenance services upon Client's payment of the overdue Application Software Maintenance Fees.

4. Maintenance Services Terms and Conditions.

a) For as long as a current Maintenance Agreement is in place, Tyler shall, in a professional, good and workmanlike manner, perform its obligations in order to conform the Tyler Software Products to the applicable warranty under this Agreement. If Client modifies the Tyler Software Products without Tyler's prior written consent, Tyler's obligations to provide maintenance services on and warrant the Tyler Software Products shall be void.

b) Tyler shall provide telephone support on the Tyler Software Products.

c) Tyler shall continuously maintain a master set of the Tyler Software Products on appropriate media, a hardcopy printout of source code to the Tyler Software Products, and Tyler user manuals.

d) Tyler shall maintain personnel that are appropriately trained to be familiar with the Tyler Software Products in order to provide maintenance services.

e) Tyler shall provide Client with all releases Tyler makes to the Tyler Software Products. Client acknowledges and agrees that a new release of the Tyler Software Products is for implementation in the Tyler Software Products as they exist without Client customization or modification.

f) Client acknowledges and agrees that Tyler reserves the right to cease supporting a prior release of the Tyler Software Products six (6) months after shipping a new release of the Tyler Software Products.

5. Limitations and Exclusions. Application Software Maintenance Fees do not include installation or implementation of the Tyler Software Products, onsite support (unless Tyler cannot remotely correct a defect in a Tyler Software Product), application design, other consulting services, support of an operating system or hardware, and support outside Tyler's normal business hours.

6. Client Responsibilities.

a) Client shall provide, at no charge to Tyler, full and free access to the Tyler Software Products; working space; adequate facilities within a reasonable distance from the equipment; and use of machines, attachments, features, or other equipment necessary to provide maintenance services set forth herein.

PART B – COMPANY TERMS & CONDITIONS

b) Tyler currently utilizes “Go To Assist” as a secure commercial PC to PC remote connectivity tool to provide remote maintenance services. Client shall maintain for the duration of the Agreement a high-speed Internet connection capable of connecting to Client's PC's and server. Tyler strongly recommends that Client also maintain a modem connectivity (including PC-Anywhere, if necessary) for backup connectivity purposes. In the event Client uses the Tyler Software Products on a Windows platform, Client shall maintain a modem connection through PC-Anywhere. Tyler, at its option, shall use the connection to assist with problem diagnosis and resolution.

7. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or failure to realize savings arising out of or in connection with the provision or quality of maintenance services or use of the Tyler Software Products. Tyler's liability for damages and expenses arising out of this Maintenance Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the Application Software Maintenance Fees paid to Tyler during the twelve (12) months prior to the claim. Such Application Software Maintenance Fees reflect and are set in reliance upon this limitation of liability.

Section D - Third Party Product Agreement

1. Agreement to License or Sell Third Party Products. For the price set forth in the Investment Summary, Tyler agrees to license or sell and deliver to Client, and Client agrees to accept from Tyler the Third Party Products set forth in the Investment Summary (“Third Party Products”).

2. License of Third Party Products.

a) Upon Client's payment in full of the System Software License Fees, Tyler shall grant to Client and Client shall accept from Tyler a non-exclusive, nontransferable, non-assignable license to use the Third Party Products and related documentation for Client's internal business purposes, subject to the terms and conditions set forth herein.

b) The developer of the Third Party Products (each a “Developer”, collectively “Developers”) shall retain ownership of the Third Party Products.

c) The right to transfer the Third Party Products to a replacement hardware system is governed by the Developer. The cost for new media or any required technical assistance to accommodate the transfer would be billable charges to Client. Client shall provide advance written notice to Tyler of any such transfer.

d) Client acknowledges and agrees that the Third Party Products and related documentation are proprietary to the Developer and have been developed as trade secrets at the Developer's expense. Client shall use best efforts to keep the Third Party Products and related documentation confidential and to prevent any misuse, unauthorized use, or unauthorized disclosure of the Third Party Products and related documentation by any party.

e) Client shall not perform decompilation, disassembly, translation or other reverse engineering on the Third Party Products.

PART B – COMPANY TERMS & CONDITIONS

f) Client may make copies of the Third Party Products for archive purposes only. Client will repeat any and all proprietary notices on any copy of the Third Party Products. Client may make copies of the documentation accompanying the Third Party Products for internal use only.

3. Delivery. Unless otherwise indicated in the Investment Summary, the prices for Third Party Products include costs for shipment while in transit from the Developer or supplier to Client.

4. Installation and Acceptance. Unless otherwise noted in Addendum A or in the Investment Summary, the Tyler Software Product installation fee includes installation of the Third Party Products. Upon completion of installation, Client shall obtain from Tyler a certification of completion, or similar document, which shall constitute Client's acceptance of the Third Party Products. Such acceptance shall be final and conclusive except for latent defect, fraud, and a gross mistake as amount to fraud.

5. Site Requirements. Client shall provide a suitable environment, location and space for the installation and operation of the Third Party Products; sufficient and adequate electrical circuits for the Third Party Products; and installation of all required cables.

6. Warranties.

a) Tyler is authorized by each Developer to grant licenses or sublicenses to the Third Party Products.

b) Tyler warrants that each Third Party Product shall be new and unused, and if Client fully and faithfully performs each and every obligation required of it under this Third Party Product Agreement, Client's title or license to each Third Party Product shall be free and clear of all liens and encumbrances arising through Tyler.

c) Client acknowledges and agrees that Tyler is not the manufacturer of the Third Party Products. As such, Tyler does not warrant or guarantee the condition or operating characteristics of the Third Party Products. Tyler hereby grants and passes through to Client any warranty adjustments that Tyler may receive from the Developer or supplier of the Third Party Products.

7. Maintenance.

a) In the event Client elects not to purchase through Tyler maintenance services on the Third Party Products, it shall be the responsibility of Client to repair and maintain the Third Party Products and purchase enhancements as necessary after acceptance.

b) In the event Client elects to purchase through Tyler maintenance services on the Third Party Products, Tyler will facilitate resolution of a defect in a Third Party Product with the Developer.

c) In the event the Developer charges a fee for future Third Party Software release(s), Client shall be required to pay such fee.

8. Limitation of Liability. In no event shall Tyler be liable for special, indirect, incidental, consequential, or exemplary damages, including, without limitation, any damages resulting from loss of use, loss of data, interruption of business activities, or

PART B – COMPANY TERMS & CONDITIONS

failure to realize savings arising out of or in connection with the use of the Third Party Products. Tyler's liability for damages and expenses arising out of this Third Party Product Agreement, whether based on a theory of contract or tort, including negligence and strict liability, shall be limited to the License Fee/Purchase Price of the Third Party Products. Such prices are set in reliance upon this limitation of liability.

Section E - General Terms and Conditions

1. Taxes. The fees set forth in the Investment Summary do not include any taxes, including, without limitation, sales, use or excise tax. All applicable taxes shall be paid by Tyler to the proper authorities and shall be reimbursed by Client to Tyler. In the event Client possesses a valid direct-pay permit, Client will forward such permit to Tyler on the Effective Date of this Agreement, in accordance with Article 15 of Section E General Terms and Conditions. In such event, Client shall be responsible for remitting all applicable taxes to the proper authorities. If tax-exempt, Client shall provide Tyler with Client's tax-exempt certificate.

2. Invoice Dispute.

a) In the event Client believes products or services do not conform to warranties in this Agreement, Client shall provide written notice to Tyler within fifteen (15) calendar days of receipt of the applicable invoice. Client is allowed an additional fifteen (15) calendar days to provide written clarification and details. Tyler shall provide a written response to Client that shall include either a justification of the invoice or an adjustment to the invoice. Tyler and Client shall develop a plan to outline the reasonable steps to be taken by Tyler and Client to resolve any issues presented in Client's notice to Tyler. Client may only withhold payment of the amount actually in dispute until Tyler completes its action items outlined in the plan. Notwithstanding the foregoing, if Tyler is unable to complete its actions outlined in the plan because Client has not completed its action items outlined in the plan, Client shall remit full payment of the invoice.

b) Any invoice not disputed as described above shall be deemed accepted by Client. Tyler reserves the right to suspend delivery of all services in the event Client fails to pay an invoice not disputed as described above within sixty (60) calendar days of receipt of invoice.

3. Force Majeure. Neither party shall be liable for delays in performing its obligations under this Agreement to the extent that the delay is caused by force majeure.

Force majeure shall not be allowed unless:

a) Within five (5) business days of the occurrence of force majeure, the party whose performance is delayed thereby shall provide the other party or parties with written notice explaining the cause and extent thereof, as well as a request for a time extension equal to the estimated duration of the force majeure events.

b) Within ten (10) business days after the cessation of the force majeure event, the party whose performance was delayed shall provide the other party written notice of the time at which force majeure ceased and a complete explanation of all pertinent events pertaining to the entire force majeure situation.

PART B – COMPANY TERMS & CONDITIONS

Either party shall have the right to terminate this Agreement if Force Majeure suspends performance of scheduled tasks by one or more parties for a period of one hundred-twenty (120) or more days from the scheduled date of the task. This paragraph shall not relieve Client of its responsibility to pay for services and goods provided to Client and expenses incurred on behalf of Client prior to the effective date of termination.

4. Indemnification.

a) Subject to the limitation of liability set forth herein, Tyler shall indemnify and hold harmless Client and its agents, officials and employees from and against any and all claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) arising from Tyler's negligence or willful misconduct. Tyler shall not be liable to the degree or extent of damages, loss, or expense determined to be the fault of the Client.

b) Subject to the limitation of liability set forth herein, Client shall indemnify and hold harmless Tyler and its agents, officials and employees from and against any and all claims, losses, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) arising from Client's negligence or willful misconduct. Client shall not be liable to the degree or extent of damages, loss, or expense determined to be the fault of Tyler.

5. Disclaimer. THE RIGHTS, REMEDIES, AND WARRANTIES SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER RIGHTS, REMEDIES, AND WARRANTIES EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND SYSTEM INTEGRATION, WHICH ARE HEREBY DISCLAIMED BY TYLER.

6. Dispute Resolution. Client will notify Tyler in writing within fifteen (15) days of becoming aware of a dispute. If Tyler and Client cannot resolve such dispute within thirty (30) calendar days of Tyler's receipt of written notice from Client, the following procedure shall apply:

a) Each party shall appoint one (1) person to act as an impartial representative. The appointed individual shall be of sufficient knowledge and experience to understand and deal with the dispute but shall not be a person assigned to the project. The set of four (4) individuals consisting of Tyler's Project Manager for this project, Client's Project Manager for this project, and the two (2) appointees is called a Dispute Resolution Group.

b) The Dispute Resolution Group shall convene no later than twenty-one (21) calendar days after the expiration of the thirty (30) calendar day period referenced above and shall meet for a maximum of four (4) four (4) hour sessions during the subsequent four (4) business days, unless otherwise mutually agreed. Any resolution shall be in writing and signed by both parties. Such resolution shall constitute a binding amendment to the Agreement.

In the event the Dispute Resolution Group fails to resolve the dispute as set forth above, the dispute will be referred to non-binding mediation. Thereafter, either party may assert

PART B – COMPANY TERMS & CONDITIONS

its other rights and remedies under this Agreement within a court of competent jurisdiction.

Nothing in this Article shall prevent a party from applying to a federal or state court of competent jurisdiction to obtain injunctive relief pending resolution of the dispute through the dispute resolution procedures set forth herein.

7. No Intended Third Party Beneficiaries. This Agreement is entered into solely for the benefit of Tyler and Client. No third party shall be deemed a beneficiary of this Agreement, and no third party shall have the right to make any claim or assert any right under this Agreement.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Client's state of domicile.

9. Entire Agreement. This Agreement represents the entire agreement of Client and Tyler with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. Client hereby acknowledges that in entering into this Agreement it did not rely on any information not explicitly set forth in this Agreement.

10. Severability. If any term or provision of this Agreement or the application thereof shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11. Modification. This Agreement may only be modified by written amendment signed by authorized representatives of both parties.

12. Termination.

a) Termination for Convenience. In the event of Client's termination of this Agreement for convenience, Client shall provide Tyler with thirty (30) days' advance written notice of Client's intent to terminate this Agreement. Client shall pay Tyler for products, services and expenses delivered or incurred prior to the date Tyler received Client's notice of termination.

b) Termination for Cause. In the event of Tyler's failure to perform under this Agreement, Client shall immediately notify Tyler in writing of such failure and allow Tyler a thirty (30) day period in which to cure such failure. If, at the end of the cure period, Tyler has not cured such failure, Client will have the right to terminate this Agreement. Upon such termination, Client shall pay Tyler for all products, services, and expenses not in dispute which were delivered or incurred prior to the date Tyler received Client's notice of termination. Payment for products, services, and expenses in dispute will be determined in accordance with the dispute resolution process.

PART B – COMPANY TERMS & CONDITIONS

13. Approval of Governing Body. Client represents and warrants to Tyler that this Agreement has been approved by its governing body and is a binding obligation upon Client.

14. No Assignment. Client may not assign its rights and responsibilities under this Agreement without Tyler's prior written permission, not to be unreasonably withheld.

15. Notices. All notices or communications required or permitted as a part of this Agreement shall be in writing (unless another verifiable medium is expressly authorized) and shall be deemed delivered when:

- 1) Actually received,
- 2) Upon receipt by sender of a certified mail, return receipt signed by an employee or agent of the party,
- 3) Upon receipt by sender of proof of email delivery, or
- 4) If not actually received, ten (10) days after deposit with the United States Postal Service authorized mail center with proper postage (certified mail, return receipt requested) affixed and addressed to the respective other party at the address set forth in this Agreement or such other address as the party may have designated by notice or Agreement amendment to the other party.

Consequences to be borne due to failure to receive a notice due to improper notification by the intended receiving party of a new address will be borne by the intended receiving party. The addresses of the parties to this Agreement are as in the Investment Summary.

16. Independent Contractor. This is not an Agreement of partnership or employment of Tyler or any of Tyler's employees by Client. Tyler is an independent contractor for all purposes under this Agreement.

17. Insurance. Prior to performing services under this Agreement, Tyler shall provide Client with certificates of insurance evidencing the following insurance coverage:

- a) Commercial general liability of at least \$1,000,000;
- b) Automobile liability of at least \$1,000,000;
- c) Professional liability of at least \$1,000,000; and
- d) Workers compensation complying with statutory requirements.

18. Confidentiality. Both parties recognize that their respective employees and agents, in the course of performance of this Agreement, may be exposed to confidential information and that disclosure of such information could violate rights to private individuals and entities. Each party agrees that it will not disclose any confidential information of the other party and further agrees to take appropriate action to prevent such disclosure by its employees or agents. The confidentiality covenants contained herein shall survive the termination or cancellation of this Agreement for a period of two (2) years. This obligation of confidentiality shall not apply to:

- (a) information that at the time of the disclosure is in the public domain;
- (b) information that, after disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Agreement by a party;

PART B – COMPANY TERMS & CONDITIONS

(c) information that a party can establish by reasonable proof was in that party's possession at the time of disclosure;

(d) information that a party receives from a third party who has a right to disclose it to that party; or

(e) information that is subject to Freedom of Information Act requests, only to the extent disclosure is based on the good faith written opinion of the receiving party's legal counsel that disclosure is required by law: provided, however, that that receiving party shall give prompt notice of the service of process or other documentation that underlies such requirement and use its best efforts to assist the disclosing party if the disclosing party wishes to obtain a protective order or otherwise protect the confidentiality of such confidential information. The disclosing party reserves the right to obtain protective order or otherwise protect the confidentiality of its confidential information.

19. Nondiscrimination. Tyler shall not discriminate against any person employed or applying for employment concerning the performance of Tyler's responsibilities under this Agreement. This discrimination prohibition shall apply to all matters of initial employment, tenure, and terms of employment, or otherwise with respect to any matter directly or indirectly relating to employment concerning race, color, religion, national origin, age, sex, sexual orientation, ancestry, disability that is unrelated to the individual's ability to perform the duties of a particular job or position, height, weight, marital status, or political affiliation.

20. Subcontractors. Tyler shall not subcontract any services under this Agreement without Client's prior written permission, not to be unreasonably withheld.

21. Non-appropriation. If Client should not appropriate or otherwise make available funds sufficient to purchase, lease, operate or maintain the products set forth in this Agreement, or other means of performing the same functions of such products, Client may unilaterally terminate this Agreement only upon thirty (30) days written notice to Tyler. Upon termination, Client shall remit payment for all products and services delivered to Client and all expenses incurred by Tyler prior to Tyler's receipt of the termination notice.

22. Shipping. Delivery shall be F.O.B. shipping point.

23. Business License. In the event a local business license is required for Tyler to perform services hereunder, Client will notify Tyler prior to the Effective Date of this Agreement and will provide Tyler with the necessary paperwork and/or contact information.

PART C – ADDENDUM A

The following are clarifications and/or modifications to the Agreement. In the event of a conflict between Addendum A and the Agreement, Addendum A shall prevail.

1. Payment Terms.

a) Tyler will invoice \$42,762.50 upon the Effective Date of this Agreement. Such amount equals 25% of the Application Software License Fees.

b) Tyler will invoice Client \$97,075.00 upon delivery of the Tyler Software Products. Such sum equals:

50% of the Application Software License Fees (\$85,525.00)

100% of the Third Party Product License Fees/Purchase Price (\$9,900.00)

100% of the Third Party Product Year 1 Maintenance Fees, excluding MUNIS GUI Runtime (\$1,650.00)

c) Tyler will invoice Client \$42,762.50 upon verification of the Tyler Software Products in accordance with Article 3 of Section A Software License Agreement ("Verification") Such amount equals 25% of the Application Software License Fees. Unless Client notifies Tyler in writing that the Tyler Software Products have failed Verification, Verification will be deemed to have occurred ninety (90) days after delivery of the Tyler Software Products.

d) Tyler will invoice Client fees for Consulting, Implementation, Conversion, and Other Professional Services, plus expenses, if and as provided/incurred.

e) Tyler will invoice Client fees for modifications 50% upon delivery of specifications and 50% upon delivery of modification. Tyler will perform a modification upon receipt of written notice to proceed from Client. Client will have thirty (30) days from delivery of a modification to test such modification. In the event Client does not report an issue with such modification to Tyler within such thirty (30) day period, the modification will be deemed in compliance with the specifications.

2. Prices do not include travel expenses incurred in accordance with Tyler's then-current Business Travel Policy.

3. Payment is due within thirty (30) days of the invoice date.

4. The first annual Application Software Maintenance Fees of \$30,834.00 which cover the one (1) year period commencing upon installation of the Tyler Software Products are hereby waived. Subsequent annual Application Software Maintenance Fees will be due on the anniversary of the installation date of the Tyler Software Products.

5. Upon the CLIENT exercising the option to purchase OSDBA and Disaster Recovery, Tyler will invoice CLIENT 100% of the Year 1 OSDBA Fee (\$7,709.00) and 100% of the Year 1 Disaster Recovery Fee (\$7,709.00) as delivered upon execution.

#19

Tom Green County



Johnny S. Grimaldo
Purchasing Agent

113 W. Beauregard
San Angelo, Texas 76903
325-659-6500/Fax 325-659-5441

Mary I. Adame
Purchasing Assistant

Thursday, August 09, 2007

Madison Life Group Term Insurance

Attn: Dee Herring, Martin – Herring and Zesch & Pickett Insurance, LLP

San Angelo, Texas 76904

Madison Life Group Term Life Plan,

Tom Green County Commissioners' Court is interested in renewing RFP 06-023 "Life Insurance" for an addition 12 month period with no associated increase in the current rate. The original proposal was offered jointly to the City of San Angelo and Tom Green County and this renewal offer extends only to the Tom Green County. The contract year will expire September 30, 2007. If your firm is in agreement to renew this contract please sign below. The new term for this agreement will be October 1, 2007 through September 30, 2008.

Sincerely,
Johnny S. Grimaldo
Purchasing Agent

I agree to the renewal of this contract. ✓

MARK EISENBERG
Life Re Dental Rep. Signature

I do not wish to renew this contract. _____

8-28-07
Date

Tom Green County agrees to renew this contract. _____

Michael D. Brown
Michael D. Brown, County Judge

8-28-07
Date



Indigent Healthcare Solutions

MEMORANDUM OF UNDERSTANDING

Indigent Healthcare Solutions Ltd. (IHS) , of Conroe, Texas, hereby agrees that effective September 11, 2007, IHS will install its latest Windows™ release of indigent health care software, (Release VI) in the Tom Green County Indigent Health Care Office. IHS will activate 4 Concurrent Users approved by the Tom Green County Commissioners Court and documented in the Data Processing Services Agreement.

IHS further agrees that it will waive its normal billable rate for said software for a period ending September 30, 2007. This Memorandum of Understanding supersedes Section 11 of the Data Processing Services Agreement for the term September 11, 2007 – September 30, 2007. Effective for October services, IHS shall begin billing and Tom Green County agrees to pay the amount(s) reflected in the attached Data Processing Services Agreement. At such time this Memorandum Of Understanding shall terminate.

In WITNESS WHEREOF, we have executed this Memorandum of Understanding as of the 28 day of Aug 2007.

County

By:

Name Printed: Hon. Mike Brown

Title: Tom Green County Judge

Date:

IHS

By:

Name Printed: Brad Sibley

Title: Vice-President & General Manager

Date:

Data Processing Services Agreement

THIS AGREEMENT is entered into and executed on the date set forth below, by and between Indigent Healthcare Solutions, Ltd. ("IHS"), having offices located at 2040 North Loop 336, Suite 304, Conroe, Texas 77304, and Tom Green _____ County ("County") with administrative offices located at 122 West Harris, San Angelo, Texas 76903 :

Check one: ☐ Onsite Installation ☒ Hosted Installation

WHEREAS, the Commissioners Court of the County has determined that a public necessity exists to preserve, store, process, retrieve and organize certain data and information of the County in order to prevent material losses to the County and to comply with the terms and conditions of the Texas Indigent Health Care and Treatment Act, Texas Health & Safety Code, Subtitle C, Chapter 61 (the "Act");

WHEREAS the Commissioners Court of the County has determined that it needs to contract for data processing services; and

WHEREAS, the Commissioners Court of the County has determined that such data processing services would be best provided by IHS; and

WHEREAS, IHS is willing to enter into this agreement upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the premises stated above and of the mutual covenants, agreements, and promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. AGREEMENT TO PROVIDE SERVICES
The County agrees to retain IHS as an independent contractor, and IHS agrees to provide service to the County upon the terms and conditions hereinafter stated.

2. TERM
This agreement shall have an Initial Term of Two (2) years commencing on October 1, 2007, and continuing to and including October 1, 2009.

3. POST-EXPIRATION ASSISTANCE
Upon termination of this Agreement in part or in full by action of the terms herein or upon action of the parties,

IHS will assist in the transferal of the County's data files in the possession of IHS pursuant to this Agreement, including conversion of such data to an other data format usable by the County; provided, however, that use of such format does not violate the proprietary rights of IHS or any third party.

The County shall be responsible for reasonable fees to and costs incurred by IHS for such transferal or reformatting of data, at IHS' then-prevailing rates for time and materials, and any costs and expenses of associated travel, including reasonable per diem expenses. The County shall specify in writing to IHS what data records County desires to be converted, the format requested, and the media on which the converted data is requested to be written or recorded; provided,

that IHS and County shall mutually agree on the data to be converted, the format of such converted data, and the media on which such converted data shall be written or recorded.

If this Agreement has been terminated under Section 6 on the basis that funds have not been appropriated, IHS shall have no obligation hereunder to provide such transferal or conversion assistance to the County unless and until the County certifies in writing that funds are available for such services from current sources and the County is committed to pay IHS for such services from such current sources.

The County shall be solely responsible for obtaining and for the costs of any applicable third party licenses that may be required to accomplish or permit the conversion to the agreed format and using the agreed media.

4. AUTHORIZATION

The County Judge of the County certifies that all appropriate steps to legally enter into this Agreement have been taken on behalf of the County, that the matter has been approved by the Commissioners Court and that the terms of this Agreement are understood and agreed by County. Moreover, the County Judge certifies that all laws, rules and regulations as well as any local governmental rules were followed with regard to acceptance of this contract and that this agreement meets all standards for governmental contracts.

5. BREACH, INVALIDATION OR EARLY TERMINATION

This Agreement shall automatically terminate upon the occurrence of any one or more of the following, whether or not notice is given to County, unless IHS in its sole discretion elects to continue to provide the Services under the terms of this Agreement: (i) any attempt or offer by County to transfer, sublicense or assign, or any actual transfer, sublicense or assignment of, this Agreement, the License Agreement, or any rights or obligations arising under either of these; (ii) because of any change in applicable law or regulation, or order of any court, regulatory agency or other instrumentality of government having jurisdiction and authority, which change or order has or likely will have the effect, as determined in the sole judgment of IHS, of substantially altering, or making impracticable IHS' performance of, the material terms and conditions of this Agreement or the License Agreement; or (iii) any assignment or transfer, whether actual or constructive, by operation of law or lawful order, including but not

limited to a receiver or trustee in bankruptcy taking possession, or an assignment for the benefit of creditors.

IHS shall have the right to terminate this Agreement immediately upon the material breach of this Agreement or of the License Agreement by County or any of its officers, elected officials, employees, agents or other representatives, by the giving of written notice to County, stating the reasons for such termination.

IHS reserves the right immediately to terminate this Agreement if any claims for copyright or patent infringement, or infringement or misappropriation of intellectual property or intellectual property rights, or for unfair competition or trade practices, or other misuse, relating to the Programs or any part thereof, are asserted against IHS, any relevant licensor of IHS, or the County or any of County's employees, officers, agents or representatives. Such determination shall be in the sole discretion of IHS. Termination on this basis shall be effective on notice in writing to County by IHS, stating the reason for such termination. In the event of such termination, IHS will make a good faith effort to assist County to arrange for substitute services; and IHS shall have the option, in lieu of such termination, to offer to provide reasonable substitute services on terms and conditions (if different than those specified in this Agreement with regard to obligations of IHS other than as to specific equipment, software and other materials) to be agreed by the parties.

The License Agreement shall terminate, without necessity of notice to County, upon termination or expiration of this Agreement, unless otherwise expressly agreed in writing by IHS.

If this Agreement is terminated or invalidated pursuant to Section 6 (except as otherwise expressly provided in this Agreement for termination under such section) or by County's breach, including but not limited to breach of the terms of any software or other license applicable to equipment or software used or provided by IHS in providing the Service, or invalidated by operation of law or lawful order, IHS shall have no duty to assist County as described by Section 3.

In the event of termination for any reason prior to the Expiration Date of the term hereof or any renewals thereof, IHS shall have the right immediately to reclaim possession of any of its property in the possession or under the control of the County (or any of its employees, officers, elected officials, agents or other

representatives), including IHS programs (including but not limited to the Programs specifically licensed in the Non-Exclusive License Agreement, **Attachment B** hereto ("License Agreement")), data, and related documentation or other support materials, and County shall have a duty to immediately return all such items and any and all copies of such items in its possession or under its control to IHS, and shall immediately refrain from using same; and in addition County promptly shall identify to IHS in writing any persons or entities, including County's employees, officers, elected officials, agents or representatives as well as third parties, that the County or any of its employees, officers, elected officials, agents or representatives know or reasonably suspect still possess or are using in whole or part any such IHS Property.

6. SUBJECT TO APPROPRIATION

This Agreement shall continue in force as set forth in Paragraph 2 above, subject only to the following limitation: The obligation of the County to make payments under this Agreement is subject to annual appropriation by the County in its budget of funds to make such payments.

In the event funds for this Agreement are or become unavailable due to non-appropriation, this Agreement will thereupon terminate without penalty to or further obligation hereunder of either party, as of the last date for which funds have been appropriated; provided, that the County will remain responsible for costs and fees accrued hereunder for periods prior to such non-appropriation termination; and provided, further, that any assistance provided to County by IHS in the transfer of County data, including but not limited to any conversion or formatting of data, shall be provided by IHS under the provisions of Section 3, and County's obligation thereunder to pay for such services shall not be excused by reason of the non-appropriation of funds for the Agreement as a whole.

County certifies that it has available funds for payment of this Agreement during the initial fiscal year of the County in the Initial Term hereof. Further, County agrees that it will notify IHS at least ninety (90) days prior to the end of its fiscal year if it does not intend to make such appropriation for the coming fiscal year. If this Agreement is not terminated pursuant to this section, then on or before ten (10) days before the beginning of each County fiscal year during the applicable term hereof, the County shall provide written certification that adequate funds have been appropriated by the County for the payment in full required under

this Agreement for such fiscal year.

7. SERVICES

During the Initial Term or any Renewal Term hereof, IHS shall provide data processing services to the County and its various specified departments, as described in **Attachment A** hereto ("Scope of Services and Schedule of Equipment") (the "Services"). IHS shall render the Services to the County as may be reasonably requested from time to time by the County. The Services will be provided either by utilizing equipment specified in **Attachment A** that is installed and operated by IHS on the premises of the County, as contemplated below in this Section 7 and in Section 16, or by Hosted Services based on servers located at an IHS site.

The County has the right to permit access and use of the Program(s) by authorized County employees, up to the User Number specified in **Attachment A** hereto; *provided*, that no more than the Concurrent User Number may access or use the Program(s) at any given time. The Client shall assign a unique User Identification Number to each authorized User, and shall provide to IHS a list of authorized Users and their User Identification Numbers upon request by IHS.

"User" shall mean a County employee who is authorized to access and use the Services.

"User Number" shall mean the maximum number of County employees who are authorized to access and use the Services, *i.e.*, the maximum number of Users.

"Concurrent User Number" shall mean the maximum number of Users who are authorized to access and use the Services at any given time.

IHS agrees to provide training to the County's personnel in the various County departments utilizing the Services hereunder, when, in the opinion of both parties, it will further the intent of this Agreement and facilitate and expedite the provision of the Services; provided, that only the initial orientation described below is included as part of the Monthly Fee.

The County acknowledges that certain computer programs will be utilized or otherwise made available by IHS in its provision of the Services hereunder, and that these programs (the "Programs") and their use by the County or on its behalf or for its benefit shall be

governed by the companion License Agreement (**Attachment B**), which is hereby incorporated into this Agreement, and by other applicable terms of this Agreement. In the event of a conflict between the terms of this Agreement or any amendment hereto and the License Agreement as it may be amended from time to time, the terms of the License Agreement shall control.

Initial Installation of the IHS Programs by IHS for the Services shall occur after an initial orientation of appropriate County personnel by IHS, to be arranged as specified in Section 17.E below. As contemplated in Section 17.E, the initial orientation shall be at no additional charge to the County if it is performed at IHS's offices in Conroe, Texas, or at a location in County's offices; but if the County elects to have such initial orientation at another location, or additional orientation sessions, the County shall be responsible for fees and reasonable costs associated with the provision of such orientation, regardless of location, at IHS's then-prevailing time and materials rates, including costs and expenses of IHS travel and reasonable per diem expenses.

Initial Installation of the Programs and equipment for the Services shall be performed at no additional cost to the County.

IHS will provide a server on which IHS Programs will be installed and operated by IHS, that will be connected to the County's network as appropriate for access by the County. That server may be located at a site on County's premises ("Onsite Installation") or at a remote site of IHS's choosing ("Hosting Site"), as specified in **Attachment A** hereto.

For Onsite Installation. After Initial Installation, access and maintenance of the Programs by IHS for Onsite Installation will be by remote access. The County shall be responsible for the provision of satisfactory remote access by IHS, as contemplated in Section 17.F below. After Initial Installation, any trips by IHS to the Onsite Installation site that may be required for maintenance, upgrades or other purposes shall be billed to the County on a time and materials basis, including costs and expenses of IHS travel and reasonable per diem expenses, and the County agrees to pay such charges, costs and expenses. The County will be responsible for all data backup for Onsite Installations, as provided in Section 17.C.

For Remote Installation. In the event Hosting has been selected by County, IHS will provide the Services

utilizing server(s) located at IHS site(s) ("Hosted Services") rather than at a County site. Access to the Hosted Services by the County will be via the Internet accessible from County workstations or other appropriate computer equipment, as applicable. IHS will provide security and access limitation at the Hosting installation site(s) in the form of the methods and procedures stated in **Attachment A** hereto as part of the Hosted Services, at no additional cost to the County. IHS will be responsible for data backup. The County will be responsible for obtaining and maintaining suitable Internet access via a reliable and competent Internet Service Provider ("ISP") or other suitable access provider or method (such as a virtual private network), and for providing and maintaining suitable internal local area networks and other infrastructure suitable to achieve such Internet access from the workstations or other locations from which the County will access the Hosted Services.

The County is responsible for all costs related to achieving such Internet access to the Hosted Services server(s), including but not limited to any costs of equipment, equipment and software installation and maintenance required to achieve such Internet access, and the costs of service by its ISP or other means of Internet access. The ISP (or other method of Internet access) must provide reliable Internet access, with the minimum performance criteria identified in **Attachment A**. The County shall identify its proposed ISP (or other method of Internet access) and provide appropriate supporting detail and technical specifications about the ISP (or other method of access) service to IHS for approval, the giving or denying of which shall be based on IHS's best professional judgment. If, in IHS's sole judgment, the County's proposed ISP (or other method of Internet access) has capabilities inadequate to permit appropriately reliable, accurate and fast access to the Hosted Services, or if an ISP (or other method) used by the County, even if previously approved by IHS, has provided inadequate or unreliable access, on written request by IHS, the County agrees promptly to replace the ISP (or other method) with another having suitable capability and performance record, subject to IHS's approval.

If, having elected Hosted Services against IHS's advice to do so based on IHS's assessment that available ISPs (or other methods) will not provide the County with adequate access to Hosted Services, or if available ISPs (and other methods) lack or have shown by performance to lack ability to provide adequate and reliable access to Hosted Services, IHS may request in

writing that the County convert to an Onsite Installation; if the County elects not to do so, IHS may at its sole discretion terminate this Agreement without penalty or further obligation to the County, other than the obligation to return the County's data to it and to assist the County with data conversion specified in Section 3. Conversion to an Onsite Installation, if elected by the County will be at the County's expense, with costs of IHS-provided equipment (including Onsite server(s)) and Onsite Initial Installation at County expense, at IHS's then-prevailing rates for labor and equipment, and including per diem and reasonable travel expenses for any IHS personnel visits to the new site.

8. SPECIAL SERVICES

IHS will from time to time provide the County with such special services or supplies outside the stated scope of the Services but related thereto as may reasonably be requested or approved by the County, and for which special services funds have been appropriated, including but not limited to: special data entry services, such as conversion, program and test data keypunching, and other data entry; computer runs; or industrial or systems engineering services; provided, that the County and IHS agree upon the fees and costs therefor, that the County approves, in writing, payment for such special services, and certifies in writing that appropriated funds are available to pay for such special services. Special services shall include conversion, formatting or other handling of data to be maintained or utilized by IHS under this Agreement, whether such data is provided to IHS by County or on County's behalf by a previous or existing third-party County service provider, as may be reasonable or necessary.

For any custom programming (*i.e.*, any programming or other services not identified in Attachment A) that is requested by County and which IHS agrees to provide, IHS shall provide County an estimate of the time and materials, and any other anticipated costs and expenses (such as travel), likely to be required to accomplish the requested custom programming, based on IHS' then-prevailing rates for such custom programming services. County shall have the option thereafter to have the custom programming performed. Upon County providing a written certification that appropriated funds are available from current sources to pay for such custom programming services, IHS shall perform such services. IHS shall bill County, and County agrees to pay, for the actual time, materials and other costs and expenses incurred in performing the custom programming, at IHS' then-prevailing rates.

The County is responsible that its networks, databases and other records; its workstations or other computers or equipment of any kind used by County staff or others to access, send, receive, print, write or record, manipulate, store, backup (see section 17.C), restore (see section 17.C), or otherwise use (collectively hereinafter "Access") individually identifiable health information ("IIHI"; also referred to as protected health information, "PHI"); its security and security procedures and controls, and Access and authorization procedures and controls; and any other relevant County functions or procedures concerning such data or Access thereto, are compliant with the Health Insurance Portability and Accountability Act ("HIPAA"), 29 U.S.C. §§ 1181, et seq., and all applicable regulatory rules or guidelines implementing HIPAA ("HIPAA Regulations") (both collectively "HIPAA" unless otherwise stated), as the statute or such regulatory rules or guidelines may be amended from time to time, and including any successor statutes or regulatory rules or guidelines. IHS is providing the Programs on an "as is" basis. If additional equipment, software or other programming beyond the Programs "as is" status, or procedures are required so that the data processing services provided by IHS hereunder for the County may be achieve compliance with HIPAA, considering the County's network, operating systems, and equipment and their configuration, deployment and other characteristics, the County's program, applications and data access practices and procedures, staffing, Access and other security rules and procedures, or other relevant factors, comply with HIPAA, County shall be responsible for the costs of compliance by IHS, on a time and materials basis at IHS' then-prevailing rates, and costs and expenses of any associated IHS travel, including reasonable per diem expenses.

If IHS is requested to provide assistance to County to respond to any request made under the Texas Public Information Act, IHS shall be compensated by County for any such assistance that is outside the scope of the standard reporting specified in Attachment A, on a time and materials basis at IHS' then-prevailing rates.

9. OWNERSHIP AND CONFIDENTIALITY

The County's data files and the data contained therein shall be and remain the County's property. All the existing data and data files of the County shall be returned to it by IHS at the Expiration Date or upon earlier termination of this Agreement. The County's data shall not be utilized by IHS for any purpose other than that of rendering services to the County under this Agreement and will not be disclosed, sold, assigned,

leased, or disseminated to third parties, by IHS, or commercially used or exploited by or on behalf of IHS, its employees or agents.

10. PROTECTION OF COUNTY DATA

IHS shall establish and maintain reasonable safeguards against the destruction or loss of the County's data in the possession of IHS, which safeguards shall at least meet the standards of safety maintained by the County for like data. As provided in Section 17.C below, for Onsite Installations, the County shall be responsible for daily and monthly backup of data.

11. MONTHLY FEES; INTEREST; TAXES Commencing 10/01/2007

and on the first day of each succeeding month thereafter during the term of this Agreement or extension hereto, the County shall pay to IHS at its office in Montgomery County, Texas, as advance monthly fees for the Service, the sum of \$2,274.00 Dollars (\$) (the "Monthly Fee"), except that the initial payment shall be for the first and last month of the term in advance, that is, shall be equal to twice the Monthly Fee quoted in this section.

In the event the County elects to add additional equipment or software, or to request substitute equipment or software, during the term of the Agreement, IHS shall provide it, subject to availability and there being appropriated funds certified by the County in writing and sufficient to cover associated additional or increased costs and fees associated with such additional or replacement equipment and software. IHS may require an initial fee for the costs of providing the requested additional equipment or software. The Monthly Fee applicable thereafter may be increased by IHS as necessary to reflect any additional cost to IHS of providing, installing, maintaining, repairing and, as appropriate, operating each requested additional device and any associated software or licenses.

Timely payment in full of fees and other costs when due is a material obligation of the County. Payments are due within thirty (30) days of invoice by IHS. Amounts due and payable by County but not timely received by IHS shall accrue interest at the maximum rate permitted by law from the first day past due until paid.

County shall be responsible for any and all taxes or levies of any kind or character whatever that may be assessed or due on account of the Services, except any receipts taxes or income taxes of IHS. If County claims

exemption from any particular tax or taxes, such as sales taxes, County must provide IHS with a copy of the applicable tax exemption certificate.

12. TERMINATION

Except as otherwise provided herein for immediate termination by IHS, if the County defaults in any required payments to IHS, or fails to perform any other material obligation hereunder, IHS shall notify the County in writing of such default, including a brief statement of the facts constituting the claimed default. If the County does not cause such default to be remedied within ten (10) days after receipt of such written notice, IHS shall have the right to terminate this Agreement with no further written notice to County, and without penalty to IHS. Such termination for default will not relieve the County of its obligation to pay all fees and costs accrued or otherwise due and payable under this Agreement as of the date of such termination; and shall not operate to waive or diminish any other rights of IHS hereunder, or to obtain such other relief at law or in equity to which it may be entitled.

If IHS defaults in its obligations hereunder, County shall notify IHS in writing of such claimed default, including a statement of the facts asserted as the basis for such claimed default. IHS shall have a reasonable time after receipt of such written notice to review the County's claim and respond to County with an estimate of the time required to cure the claimed default. IHS shall then cause such default to be remedied within the estimated time. If timely cure is not made by IHS, the County shall have the right by further written notice to IHS to terminate this Agreement; provided, that such termination shall not operate to excuse County of payment for all costs and fees accrued hereunder prior to such termination. Except as provided in this Section and in Section 6, this Agreement shall not be cancelable by the County.

13. TIME REQUIREMENTS

IHS is not required to devote its efforts exclusively to the performance of this Agreement, and IHS shall not be prohibited from engaging in other employment or transacting other business related to its field of endeavor and expertise.

14. INDEPENDENT CONTRACTOR

The parties contemplate and intend that the relationship of IHS to County at all times during the term of this Agreement and any extensions thereof shall be that of an independent contractor and not an employee of the

County; and nothing in this Agreement or any license, document or attachment made a part hereof, nor any oral agreement, discussion or representation between the parties, shall be construed or applied to create any relationship between the parties other than that of IHS as an independent contractor. IHS shall provide its own personnel for the completion of its services hereunder and agrees to properly insure them. Other than as may be expressly provided herein to the contrary, IHS is and shall be the sole and exclusive owner of any and all work product or intellectual property it may create or cause to be created for or in relation to its provision of the Services to the County.

15. NOTICE

Any notice required to be given hereunder shall be in writing, and shall be deemed delivered (i) three (3) business days after deposit in the U.S. Mail, postage prepaid, sent by registered mail, (ii) one (1) business day after being sent for overnight delivery by a reputable commercial courier, or (iii) upon hand delivery or receipt of facsimile transmission, to the address or facsimile number designated in this Agreement and to the attention of the person named herein as designated for receipt of notice by the receiving party, or to such other address, facsimile number or person as the receiving party may designate in writing to the sending party from time to time.

If to IHS:

INDIGENT HEALTHCARE SOLUTIONS
2040 Loop 336 - Suite 304
Conroe, Texas 77304

If to County:

Attn: Hon. Michael D. Brown
Tom Green County Judge
122 W. Harris
San Angelo, Texas 76903

16. SITE ENVIRONMENT; COUNTY LIABILITY FOR DAMAGE TO EQUIPMENT OR SITE ENVIRONMENT

The County shall provide a suitable installation and operation environment (the "Site Environment") for the computers and other equipment utilized by IHS in connection with this Agreement, in accordance with the applicable equipment manufacturer's

requirements, a copy of which is available to the County upon request, and with any other requirements specified in **Attachment C** hereto ("Statement of Site Environment Requirements and Acknowledgment of Responsibility for Site Environment"). In the event the County does not provide or maintain the required Site Environment at any time during the term of this Agreement or any extensions thereof, IHS is authorized at its sole option either to terminate this Agreement by giving ten (10) days written notice, or to take such steps as may be reasonable or necessary under the circumstances, as determined by IHS in its sole judgment, to provide, restore or maintain the Site Environment, and the County shall reimburse IHS for all incurred costs of such provision, restoration or maintenance of the Site or any substitute Site.

If the County's officers, employees, or other agents or representatives misuse or in any way abuse or damage, by negligence or otherwise, equipment, software or documentation provided or operated by IHS in providing the Service, the County will be responsible for all costs associated with repair or replacement, as such repair or replacement is determined by IHS in its sole discretion to be needed or appropriate. In the event IHS provides computers or other equipment installed at a location on County property, then County will provide insurance coverage for loss or damage of such equipment and software, or related documentation, and also shall be responsible for all costs associated with repair or replacement. Notwithstanding the County's financial responsibility for any such repairs or replacements called for in this section, IHS shall be and remain the owner of such equipment, software, documentation and associated licenses.

Prior to the installation or operation of any computer equipment and related software by IHS for the provision of the Services, the County will execute a copy of **Attachment C**, which is hereby incorporated into this Agreement.

17. COUNTY ASSISTANCE

The County agrees to cooperate fully with IHS in the provision of the Services, and to make personnel available for the purpose of installation and training. Failure by County to make reasonable efforts to facilitate IHS' delivery of the Services shall not be a basis in whole or part for alleging non-performance by IHS. The following is intended to supplement and clarify the obligation of County to provide reasonable

assistance to IHS in its provision of the Service, but in no way to limit or waive County responsibilities elsewhere stated or implied in this Agreement.

- A. County agrees to appoint a Services Coordinator and to notify IHS of such appointment in writing within seven (7) days of executing this Agreement. The Services Coordinator shall be IHS' contact person for providing the Service and for administering the License Agreement, and shall be responsible for coordination between the County and IHS pertaining to the Service, including but not limited to coordination and prioritization of day-to-day services by IHS and County requests for services or special services.
- B. County will make reasonable efforts to ensure that appropriate persons from all affected County offices and departments will attend any applicable training sessions. It shall be the responsibility of the Services Coordinator to announce and otherwise communicate to County's personnel information and notices concerning applicable scheduled training and installation, maintenance, or repair activities.
- C. For Onsite Installations, the County shall be solely responsible to provide daily and monthly backup of all data. IHS initially will provide seventeen (17) data tapes suitable for such backup, including five (5) tapes for daily weekday backup, and twelve (12) tapes for individual monthly backup. After the first twelve months, the County will purchase and use new tapes for each succeeding twelve-month period or part thereof to ensure the reliability of the tapes in use; and the County will retain the old tapes as needed to maintain backup data for the prior year. The parties agree this approach will be the most appropriate to ensure that PHI data will be suitably protected and preserved. It will be the County's responsibility to ensure that daily and monthly backups are timely performed and have integrity; that the backup tapes are properly stored and maintained; and that the rotation of weekly and monthly tapes occurs in proper order and that stored backup data is not inadvertently or prematurely overwritten or erased. The County will be responsible for any costs associated with the acquisition, installation or operation of

backup equipment or software, and for any costs of restoring data. *IHS will not be responsible or liable in any way for loss of data or compromise of data quality or accuracy caused in whole or part by the failure of the County properly to perform backup or for the failure of integrity of such backup data or tapes.*

For Hosted Services, IHS will be responsible to conduct daily and monthly backup of County data kept on the Hosted Services server(s), by means consistent with industry standards, or as may be otherwise specifically described in Attachment A.

- D. County shall cooperate fully with IHS in efforts by IHS to maintain any copyrights, trademarks or service marks, patents, trade secrets or other intellectual property or proprietary information in the Programs or other materials, equipment, software, or data provided or utilized by IHS in provision of the Services hereunder, including but not limited to directly assisting IHS as IHS may reasonably request, and in taking all actions and executing all documents necessary to the reasonable efforts of IHS to maintain and protect such intellectual property. Failure of County to provide such assistance shall constitute a material breach of this Agreement.
- E. Initial Installation of the Programs shall occur after an initial orientation of appropriate County personnel by IHS. IHS offers an initial orientation to County at its offices in Conroe, Texas, without additional charge. If County chooses to have the initial orientation at another location, it shall cooperate with IHS to schedule the orientation at a mutually convenient time and location, and County shall reimburse IHS for costs and expenses incurred by IHS personnel in travel to and from such other location, including without limitation, travel costs and expenses and reasonable per diem expenses, and shall pay IHS a reasonable fee, at IHS' then-prevailing rates for time (including travel) and materials, for such orientation services.
- F. IHS access to Onsite Installations. In order that IHS may provide remote support and maintenance for Onsite Installations, County

shall be responsible for providing, at County's expense, suitable remote electronic access for IHS to the Programs, the server on which they are installed, and the applicable County network, including providing suitable access equipment as may be necessary, and any assistance that may be required from time to time to accomplish such access. For the purposes of this provision, unless otherwise expressly agreed by IHS in writing, "suitable remote electronic access" shall mean remote access using "suitable access equipment." and with the cooperation and assistance of County. The parties agree that a virtual private network ("VPN"), if available, would be the preferred method for such IHS remote electronic maintenance access because it would provide the currently most assured secure access considering HIPAA requirements and the confidential nature of health care data, including PHI. Thus, for the purposes of this provision, "suitable access equipment" shall mean, at a minimum, provision by County of a Web port, an FTP port, and a Telnet port, for the use of IHS, and, if practicable for County to provide, also a virtual private network accessible by IHS. If County fails or refuses for any reason to provide suitable remote electronic access to IHS including suitable access equipment, County agrees that it shall be responsible for paying, and shall pay, service fees and costs for any services provided by IHS that require on-site access by IHS, at IHS then-prevailing rates for time (including travel time) and materials, and including costs and expenses of travel for IHS personnel providing such services.

- G. Each year, IHS holds an annual Customer Advisory Committee meeting. All customers of record are invited and are strongly encouraged to attend. (Attendance is at the client's expense.) Software performance is discussed, new software features and/or enhancements are demonstrated, and clients are asked to identify any improvements, modifications, or enhancements they may desire. Based on the clients' interests and priorities of those in attendance, IHS identifies improvements, modifications and/or enhancements it will

seek to make to the IHS Programs over the next year. Such improvements, modifications and/or enhancements will be provided in new software releases.

- H. County agrees to provide IHS with suitable workspace at or near the Site, including appropriate furnishings and the use of a telephone.

18. ASSIGNMENT

This Agreement shall be binding upon the successors and assigns of each party. Other than IHS' granting a Uniform Commercial Code security interest to a third party lender in the accounts receivable/contract rights to receive money under this Agreement and in any equipment, software or other materials furnished by IHS to County, or an assignment or transfer by IHS of all or substantially all of IHS' business or assets to a third party which expressly agrees to assume the duties and responsibilities of this Agreement, neither party may assign all or any of its rights or obligations hereunder without the express written consent of the non-assigning party.

19. ENTIRE AGREEMENT

This Agreement is the entire agreement between the parties concerning the subject matter hereof, but may be amended from time to time only by a writing duly executed by both parties.

20. ~~APPLICABLE LAW; VENUE~~

~~This Agreement shall be construed under the laws of the State of Texas, its choice of laws provisions excepted, and the invalidity of any portion shall not invalidate the remainder of the agreement, but such remainder shall be given full force and effect if practicable. Jurisdiction and venue shall lie exclusively in the state district courts of Travis County, Texas, or the federal district courts of the Western District of Texas, Austin Division.~~

21. ~~INDEMNITY~~

~~TO THE EXTENT PERMITTED BY LAW, COUNTY SHALL INDEMNIFY AND HOLD IHS HARMLESS FROM ANY AND ALL CLAIMS, SUITS AND PROCEEDINGS OF ANY KIND OR CHARACTER (HEREIN, "CLAIMS"), INCLUDING BUT NOT LIMITED TO CLAIMS CONCERNING PROPERTY DAMAGE, PERSONAL INJURY OR DEATH, OR INFRINGEMENT OF INTELLECTUAL PROPERTY, ASSERTED AGAINST IHS BY ANY PERSON (INCLUDING ANY THIRD PARTY, OR~~

~~ANY COUNTY OFFICER, OFFICIAL, EMPLOYEE, AGENT OR OTHER REPRESENTATIVE (HEREIN, ALL COLLECTIVELY "COUNTY PERSONNEL"), OR ANY PERSONS AUTHORIZED OR PERMITTED BY COUNTY TO BE PRESENT ON THE SITE OR TO USE OR ACCESS ANY EQUIPMENT, SOFTWARE OR ASSOCIATED DOCUMENTATION PROVIDED BY IHS OR OTHERWISE USED BY IHS IN THE PROVISION OF THE SERVICE (COLLECTIVELY, "COUNTY GUESTS"), OR ANY IHS PERSONNEL), ARISING IN WHOLE OR PART FROM ANY ACT OR OMISSION BY COUNTY OR ANY COUNTY PERSONNEL OR COUNTY GUESTS; provided, that the County shall have no obligation hereunder to IHS for any third party Claims of intellectual property infringement either (i) arising from use by County Personnel or Guests of equipment or software provided by IHS for provision of the Services, where the acts of such County Personnel or Guests are in strict accord with the terms of this Agreement, including full compliance with the terms of any third party or IHS licenses applicable to such equipment or software; or (ii) for acts or omissions of IHS or IHS personnel.~~

22. INTELLECTUAL PROPERTY RIGHTS RETAINED; CONFIDENTIALITY; OPEN RECORDS REQUESTS

No rights to use or possess any intellectual property of IHS or any third party are granted or transferred to the County by this Agreement except as expressly provided herein or in any license agreements expressly made a part of this Agreement.

Each party shall keep strictly confidential the proprietary or other confidential information of the other that may be acquired or provided in the course of performance of this Agreement. Each party shall promptly notify the other in writing of any discovered compromise of such confidentiality. COUNTY SHALL USE UTMOST CARE TO ENSURE THAT NO UNAUTHORIZED COPIES OF OR ACCESS TO SOFTWARE AND OTHER INTELLECTUAL PROPERTY PROVIDED BY IHS IN THE PROVISION OF THE SERVICE IS OBTAINED BY UNAUTHORIZED PERSONS.

COUNTY SHALL IMMEDIATELY INFORM IHS IN WRITING OF ANY REQUEST UNDER THE TEXAS PUBLIC INFORMATION ACT ("TPIA") FOR INSPECTION OR COPYING OF ANY

INFORMATION, DATA, SOFTWARE OR OTHER INTELLECTUAL PROPERTY OR MATERIALS OF IHS OR ANY OF ITS SUPPLIERS BEING USED IN THE PROVISION OF THE SERVICE OR OTHERWISE LICENSED TO COUNTY BY IHS, AND SHALL TIMELY INITIATE THE REVIEW PROCESS OF THE TEXAS ATTORNEY GENERAL UNLESS EXPRESSLY RELEASED IN WRITING BY IHS FROM THIS OBLIGATION. In the event that disclosure is ultimately required, licensee shall provide, along with access to or any copies of such disclosed materials, a written notice to the recipient that the materials are owned by or licensed to IHS, and are protected by the federal Copyright Act; that recipient is not by virtue of disclosure under the TPIA thereby authorized to use, copy, or disseminate the materials without the express written consent of IHS; and that any unauthorized use, copying or dissemination may constitute a violation of federal copyright or other laws, and could therefore subject the recipient to civil or criminal penalties. THIS IS A MATERIAL OBLIGATION OF THE COUNTY, AND ANY FAILURE OF THE COUNTY TO COMPLY, FOR WHATEVER REASON, IS GROUNDS FOR IMMEDIATE TERMINATION BY IHS OF THIS AGREEMENT AND ANY ASSOCIATED LICENSES.

23. ~~DISCLAIMER OF WARRANTIES; NO IMPLIED WARRANTIES~~

IHS EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES NOT EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS OF USE FOR A PARTICULAR PURPOSE. IHS MAKES NO REPRESENTATIONS REGARDING THE PERFORMANCE OF OR FITNESS FOR USE FOR ANY PURPOSE OF ANY EQUIPMENT OR SOFTWARE EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT. NO ADVICE OR REPRESENTATIONS BY IHS OR IHS PERSONNEL SHALL CREATE ANY SUCH WARRANTY. IHS DOES NOT MAKE ANY WARRANTY THAT THE SERVICE WILL BE ACCURATE, UNINTERRUPTED OR ERROR-FREE; AND IN PARTICULAR DOES NOT WARRANT THAT ANY INFORMATION, DATA, SOFTWARE OR EQUIPMENT USED TO PROVIDE OR ACCESSIBLE THROUGH THE SERVICE WILL BE AT ALL TIMES FREE OF VIRUSES, WORMS, TROJAN HORSES OR

~~OTHER HARMFUL COMPONENTS. COUNTY IS SOLELY RESPONSIBLE FOR THE ACCURACY OF ANY AND ALL DATA THAT IS THE SUBJECT MATTER OF THE SERVICES, AND IHS MAKES NO REPRESENTATIONS OR WARRANTIES ABOUT SUCH DATA.~~ *BPS* *CHAD*

24. DISCLAIMER AND LIMITATION OF LIABILITY

NEITHER IHS NOR ANY OF ITS OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES THAT RESULT OR ARISE FROM COUNTY'S USE OF THE SERVICE. THE COUNTY'S SOLE REMEDY FOR BREACH OF THIS AGREEMENT BY IHS SHALL BE TERMINATION AS PROVIDED IN SECTION 12 HEREOF.

25. FORCE MAJEURE

IHS shall not be responsible for performance hereunder, and its obligation to perform the Services shall be suspended, for the duration of any events of force majeure, including but not limited to: Acts of God including fire, explosion, storm and other weather events; cable or power outages, cable cuts or other loss of necessary connectivity, including failure of networks; failure or loss of any third party supplies, or termination or rescission of any third party licenses necessary for the provision of the Services; terrorism, vandalism, sabotage, theft of components, hacking or other interference with software or operating system or network operations, including worms, viruses, Trojan horses or other harmful agents, or interference with, alteration or destruction of County data; any action, law, order regulation, directive, or request of the United States government or of any state or local government, or of any agency, commission, court, regulatory body or other instrumentality of such government, or of any civil or military authority; war, national emergency or civil insurrection, riot or other civil disorder; strike, work stoppage or lockout; or any other event outside the control of IHS or its reasonable ability to have avoided or prevented; and such excuse by reason of force majeure shall last until IHS by the exercise of

reasonable diligence might remove, avoid or otherwise cure such impediment.

26. NO WAIVER OF RIGHTS

No term or provision of this Agreement shall be deemed to be waived and no consent to any breach or default shall be deemed unless such waiver or consent be in writing signed by the party against which such waiver or consent is asserted; the terms of this Agreement shall not be deemed to be amended by any such waiver or consent unless in a writing expressly stating such amendment; and any waiver by either party, whether express or implied, shall not imply a consent or waiver of any term or provision on any other occasion, or any consent to any different breach or default.

27. LIMITATIONS, ATTORNEYS FEES *BPS* *JMB*


Any claim concerning the performance of any provision of this Agreement must be brought within one (1) year of the occurrence of the event, whether act or omission, complained of, or be barred. In any action or proceeding to enforce any terms or provisions of this Agreement, to obtain equitable relief (including injunction), or to collect damages, the party prevailing shall be entitled to recover from the other all applicable costs of suit or settlement, including but not limited to filing fees, court costs, expert fees, costs of ADR, and reasonable attorneys fees.


28. CONSTRUCTION

Descriptive headings or captions in this Agreement are for convenience only and shall not affect the construction or application of this Agreement. Words having established technical or trade meanings in the industry shall be so construed. Listings of items shall not be exclusive unless expressly so stated, but shall include other items, whether similar or dissimilar to those explicitly listed, as the context reasonably requires. No rule of construction requiring interpretation against the drafting party shall be applied or given effect. Words of any gender used herein shall be deemed to include words of any other gender; and use of the singular or the plural herein shall include the other, unless context requires otherwise.

APPROVALS

IN WITNESS WHEREOF, we have executed this Agreement as of the 28 day of Aug, 2007.

COUNTY
BY: 
NAME PRINTED: Hon. Michael Brown
TITLE: COUNTY JUDGE
DATE: 8-28-07

IHS
BY: 
NAME PRINTED: Brad Sibley
TITLE: Vice President & General Manager
DATE: 8/28/07

****See Addendum One which is attached hereto and incorporated herein by reference.**

ADDENDUM ONE TO STANDARD FORM OF DATA PROCESSING SERVICES
AGREEMENT BETWEEN TOM GREEN COUNTY AND INDIGENT HEALTHCARE
SOLUTIONS, LTD.

This Addendum modifies, changes, deletes from or adds to the Data Processing Services Agreement. Where any provision in the Data Processing Services Agreement is modified or deleted, this Addendum shall take preference over any remaining provisions as set forth within the Data Processing Services Agreement.

A.1 TEXAS PUBLIC INFORMATION ACT

A.1.1 Procedures. Notwithstanding any other provision of this Agreement, the Parties acknowledge and agree that County's obligation to maintain the confidentiality of and withhold any proprietary or confidential information of IHS is subject to the provisions of the Texas Public Information Act ("TPIA") and all legal authorities relating thereto, including but not limited to opinions, decisions and letter rulings issued by the State Attorney General's Office. Should County receive a request under the TPIA (or any successor statute) for disclosure, access to, or copying (collectively hereinafter, "disclosure") of any of the IHS Programs, related materials, or any other proprietary information provided by or belonging to IHS or any of its licensors, the County, as applicable, shall immediately notify IHS, including notice in writing and a copy of said request, so that IHS may determine what steps it may wish to take to protect such information. Unless IHS expressly states in writing that it wishes to forgo seeking exemption or exception from such disclosure, the County, as applicable, shall have the duty hereunder to take steps to initiate the process by which to request an opinion from the Texas Attorney General concerning whether such information must be disclosed. The County shall promptly notify IHS that such request has been made, so that IHS may, at its option and to the extent permitted by law, supplement the County's request. In the event that disclosure ultimately is required, the County, as applicable, shall provide to the requestor, along with such disclosure, a notice, in a form mutually agreeable to County and IHS, that the materials are owned or licensed to IHS, and may be protected under the federal Copyright Act and other laws, and that requestor is not by virtue of disclosure under the TPIA thereby authorized to use, copy, adapt or disseminate the materials without the express written consent of IHS; and that any unauthorized copying, use, adaptation, or dissemination may constitute a violation of federal copyright or other laws and therefore could subject requestor to civil or criminal penalties.

A.1.2 Decision. In the alternative, the County, as applicable, or IHS may seek relief from compliance with an Attorney General's decision on the specific information requested. However, it is acknowledged by IHS that County's officers, employees and elected officials have the right to rely on an existing Attorney General's decision regarding the status of specific information and that the County, its officers, employees and elected officials have no liability or obligation to IHS for disclosure to any person or entity of any information furnished to County by IHS under this Agreement, where such disclosure is in compliance with an existing Attorney General's decision, opinion, or a letter ruling regarding specific information. Upon receipt of a request for information, County, as applicable, reserves the right to release to the requestor any information furnished to

County by IHS under this Agreement where such information is clearly public information and is not excepted from disclosure under the Act.

A.1.3 Expenses and Attorney's Fees. The parties hereto expressly acknowledge and agree that each party shall be responsible for paying its respective expenses and attorney's fees incurred in connection with receiving, handling and responding to requests for information from third parties. Nothing in this Agreement shall be construed as a waiver of Tom Green County's sovereign immunity; and, County hereby retains all of its affirmative defenses.

A.2 LIMITATION OF LIABILITY

IHS' liability for damages to County for any cause whatsoever related to this Agreement, and regardless of the form of action, whether in contract or in tort (excluding intentional acts - but including negligence), shall be limited to and not to exceed the fees, costs and charges paid to IHS by County under this Agreement and any amendments hereto. This limitation of liability will not apply to claims for patent and copyright infringement. Notwithstanding anything herein to the contrary, in no event will IHS be liable for any lost profits, lost savings, or other special, incidental or consequential damages, or for punitive or exemplary damages, even if IHS has been made aware of the possibility of such damages, or for any claim against County by any other party, in connection with the delivery, installation, testing, use, performance or nonperformance of the Programs, or the act or failure to act of IHS, or arising out of, related to or in connection with this Agreement.

A.3 LIMITED WARRANTY

A.3.1 Title. IHS expressly warrants and represents to County that IHS has title to and or the full right and authority to license Programs provided hereunder, free of any liens, encumbrances, or proprietary interests of other third parties that would interfere with County's right to use the Programs provided hereunder, and that the Licenses granted hereunder will not infringe the proprietary rights, including patents, copyrights, trademarks or trade secrets, of any third party.

A.3.2 Functionality. IHS warrants and represents to County that the services provided hereunder will be performed in a professional, good and workmanlike manner and that for a period of thirty (30) days following County's acceptance of the Programs and related documentation provided hereunder, the Programs will perform according to functional specifications set forth in this Agreement, the Exhibits and Attachments hereto, or in related materials provided by IHS and shall process data and produce results in accordance with this Agreement and all functional specifications set forth in this Agreement, the Exhibits and Attachments hereto, or related materials provided by IHS, whether in hard copy or electronic form; and shall be free from defects that would prevent the substantial operational features of the Programs from functioning, when used properly under normal use and conditions, in accordance with the applicable functional specifications described above.

A.3.3 DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SUBSECTIONS A.3.1 AND A.3.2 ABOVE, IHS MAKES NO WARRANTIES EITHER EXPRESS

OR IMPLIED, AS TO ANY OTHER MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IHS DOES NOT WARRANT THAT THE PROGRAMS PROVIDED HEREUNDER WILL MEET COUNTY'S REQUIREMENTS.

A.3.4 Refund. In the event the Programs do not function in accordance with applicable functional specifications, County shall be entitled to a refund of the fees paid for the Programs and upgrades described herein.

A.4 INFRINGEMENT INDEMNIFICATION

A.4.1 Indemnification. IHS agrees to indemnify County and to hold them harmless from any damages finally awarded as a result of any claim of infringement of a United States patent, copyright, trademark or trade secret asserted against County by reason of County's use of the Programs provided by IHS hereunder, when such use is consistent with this Agreement, the terms of any license applicable to a third party software application or operating system utilized by IHS to provide the products and services hereunder provided IHS advises County of such terms, and the terms of any IHS documentation, training or instructions (all collectively "the Conditions of Proper Use"; provided, that IHS is given prompt notice of such claim and the rights to defend and settle, at its expense, any such claim and further provided that County fully cooperate with IHS in connection with the foregoing. However, nothing in this Section shall be construed as a waiver of County's sovereign immunity; and, County hereby retains all of its affirmative defenses. IHS shall not have any obligation to indemnify County for any third party claim of intellectual property (including but not limited to copyright or patent) infringement based on actions by County or their employees, agents or representatives that are inconsistent with the Conditions of Proper Use or that are a result of any unauthorized modifications, adaptations or other changes to the Programs provided hereunder made by or for the County or their officers, employees, agents or representatives (collectively, "Unauthorized Changes"). To the extent permitted by law, County shall jointly and severally hold IHS harmless and indemnify IHS for any claims of infringement by third parties based in whole or substantial part upon actions by County, their officers, employees, agents or representatives, that are inconsistent with the Conditions of Proper Use or that are based in whole or substantial part on Unauthorized Changes. For the purposes of this provision, the phrase "based in whole or substantial part" shall mean, as applicable, that (i) the actions by County or their representatives alone, i.e., omitting any part of the said claim based on acts or omissions by IHS, are by themselves a producing cause of the claimed infringement; and/or (ii) the Unauthorized Changes are by themselves a producing cause of the claimed infringement.

A.4.2 Alternatives. In the event that an infringement suit or proceeding arises, or an objectively credible third party claim of infringement is made as to the IHS Programs or any programs of licensor of IHS which IHS uses to provide services and Programs hereunder, IHS, at its sole cost and expense, shall: (i) procure for County the right to continue using the IHS Programs; (ii) replace or modify the IHS Programs so that it/they become(s) non-infringing; or (iii) if neither (i) or (ii) are practical, as determined in IHS' sole discretion, require that County discontinue using the IHS

Programs provided hereunder and refund pro rata to County any fees or charges paid for use of the Programs after the date of use discontinuance. In no event shall County be liable to IHS for any fees or charges after the date that County discontinues use of the IHS Programs because of infringement.

A.5 RECORDS--AUDIT

A.5.1 County Access. IHS shall give County, or any of its duly authorized representatives, access to and the right to examine all relevant and pertinent books, accounts, records, reports and files belonging to or in use by IHS pertaining to the costs and expenses of this Agreement at reasonable periods. This right to access shall continue as long as the records are retained by IHS for up to three (3) years after completion, or termination for any reason of this Agreement, whichever is longer. IHS shall have no responsibility to disclose its own or any third party's confidential or proprietary information or trade secrets as defined by the Texas Public Information Act.

A.5.2 Audit. In addition, all required records shall be maintained until an audit is completed and all questions arising therefrom are resolved; or for three (3) years after completion, or termination for any reason of this Agreement, whichever occurs first; provided, however, IHS shall retain these records beyond the third year if an audit is in progress or the findings of a completed audit have not been resolved satisfactorily.

A.6 GENERAL PROVISIONS

A.6.1 Mediation. When mediation is acceptable to the Parties in resolving a dispute arising under this Agreement, the Parties agree to mediate it pursuant to Chapter 154 of the Texas Civil Practice and Remedies Code. Unless the Parties are satisfied with the result of the mediation, the mediation will not constitute a final and binding resolution of the dispute. All communications within the scope of the mediation must remain confidential as described in TEX. CIV. PRAC. AND REM. CODE ANN., §154.073, unless the Parties agree, in writing to waive such confidentiality.

A.6.2 Delinquent Taxes. Notwithstanding anything else to the contrary herein, if IHS is delinquent in the payment of property taxes in Tom Green County at the time of invoicing, IHS hereby assigns any payment to be made for product and/or services provide hereunder to the Tom Green County Tax Assessor/Collector for the payment of said delinquent taxes. In addition, IHS is responsible for all other taxable matters associated with the performance of services hereunder on compensation paid to IHS hereunder.

A.6.3 Headings or Captions. Descriptive headings or captions in this Agreement are for convenience only and shall not affect the construction or application of this Agreement. Words having established technical or trade meanings in the industry shall be so construed. Words of any gender used herein shall be deemed to include words of any other genders; and use of the singular or the plural herein shall include the other, unless the context requires otherwise. This Agreement shall be construed according to its fair meaning and not for or against either party.

A.6.4 Computation of Time. When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Tom Green County has declared a holiday for its employees, these days shall be omitted from the computation. All hours stated in this Agreement are stated in Central Standard Time or in Central Daylight Savings Time, as applicable.

A.7 MISCELLANEOUS PROVISIONS

A.7.1 Actions. In the event any action is brought to enforce this Agreement, the prevailing Party or Parties shall be entitled to recover its or their costs of enforcement including, without limitation, attorney's fees, expert witness fees and expenses and court costs. However, nothing in this Section shall be construed as a waiver of County's sovereign immunity; and, County hereby retains all of its affirmative defenses.

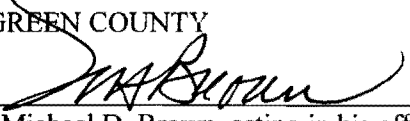
A.7.2 Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, County of Tom Green. Venue for any dispute arising under this Agreement shall lie in the appropriate state district courts of Tom Green County, Texas.

A.8 LIMITATIONS--ATTORNEY'S FEES

Any claim concerning the performance of any provisions of this Agreement shall be brought in accordance with the laws of the State of Texas. In any action or proceeding to enforce any terms or provisions of this Agreement, to obtain equitable relief (including injunction), or to collect damages, the party prevailing shall be entitled to recover from the other party all applicable costs of suit or settlement, including but not limited to filing fees, court costs, expert witness fees, costs of ADR, and reasonable and necessary attorney's fees.

TOM GREEN COUNTY

By: _____

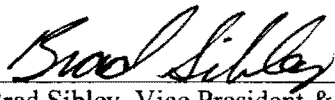

Michael D. Brown, acting in his official
capacity, not in his individual capacity

Date: _____

8-28-07

INDIGENT HEALTHCARE SOLUTIONS, LTD.

By: _____


Brad Sibley, Vice President &
General Manager

Date: _____

8/28/07

ATTACHMENT B TO DATA PROCESSING SERVICE AGREEMENT

NONEXCLUSIVE LICENSE AGREEMENT

Indigent Healthcare Solutions ("IHS"), with offices located at 2040 North Loop 336, Suite 304, Conroe, Texas 77304, for good and valuable consideration, hereby grants a royalty-free, non-exclusive, limited license ("License") to:

Tom Green County

(LICENSEE NAME)

San Angelo, Texas 76903

(CITY, STATE, ZIP CODE)

("Licensee") to use certain software programs and related materials ("Programs") for the designated processing system identified in the attached Schedule A, subject to the terms and conditions hereof.

Programs shall include executable modules for each software program identified in any Schedule to this Agreement, one (1) set of user's manuals and related documentation, in machine readable or printed form.

Check one: ☐ Onsite Installation ☒ Hosted Installation

The parties to Attachment B to Data Processing Services Agreement--Nonexclusive License Agreement agree that to the extent any of the terms, provisions or conditions in the Nonexclusive License Agreement are in conflict with the Data Processing Services Agreement and Addendum One to Standard Form of Data Processing Services Agreement between Tom Green County and Indigent Healthcare Solutions, Ltd., those terms, provisions and conditions as set forth in Data Processing Services Agreement and Addendum One to Standard Form of Data Processing Services Agreement shall prevail and supercede those as set forth within the Nonexclusive License Agreement.

LICENSEE ACKNOWLEDGES THAT LICENSEE HAS READ THIS LICENSE AGREEMENT, UNDERSTANDS IT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS. LICENSEE FURTHER AGREES THAT THIS AGREEMENT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE LICENSE AGREEMENT BETWEEN IHS AND THE LICENSEE AS CONCERNS THE LICENSE OF THE PROGRAMS AND NO VARIATIONS IN THE TERMS AND CONDITIONS OF THIS AGREEMENT SHALL HAVE ANY EFFECT UNLESS AGREED TO IN WRITING IN ADVANCE BY IHS. THIS AGREEMENT SUPERSEDES ANY PROPOSAL OR PRIOR AGREEMENT, ORAL OR WRITTEN, OR ANY OTHER COMMUNICATION BETWEEN IHS AND LICENSEE RELATING TO THIS LICENSE AGREEMENT.

Signed:

Hon. Michael D. Brown

[print name]

Date:

For IHS Use ONLY

Rev 120205sw/VRC/tem-120205

TERMS AND CONDITIONS

1. LICENSE

Licensee acknowledges that it shall be a licensee of Indigent Healthcare Solutions ("IHS") under the terms and conditions of this License Agreement, and that Licensee obtains hereby only a non-exclusive, limited license to use or access the Programs. Licensee has the right to permit access and use of the Program(s) by authorized Licensee employees, up to the User Number and Concurrent User Number specified in Schedule A hereto; provided, that no more than the Concurrent User Number may access or use the Program(s) at any given time. Licensee shall assign a unique User Identification Number to each authorized User, and shall provide to IHS a list of authorized Users and their User Identification Numbers upon request by IHS.

As specified in Schedule A hereto, IHS shall provide the Programs or access to them to Licensee based either on installation of the Programs by IHS (i) at a location on the Licensee's premises ("Onsite Installation") or (ii) at a location remote from Licensee's premises ("Hosted Services Site"). For Hosted Services, access to and use of the Programs by Licensee shall be accomplished by Licensee's use of the Internet (World Wide Web) or other remote communication means, procedures or networks, utilizing computers, workstations or other equipment of Licensee; and Licensee shall be solely responsible for providing and for the costs of accomplishing such access, including without limitation costs of an Internet Service Provider. IHS may from time to time require that Licensee meet certain requirements and specifications regarding the means of accomplishing such access.

All rights, title and interests in and to the Programs licensed under this License Agreement remain with IHS and do not pass to Licensee in whole or any part. Licensee acknowledges that the Programs contain valuable proprietary information and trade secrets, the unauthorized disclosure of which would cause competitive and actual harm to IHS. For the purposes of this License, the term "Programs" shall include, any and all software or other intellectual property licensed for use by Licensee hereunder, as identified in Schedule A hereto, including also any and all documentation or other materials in whatever form and on whatever media stored, that describe, relate to or concern the Programs.

Licensee may not transfer the Programs electronically

from one computer to another over a network or by other means, or access and use the Programs by remote means other than as expressly authorized herein; and for installation on server(s) located other than on IHS premises or other IHS Hosted Services Sites ("Onsite Installation"), the Programs may be installed on only one (1) computer or server at any given time. Licensee is licensed to use the Program solely for the internal purposes of its own business. Licensee agrees that Licensee will not permit the Programs to be used or accessed either directly or indirectly by Licensee's employees or any other person or entity through a timesharing service, service bureau arrangement or otherwise, other than as expressly permitted in this License or in the companion Data Processing Services Agreement ("Services Agreement"), and that Licensee shall ensure that only authorized Users may use or access the Programs.

Licensee may not grant sublicenses or other rights in the Programs to others, or assign or transfer this license to any third party. Licensee may not grant, allow or provide access to the Programs to, or use of the Programs by, unauthorized third parties.

Licensee shall comply strictly with the provisions of any IHS or third party license or other agreement regarding or applicable to any third party intellectual property, including without limitation applications, operating systems, or other software of any kind, or documentation thereof, utilized by Licensee in its use of the Programs, or by IHS in the provision of any services to Licensee related to or depending on the Programs.

IHS shall have the right immediately to terminate this License if Licensee violates any of its provisions.

Licensee recognizes and agrees that the Programs and all portions, reproductions, modifications and improvements thereof, whether provided to Licensee by IHS or by any third party, (i) are considered by IHS to be confidential and trade secrets; (ii) are provided to Licensee in strictest confidence; and (iii) are and remain the exclusive property and proprietary information of IHS. Title and full ownership rights, including copyrights or patents, in the Programs and any modifications or improvements provided or developed by IHS or on its behalf are and shall remain the sole property of IHS or, if licensed to IHS, of the relevant licensor as the relevant license may provide; and

Licensee acquires no ownership, rights, title or other interest in or to the Programs hereunder other than as expressly provided. Licensee is not granted the right to create derivative works to the Programs; but any and all derivative works of the Programs, if and by whomever created, shall be the sole property of IHS or IHS' licensor, as the case may be.

Licensee agrees not remove or destroy any copyright, trademark, patent, or other designations or notices, or other proprietary or confidential legends or markings placed upon or contained within the Programs, or from any copies thereof.

2. TERM

This license shall be in effect from the date of execution of the associated IHS Data Processing Services Agreement until termination of that Services Agreement, or until termination of this License as specified herein, whichever is earlier, unless otherwise expressly agreed in writing by IHS.

Upon termination or expiration of this License on any basis, all rights of Licensee and obligations of IHS hereunder shall immediately terminate. Licensee shall nonetheless have a continuing obligation to maintain the confidentiality of IHS' proprietary information, to return or destroy all copies of the Programs in Licensee's possession or under its control or right of control, as required herein, to indemnify IHS as provided hereunder, and to pay any fees or costs accrued and owing hereunder or under the Services Agreement as of such termination.

3. PAYMENTS

All license fees and any first year support fees, along with any installation and training fees, whether specified herein or in an associated contract for services by IHS, shall be paid to IHS upon mutual execution of this License Agreement. Any other sums due hereunder shall be payable within ten (10) days of Licensee's receipt of IHS' invoice therefor. Any past due amounts shall bear interest from the date when due until paid at the highest rate allowable by law. All payments due hereunder shall be made in lawful money of the United States of America, and shall be made to IHS at its address specified above or at such address as may from time to time be designated by IHS in writing. In addition to the fees, charges, expenses and other amounts due and payable under this License Agreement, Licensee shall pay any and all local, state, federal, and other sales, use, excise, privilege or gross receipts taxes and duties, tariffs, assessments or levies,

however designated, assessed or levied, resulting from this License or any activities conducted hereunder (exclusive of taxes based on IHS' net income); provided, that if Licensee claims legal exemption from any tax or taxes, such as sales tax, it shall promptly provide IHS with a copy of the applicable tax exemption certificate.

4. SECURITY AND CONFIDENTIALITY; NO REPRODUCTION; RIGHT TO INJUNCTIVE RELIEF

Licensee shall take all reasonable steps necessary to ensure that the Programs, or any portion thereof, that are stored, written or recorded on magnetic tape, disk or memory or in any other form, are not made available, and access is not provided or permitted, by the Licensee or by any of its employees, officers, principals, agents or representatives to any organizations or individuals not licensed hereunder to make use thereof. Licensee recognizes the proprietary nature of the Programs and agrees as follows:

a. To use and access the Programs solely at the place of installation specified in Schedule A to this License Agreement.

b. To make no copies or duplicate the Programs or any component thereof by any means for any purpose whatsoever without prior written consent of IHS, except as may reasonably be required for archival or security storage purposes.

c. To instruct its employees having access to the Programs not to copy or duplicate the Programs and not to provide same to any third party, and to enforce these requirements.

d. To effect security measures that are reasonably calculated to safeguard the Programs from theft or unauthorized access.

e. To maintain and reproduce IHS' copyright notice and any other notices, legends or designations on all materials or copies related to or part of the Programs on which IHS displays such copyright or other notice, legend or designation, including any copies made pursuant to this License Agreement.

f. Licensee shall not copy, reproduce, reverse assemble, reverse compile, compare, modify, merge, transfer or distribute the Programs or allow any other person to do so in any way or manner without the prior written authorization of IHS.

g. **CONSENT TO INJUNCTION AND WAIVER OF LEGAL RIGHTS.** Any modifications or enhancements to the Programs, or any other Program-related material provided by IHS to the Licensee, shall be subject to all conditions and restrictions contained in this Agreement. Licensee acknowledges that IHS has

gone to considerable time, trouble and expense to develop the Programs and that IHS would suffer great and irreparable harm and damage, including competitive disadvantage, by any unauthorized copying, reproduction, dissemination, or other unauthorized use of the Programs. Licensee further acknowledges that such action may cause significant commercial damages to IHS which may be difficult or impossible to quantify. Therefore, Licensee agrees that, in addition to any other legal or equitable remedy available to IHS, IHS shall be entitled to equitable relief including but not limited to temporary restraining orders entered without notice to Licensee or a prior opportunity for Licensee to defend, and preliminary and permanent injunctions, to compel strict compliance with the terms of this License. Licensee hereby expressly waives any right it may have to require IHS to post a bond or other security as a prerequisite to obtaining equitable or legal relief, or to request to a court of competent jurisdiction that a bond be imposed for any such relief. Licensee also waives any right to proof of actual or impending actual damage as a prerequisite to IHS obtaining equitable relief.

5. LIMITATION OF LIABILITY

IHS' liability for damages to Licensee, its employees, officers, elected officials or principals, agents or representatives for any cause, claim or action of any kind or character whatsoever related to this License or arising from or related to the use of the Programs by or on behalf of Licensee or access to the Programs provided or permitted by Licensee or its employees, officers, elected officials or principals, agents or representatives, and regardless of the form of action, whether in contract or in tort, including negligence, shall be strictly limited. This limitation of liability will not apply to claims for patent and copyright infringement. Notwithstanding anything herein to the contrary, in no event will IHS be liable for any lost profits, lost savings, or other actual, special, incidental or consequential damages, or for punitive or exemplary damages, even if IHS has been made aware of the possibility of such damages, or for any claim against Licensee, its employees, officers, elected officials, agents or representatives by any other party, arising or made in connection with the delivery, installation, testing, use, performance or nonperformance of the Programs, or access to the Programs, or for any act or failure to act of IHS, arising out of, related to or in connection with the delivery, installation, testing, use, performance or nonperformance of the Programs, or access to the Programs, or IHS' performance or

nonperformance under or related to this License Agreement.

6. TERMINATION

Upon termination of this License for any reason, Licensee shall promptly uninstall, delete or otherwise permanently remove all copies of the Programs from any and all computers and storage devices or media of any kind in Licensee's possession or under its control or right of control on which a copy may reside (hereinafter, "delete"); and deliver to IHS all copies of the Programs including all materials related thereto that are in Licensee's possession or under its control or right of control, whether or not provided by IHS hereunder, or copied or created by Licensee or its employees, agents or representatives, in whatever form and on whatever medium made, recorded or stored, together with all portions, reproductions, and modifications thereof, pertaining to the Programs; and shall also warrant in writing to IHS that all copies thereof have been deleted from all of Licensee's equipment (or other equipment in Licensee's possession or under its control or right of control) and either destroyed or returned to IHS as required hereunder. Within ten (10) days of request by IHS, Licensee shall certify in writing to IHS that, to the best of Licensee's knowledge, the original and all copies, in whole or part, of the Programs, in Licensee's possession or under its control or right of control, including all related materials and copies, have been deleted, destroyed or returned to IHS. In addition, all documentation, listings, notes or other written material pertaining to the Programs shall be returned to IHS or deleted or destroyed and so certified in writing by Licensee.

IHS shall have the right to terminate this License Agreement, by giving written notice of such termination to Licensee, in the event that the Licensee (i) fails to pay IHS in full any sums due and payable hereunder within ten (10) days after their due date, (ii) fails to comply fully with any of the Licensee's obligations hereunder with respect to proprietary information or confidentiality, or (iii) fails to perform or comply fully with any other material term or obligation set forth in this License Agreement. IHS' right of termination shall be in addition to any other right or remedy it may have at law or in equity.

This License shall immediately and automatically terminate upon any offer or attempt of Licensee to: assign, sublicense or otherwise transfer it in whole or part, or any rights granted herein, to any third party, or to assign, condition or avoid any obligations imposed

herein, without the express written consent of IHS; or upon any such assignment or transfer, condition or avoidance, or right or option thereto, of any kind, actual or constructive, whether by operation of law, lawful order or otherwise, including without limitation appointment of a receiver or a trustee in bankruptcy or an assignment in favor of Licensee's creditors.

IHS reserves the right immediately to terminate this License if any claims for copyright or patent infringement, or infringement or misappropriation of any intellectual property rights, or for unfair competition or trade practices or other misuse, relating to the Programs or any part thereof, are asserted against IHS, any relevant IHS licensor, or Licensee or any of Licensee's employees, officers, agents or representatives. Such determination shall be in the sole discretion of IHS. Termination on this basis shall be effective on notice in writing to Licensee by IHS, stating the reason for such termination.

7. NO WARRANTY

IHS PROVIDES THE PROGRAM TO LICENSEE "AS IS". IHS MAKES NO WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OR FUNCTIONALITY OF THE PROGRAMS, THEIR MERCHANTABILITY, OR THEIR FITNESS FOR USE FOR ANY PARTICULAR PURPOSE. IHS DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED OR PROVIDED IN THE PROGRAMS WILL MEET THE LICENSEE'S REQUIREMENTS OR THAT THE OPERATION OF THE PROGRAMS WILL BE UNINTERRUPTED OR ERROR FREE, OR THAT THE PROGRAMS OR THEIR OPERATIONS OR OUTPUT PRODUCTS OR FILES WILL BE FREE FROM VIRUSES, WORMS, TROJAN HORSES OR OTHER HARMFUL AGENTS. IHS DOES NOT WARRANT, AND EXPRESSLY DISCLAIMS, ANY AND ALL RESPONSIBILITY FOR THE ACCURACY OF ANY INFORMATION OR DATA PROVIDED BY LICENSEE FOR USE WITH OR BY THE PROGRAMS, OR ON WHICH THE PROGRAMS OPERATE.

8. INDEMNIFICATION

IHS agrees to indemnify Licensee and to hold it harmless from any damages finally awarded as result of any claim of infringement of a United States patent or copyright asserted against Licensee by reason of Licensee's authorized use of the Programs as delivered by IHS or access to the Programs as provided by IHS;

provided, that IHS is given prompt notice by Licensee in writing of any such claim and the right to defend or settle, at IHS' expense and in its sole discretion, any such claims; and further provided, that Licensee fully cooperates with IHS in connection with the defense or settlement of such claims. IHS shall not be obligated to defend such claims but may do so at its sole election.

TO THE EXTENT PERMITTED BY LAW, LICENSEE AGREES TO INDEMNIFY AND HOLD HARMLESS IHS, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES, AND ITS THIRD PARTY LICENSORS, IF ANY, WHICH PROVIDE OR LICENSE TO IHS ANY SOFTWARE OR OTHER PRODUCTS OR MATERIALS USED BY IHS IN THE PROVISION OF THE SERVICES CALLED FOR IN THE ASSOCIATED DATA PROCESSING SERVICES AGREEMENT, OR LICENSED HEREUNDER BY IHS, FOR ANY AND ALL CLAIMS OF INTELLECTUAL PROPERTY INFRINGEMENT, INCLUDING BUT NOT LIMITED TO COPYRIGHT, TRADEMARK, OR PATENT INFRINGEMENT, OR FOR UNFAIR COMPETITION, OR FOR MISAPPROPRIATION OR UNAUTHORIZED DISCLOSURE OR USE OF TRADE SECRETS OR OTHER PROPRIETARY OR CONFIDENTIAL INFORMATION, WHERE SUCH CLAIM, IN WHOLE OR PART, ARISES FROM OR IS ASSERTED TO BE A RESULT OF THE ACTS OR OMISSIONS OF LICENSEE, ITS OFFICERS, ELECTED OFFICIALS, EMPLOYEES, AGENTS OR OTHER REPRESENTATIVES, AND WHERE SUCH ALLEGED ACTS OR OMISSIONS DO NOT COMPLY STRICTLY WITH, OR ARE INCONSISTENT WITH, THE TERMS AND CONDITIONS OF THIS LICENSE AGREEMENT, OR WITH THE TERMS AND CONDITIONS OF ANY IHS OR THIRD PARTY LICENSE OR OTHER AGREEMENT APPLICABLE TO INTELLECTUAL PROPERTY UTILIZED BY LICENSEE IN ITS USE OF THE PROGRAMS, OR UTILIZED BY IHS IN THE PROVISION OF SERVICES TO LICENSEE RELATED TO OR DEPENDENT ON THE PROGRAMS. FOR THE PURPOSES OF THIS PROVISION, "INTELLECTUAL PROPERTY" SHALL INCLUDE ANY AND ALL INTELLECTUAL PROPERTY, INCLUDING WITHOUT LIMITATION DATA BASES, APPLICATIONS, OPERATING SYSTEMS OR OTHER SOFTWARE OF ANY KIND, AND ANY DOCUMENTATION THEREOF.

9. REMEDIES

Licensee acknowledges and agrees that because of the unique nature of the Programs irreparable harm to IHS will be caused by a breach by Licensee of its obligations under this License Agreement, that monetary damages will be inadequate to compensate IHS for such harm, and that injunctive relief directed against Licensee and in favor of IHS is an appropriate remedy to enforce the provisions of this License. Such injunctive or other equitable relief shall be cumulative of and shall not preclude or waive any other relief or remedies at law or in equity to which IHS may be entitled. Licensee's exclusive remedy hereunder is termination of this License Agreement.

10. MISCELLANEOUS

a. Assignment. Licensee's rights in and to the Programs granted in this License may not be assigned, sublicensed, or transferred voluntarily by Licensee or by operation of law or otherwise, without IHS' prior written consent and the execution of a new License Agreement.

b. Notices. Any notice to be delivered pursuant to this License Agreement shall be deemed delivered upon service, if served personally, or three (3) days after deposit in the United States mail if mailed by first class mail, postage prepaid, registered or certified, and addressed to the person designated for receipt of notice hereunder, at the address set forth on the first page of this License Agreement or at such other address as shall be specified from time to time in writing by the receiving party.

c. Severability. In the event that any provision of this License Agreement is determined to be invalid or unenforceable, the remainder of this License Agreement shall be valid and enforceable to the maximum extent permitted by applicable law.

d. Exclusive Agreement; Modification. This License Agreement constitutes the complete and exclusive statement of the agreement of the parties relative to the licensing of use of the Programs, and supersedes all oral or written proposals or understandings concerning such subject matter. This License Agreement may be modified only pursuant to a writing executed by both parties. Should Licensee elect to issue a purchase order or any similar document for its own internal purposes, this License Agreement shall control any conflict between the terms and conditions of the said order form.

e. Public Information Act request. Should Licensee receive a request under the Texas Public Information Act (open records act) for disclosure, access to, or copying of any proprietary information provided by or belonging to IHS or any of its licensors, including but not limited to disclosure of, access to, or a copy of the Programs or any part thereof, Licensee shall immediately notify IHS, including notice in writing and a copy of the said request, so that IHS may determine what steps it may wish to take to protect such information. Unless IHS expressly states to Licensee in writing that it wishes to forgo seeking exemption or exception from such disclosure, Licensee shall have the duty hereunder timely to take all required steps to initiate the process by which to request an opinion from the Texas Attorney General concerning whether such information must be disclosed. Thereupon, Licensee shall promptly notify IHS that such request has been made by Licensee, so that IHS may, at its option and to the extent permitted by law, supplement Licensee's request.

In the event that disclosure is ultimately required, Licensee shall provide to the recipient, along with access to or any copies of such disclosed materials, a notice that the materials are owned by or licensed to IHS, are protected under the federal Copyright Act and other laws, and that recipient is not by virtue of disclosure under the Texas Public Information Act (or any successor statute) thereby authorized to use, copy, or disseminate the materials without the express written consent of IHS; and that any unauthorized use, copying or dissemination may constitute a violation of federal copyright or other laws, and could therefore subject the recipient or others to civil or criminal penalties.

FAILURE OF LICENSEE TO COMPLY FULLY WITH THE OBLIGATIONS OF THIS SUBSECTION SHALL BE A MATERIAL BREACH OF THIS LICENSE AGREEMENT AND SHALL CONSTITUTE GROUNDS FOR THE IMMEDIATE TERMINATION OF THIS LICENSE AGREEMENT BY IHS, WITHOUT PENALTY THEREFOR OR FURTHER OBLIGATION TO LICENSEE. Such termination shall not relieve Licensee from the obligation to pay any outstanding fees or costs hereunder, or other obligations hereunder that survive termination.

f. Costs; Attorneys' Fees. In the event any action or claim is brought by IHS to interpret, apply or enforce this License Agreement, IHS shall be entitled to recover its costs of such action, or costs of alternative

dispute resolution or settlement including, without limitation, attorneys fees, expert fees, and court costs.

g. Survivability. The obligations of Licensee, for example, regarding protection and confidentiality of the Programs, consent to injunction, limitation of liability, remedies, cooperation, governing law and forum selection, payment of accrued fees and costs, and the parties' obligations of indemnification and hold harmless set forth herein, shall survive any termination of this License Agreement.

h. Governing Law. This License Agreement shall be governed by and enforced in accordance with the laws of the State of Texas, without giving effect to its choice of laws provisions.

i. Forum Selection. Any suit brought by or against IHS under, concerning or related to this License Agreement may be brought only in the State of Texas and jurisdiction and venue for any action arising under or concerning this License Agreement or the related Data Processing Services Agreement shall be and lie exclusively in the state and county courts of Travis County, Texas, or the United States District Courts of the Western District of Texas, Austin Division.

j. No Waiver of Rights. No term or provision of this Agreement shall be deemed to be waived and no consent to any breach or default shall be deemed unless such waiver or consent be in writing signed by the party against which such waiver or consent is asserted; the

terms of this Agreement shall not be deemed to be amended by any such waiver or consent unless in a writing expressly stating such amendment; and any waiver by either party, whether express or implied, shall not imply a consent or waiver of any term or provision on any other occasion, or any consent to any different breach or default.

k. Construction. Descriptive headings or captions in this License Agreement are for convenience only and shall not affect the construction or application of this License Agreement. Words having established technical or trade meanings in the industry shall be so construed. Lists of items shall not be exclusive unless expressly so stated, but shall include other items, whether similar or dissimilar to those explicitly listed, as the context reasonably requires. No rule of construction requiring interpretation against the drafting party shall be applied or given effect. Words of any gender used herein shall be deemed to include words of any other gender, and use of the singular or the plural herein shall include the other, unless context requires otherwise.

l. Cooperation. Licensee shall cooperate fully with IHS in the maintenance and protection by IHS of any intellectual property ownership or other rights or interest of IHS in the Programs or other intellectual property or interests therein that are the subject matter of this License.

APPROVALS

IN WITNESS WHEREOF, we have executed this License Agreement as of the 28 day of Aug, 2007.

Tom Green County, Texas

[Licensee name]

BY: 

NAME PRINTED: Hon. Michael D. Brown

TITLE: County Judge

DATE: 8-28-07

IHS

BY: 

NAME PRINTED: Brad Sibley

TITLE: Vice President & General Manager

DATE: 8/28/07

BUSINESS ASSOCIATE AGREEMENT

**(Intended to be an Amendment or Addendum to an Agreement
For Services Involving the Use, Creation or Transmission of
Protected Health Information)**

This Business Associate Agreement ("Agreement") effective on October 1, 2007, ("Effective Date") is entered into by and between Indigent Healthcare Solutions Ltd. (the "Business Associate") and Tom Green County, (the "Covered Entity").

RECITALS

A. The purpose of this Agreement is to comply with the Standards for Privacy of Individually Identifiable Health Information ("protected health information") published on December 28, 2000 by the Secretary of the U.S. Department of Health and Human Services ("HHS") to amend 45 C.F.R. Part 160 and Part 164 (the "Privacy Regulation") under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

B. [The parties have a prior agreement (the "Data Processing Service Agreement" DPSA) under which the Business Associate regularly uses protected health information (PHI) in its performance of services for the Covered Entity]

C. This Agreement sets forth the terms and conditions pursuant to which protected health information that is provided by, or created or received by, the Business Associate from or on behalf of the Covered Entity will be handled.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter addressed, the parties agree as follows:

1. Services. The Business Associate provides services for the Covered Entity that involve the use of protected health information. Except as otherwise specified herein, the Business Associate may make any and all uses of protected health information necessary to perform its obligations under the DPSA between the parties. Additionally, Business Associate may disclose protected health information for the purposes authorized by this Agreement only (a) to its employees, subcontractors and agents, in accordance with Section 2(d), or (b) as directed by the Covered Entity.

2. Responsibilities of Business Associate. With regard to its use of protected health information, the Business Associate hereby agrees to do the following:

(a) Use the protected health information only as permitted or required by this Agreement or as otherwise required by law;

(b) Report to the designated privacy officer of the Covered Entity, in writing, any use of the protected health information that is not permitted or required by

this Agreement of which Business Associate becomes aware within fifteen (15) days of the Business Associate's discovery of such unauthorized use;

(c) Use reasonable efforts to maintain the security of the protected health information and to prevent unauthorized use of such protected health information;

(d) Require all of its employees, representatives, subcontractors or agents that receive or use or have access to protected health information under this Agreement to agree to adhere to the same restrictions and conditions on the use of protected health information that apply herein, including the obligation to return or destroy the protected health information;

(e) Make available all records, books, agreements, policies and procedures relating to the use and/or disclosure of protected health information to the Secretary of HHS for purposes of determining the Covered Entity's compliance with the Privacy Regulation, subject to attorney-client and other applicable legal privileges;

(f) Within forty five (45) days of receiving a written request from the Covered Entity, provide to the Covered Entity such information as is requested by the Covered Entity to permit the Covered Entity to respond to a request by the subject individual for amendment and accounting purposes of the disclosures of the individual's protected health information in accordance with 45 C.F.R. §164.526 and §164.528. Covered Entity shall reimburse business Associate for reasonable fees associated with providing said information;

(g) Return to the Covered Entity or destroy, as requested by the Covered Entity, within thirty (30) days of the termination of this Agreement, the protected health information in Business Associate's possession and retain no copies.

3. **Responsibilities of the Covered Entity.** With regard to the use of protected health information by the Business Associate, the Covered Entity hereby agrees:

(a) To inform the Business Associate of any changes in the form of notice of privacy practices that the Covered Entity provides to individuals pursuant to 45 C.F.R. §164.520 and provide the Business Associate a copy of the notice currently in use;

(b) To inform the Business Associate of any changes in, or withdrawal of, the consent or authorization provided to the Covered Entity by individuals whose protected health information may be used by Business Associate under this Agreement pursuant to 45 C.F.R. §164.506 or §164.508; and

(c) To notify the Business Associate, in writing and in a timely manner, of any restrictions on the use of protected health information agreed to by the Covered Entity as provided for in 45 C.F.R. §164.522.

4. **Mutual Representation and Warranty.** Each party represents and warrants to the other party that all of its employees, agents, representatives and members of its work force, who services may be used to fulfill obligations under this Agreement, are or shall be appropriately informed of the terms of this Agreement.

5. **Termination.** As provided for under 45 C.F.R. §164.504(e)(2)(iii), the Covered Entity may immediately terminate this Agreement if it determines that the Business Associate has breached a material provision of this Agreement. Alternatively, the Covered Entity may choose to: (i) provide the Business Associate with thirty (30) days written notice of the existence of an alleged material breach; and (ii) afford the Business Associate an opportunity to cure said alleged material breach upon mutually agreeable terms. Failure to cure in the manner set forth in this paragraph is grounds for the immediate termination of this Agreement. If termination is not feasible, the Covered Entity shall report the breach to the Secretary of HHS. This Agreement will automatically terminate without any further action of the parties upon the termination or expiration of the DPSA.

6. **Amendment.** This Agreement may not be modified or amended, except in writing as agreed to by each party.

7. **No Third Party Beneficiaries.** Nothing expressed or implied in this Agreement is intended to confer, nor anything herein shall confer, upon any person other than the parties hereto any rights, remedies, obligations, or liabilities whatsoever.


8. **Notices.** Any notices to be given hereunder shall be made via U.S. mail or express courier, or hand delivery to the other party's address given below as follows:

If to Business Associate: Indigent Healthcare Solutions
2040 Loop 336 – Suite 304
Conroe, TX 77304

If to Covered Entity: Tom Green County
122 W. Harris
San Angelo, Texas 76903

IN WITNESS WHEREOF, the parties hereto hereby set their hands and seals as of the ____ day of _____, 2007.

IN PRESENCE OF: Business Associate

By: 
Name: Brad Sibley
Title: Vice President
Date: 8/28, 2007

**** CPT Addendum to Data Processing Services Agreement ****

In accordance with the Terms and Conditions of the Data Processing Services Agreement between **Tom Green County**, Texas herein after referred to as "Client" and Indigent Healthcare Solutions Ltd., this Addendum shall document IHS' licensing to Client updated versions of the Physicians' Current Procedural Terminology CPT™ codes a product of the American Medical Association (AMA), a coding work of nomenclature and codes for the reporting of physician services.

For the consideration of \$10.00 per concurrent user, per month, IHS will install and update the most recent CPT™ codes for the Client Indigent Health Care Office.

Concurrent Users 4

Monthly License \$40.00

CPT™ codes are a copyrighted product of the American Medical Association (AMA). All notices of proprietary rights, including trademark and copyright in CPT must appear on all permitted back up copies

This Addendum is nontransferable, nonexclusive, and is for the sole purpose of internal use by Client, and only in the United States.

CPT™ codes may not be used in any public electronic bulletin board, or public computer based information system (including the Internet and World Wide Web unless subject to the provisions of this Addendum).

Client may not create a derivative product of the CPT™ codes and selling, leasing or licensing it or otherwise making the Electronic Product or any portion thereof available to any unauthorized party.

Client may only make copies of the Electronic Product for back up and / or archival purposes.

Client should ensure that anyone who has authorized access to the electronic product complies with the provisions of this agreement and the Non Exclusive License Agreement.


June 20, 2007

**** CPT Addendum to Data Processing Services Agreement ****

If any provision of this Addendum is determined to violate any law or is unenforceable the remainder of the Addendum shall remain in full force and effect.

This Addendum shall become effective when executed and except as modified herein, all of the Terms and Conditions of the aforementioned Data Processing Services Agreement shall remain in full force and effect.


Client


Signature

Hon. Michael D. Brown

8-28-07
Date

Indigent Healthcare Solutions


Signature

Brad Sibley

8/28/07
Date

June 20, 2007

**** Addendum to Data Processing Services Agreement ****

In accordance with the Terms and Conditions of the Data Processing Services Agreement Contract between **Tom Green County**, Texas and Indigent Healthcare Solutions Ltd, (IHS), this Addendum shall document the addition, upgrade, and / or modification in services, hardware ownership, maintenance and monthly billing to **Tom Green County** for Indigent Health Care Services.

For the monthly consideration of \$100.00, IHS shall install and update the automated Red Book™ codes for the Tom Green County.

This Addendum shall become effective when executed and except as modified herein, all of the Terms and Conditions of the aforementioned Data Processing Services Agreement shall remain in full force and effect.

Tom Green County, Texas

Indigent Healthcare Solutions Ltd.



**Hon. Michael D. Brown
County Judge**



**Brad Sibley
Vice President & General Manager**

Date: 8-28-07

Date: 8/28/07

June 20, 2007

SCHEDULE A
TO NONEXCLUSIVE LICENSE AGREEMENT

CLIENT: Tom Green County, Texas

CLIENT OFFICES OR DEPARTMENTS:
Tom Green County Indigent Health Care

INSTALLATION TYPE:
(Check one)

☐ **ONSITE;** *see* Data Processing Services Agreement Attachment A
☒ X **REMOTE;** *see* Data Processing Services Agreement Attachment A

LICENSE TERM: Commensurate with term of companion Data Processing Services Agreement

LICENSING FEES: Included with fees stated in Data Processing Services Agreement, Attachment A

SOFTWARE:

Tom Green County IHC:

Vendor Management	Monthly updates for	Pending invoice
Client Management	Red Book / NDC drug	listings
Invoice entry for	codes	Hospital utilization by
prescriptions	Annual updates for	days
Invoice entry for	CPT codes	Amounts paid on
anesthesia	Client listings	clients
Invoice entry for	Termination listings	CPT usage reports
physician services	Explanation of benefits	DRG Code
Invoice entry for in-	(EOB) reporting	Management
patient care	General Ledger totals	
Invoice entry for out-	report	
patient care	Source totals reports	

Concurrent (Web) User No. (Maximum) = Four(4)

ACCESS

For requirements regarding client-provided remote maintenance access to IHS for Onsite installations, or Client obligations regarding access for Hosted Services, see Data Processing Services Agreement Attachment A

CLIENT

By:



Name (printed): Hon. Michael D. Brown

Title: Tom Green County Judge

IHS

By:



Name: Brad Sibley

Title: Vice President & General Manager

ATTACHMENT A
TO DATA PROCESSING SERVICES AGREEMENT
Scope of Services (Programs), Fees and Schedule of Equipment

RE: Data Processing Services Agreement between IHS and Tom Green County, Texas ("County").

The following Programs will be provided by IHS for the Services to the specified County offices or departments, subject to the terms and conditions of the Services Agreement and the companion License Agreement (**Attachment B** to the Services Agreement):

SERVICES: SOFTWARE

[Department 1]:

- | | |
|---|---|
| • Vendor Management | • Annual updates for CPT codes |
| • Client Management | • Client listings |
| • Invoice entry for prescriptions | • Termination listings |
| • Invoice entry for anesthesia | • Explanation of benefits (EOB) reporting |
| • Invoice entry for physician services | • General Ledger totals report |
| • Invoice entry for in-patient care | • Source totals reports |
| • Invoice entry for out-patient care | • Pending invoice listings |
| • Monthly updates for Red Book / NDC drug codes | • Hospital utilization by days |
| | • Amounts paid on clients |
| | • CPT usage reports |
| | • DRG Code Management |

FEES AND USER NUMBERS

Monthly Fees are due and payable in the offices of IHS in Conroe, Texas, on or before of the first day of each calendar month during the term of the Services Agreement, applicable to the Services for that calendar month; *provided*, that the first payment in the Initial Term or any Renewal Term shall be equal to two (2) months' fees for the applicable term, that is, for the first and last month of that term. All payments must be in U.S. dollars, by check, money order, cashiers check or wire transfer.

TOTAL MONTHLY FEE of \$2,274.00 Dollars (\$ 2,274.00) for the following County offices and departments, inclusive:

Tom Green County Indigent Health Care

SCHEDULE OF EQUIPMENT

INSTALLATION OF PROGRAMS WILL BE

_____ ONSITE (on Client's premises) X HOSTED (Internet or other remote access)

IHS will utilize the following equipment (computers, servers, other) or its functional equivalent as part of the Services specified in the Services Agreement. Unless otherwise expressly stated in a writing executed by IHS, the County shall have and acquire no right, title or interest in or to any equipment or hardware of any kind that is provided by or for IHS ("IHS Equipment"), or in or to any software provided by or for IHS additional to the Programs identified above (including but not limited to operating systems or other software for IHS Equipment) ("Other IHS Software"), whether such IHS Equipment or Other IHS Software is owned or leased by IHS or merely licensed to IHS; and all right, title and interest in and to such IHS Equipment and Other IHS Software shall remain solely in IHS and/or in those third parties who lease or license such equipment or software to IHS. IHS reserves the right to substitute, replace or modify any IHS Equipment or Other IHS Software from time to time, at IHS's sole discretion.

SERVER and characteristics:

Model: IBM 270

Operating system version/release: AIX Unix V5 or later

SITE LOCATION: ILand Internet Solutions Corporation, Houston, Texas

FOR HOSTED SERVICES ONLY:

IHS will provide the following security at the remote installation site and/or for the remote installation server: firewall; virus protection; master login password- and specific User login password-limited access. IHS will perform daily and monthly data backup.

CLIENT-SUPPLIED EQUIPMENT – MINIMUM SPECIFICATIONS

The following are the suggested minimum specifications for Client-supplied equipment, to ensure compatibility with the IHS Programs and satisfactory performance:

WORKSTATIONS:

2.0 GHz Intel Pentium PC	256 MB RAM	30 GB hard drive
17 inch monitor or LCD	CD drive	
Windows XP Pro or 2000 Pro	Internet Explorer 6.0 or later	100 base-T Ethernet card

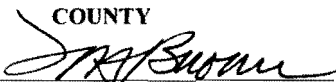

Internal NETWORK:

100 base-T compliant

REQUIREMENTS AND SPECIFICATIONS
REGARDING CLIENT REMOTE ACCESS

ISP Requirements: High Speed Internet

APPROVALS:

By: <u></u>	By: <u></u>
Print name: Hon. Michael D. Brown	Print name: Brad Sibley
Title: County Judge	Title: Vice President & General Manager
Date: <u>R-28-07</u>	Date: <u>8/28/07</u>

FILED FOR RECORD

ORDER OF GENERAL ELECTION
(ORDEN DE ELECCION GENERAL)

07 SEP -4 PM 4:25
COUNTY CLERK
COUNTY OF TOM GREEN, TEXAS

An election is hereby ordered to be held on November 6, 2007, in Tom Green County, Texas for the purpose of voting on Constitutional Amendments as required by Article XVII, Section 65 of the Texas Constitution.

(Por la presente se ordena que se lleve a cabo una elección el día November 6, 2007 en el Condado de Tom Green, Texas, con el propósito de votación para los enmienda constitucional como requerido por el Artículo XVI, Sección 65, de la Constitución de Texas.)

Early voting by personal appearance will be conducted each weekday at:
(La votación adelantada en persona se llevará a cabo de lunes a viernes en:)

Edd B. Keyes Building, 113 West Beauregard, Second Floor, Election Office
(location) (sitio)

between the hours of 8 a.m. and 5 p.m. beginning on October 22, 2007 (date) and ending on October 27, 2007 (date)

(entre las 8 de la mañana y las 5 de la tarde empezando el October 22, 2007) (fecha) y terminando el October 27, 2007 (fecha)

and between the hours of 1 p.m. and 6 p.m. on October 28, 2007

y entre las 1 de la tarde y las 6 de la tarde on October 28, 2007

and between the hours of 7 a.m. and 7 p.m. October 29, 2007 and ending on November 2, 2007.

y entre las 7 de la mañana y las 7 de la tarde empezando el October 29, 2007 y terminando el November 2, 2007.

Applications for ballot by mail shall be mailed to:

(Las solicitudes para boletas que se votarán adelantada por correo deberán enviarse a:)

Vona McKerley

(Name of Early Voting Clerk)

(Nombre del Secretario de la Votación Adelantada)

113 West Beauregard

(Address) (Dirección)

San Angelo, Texas 76903

(City) (Ciudad) (Zip Code) (Zona Postal)

Applications for ballots by mail must be received no later than the close of business on:

(Las solicitudes para boletas que se votarán adelantada por correo deberán recibirse para el fin de las horas de negocio el:)

October 30, 2007
(date) (fecha)

Issued this the 28th day of August, 20 07.

(Emitada este día 28th de agosto, 20 07.)


Signature of County Judge (Firma del Juez del Condado)

Ballot Language For November 6, 2007 Constitutional Amendment

Proposition 1 - HJR 103

"The constitutional amendment providing for the continuation of the constitutional appropriation for facilities and other capital items at Angelo State University on a change in the governance of the university."

"Enmienda constitucional que dispone la continuación de la asignación de fondos para instalaciones y otros bienes de capital en la Universidad Estatal de Angelo al efectuarse un cambio de administración de dicha universidad."

Proposition 2 - SJR 57

"The constitutional amendment providing for the issuance of \$500 million in general obligation bonds to finance educational loans to students and authorizing bond enhancement agreements with respect to general obligation bonds issued for that purpose."

"Enmienda constitucional que dispone la emisión de quinientos millones de dólares en bonos de obligación general destinados a financiar préstamos educativos a estudiantes y que autorizan acuerdos de mejoramiento referentes a bonos de obligación general emitidos para dichos fines."

Proposition 3 - HJR 40

"The constitutional amendment authorizing the legislature to provide that the maximum appraised value of a residence homestead for ad valorem taxation is limited to the lesser of the most recent market value of the residence homestead as determined by the appraisal entity or 110 percent, or a greater percentage, of the appraised value of the residence homestead for the preceding tax year."

"Enmienda constitucional que autoriza a la legislatura para disponer que el máximo valor tasado de una residencia familiar para efectos del impuesto al valor se limite al menor de los siguientes valores: el más reciente valor de mercado de la residencia familiar determinado por la entidad tasadora, o al 110 por ciento o algún porcentaje mayor del valor tasado de la residencia familiar correspondiente el ejercicio fiscal anterior."

Proposition 4 - SJR 65

"The constitutional amendment authorizing the issuance of up to \$1 billion in bonds payable from the general revenues of the state for maintenance, improvement, repair, and construction projects and for the purchase of needed equipment."

"Enmienda constitucional que autoriza la emisión hasta de mil millones de dólares de bonos pagaderos de los ingresos públicos del estado para proyectos de mantenimiento, mejoramiento, reparación y construcción y para la compra del equipo necesario."

Proposition 5 - SJR 44

"The constitutional amendment authorizing the legislature to permit the voters of a municipality having a population of less than 10,000 to authorize the governing body of the municipality to enter into an agreement with an owner of real property in or adjacent to an area in the municipality that has been approved for funding under certain programs administered by the Texas Department of Agriculture under which the parties agree that all ad valorem taxes imposed on the owner's property may not be increased for the first five tax years after the tax year in which the agreement is entered into."

"Enmienda constitucional que autoriza a la legislatura para permitir que los votantes de un municipio con una población de menos de 10,000 habitantes autoricen al cuerpo directivo del municipio para celebrar un acuerdo con el propietario de bienes raíces en o colindantes con una zona municipal que se haya aprobado para financiación a tenor de ciertos programas administrados por el Departamento de Agricultura de Tejas, conforme al cual las partes acuerden que toda tributación al valor impuesta sobre los bienes de dicho propietario no podrá aumentarse durante los cinco primeros ejercicios fiscales subsiguientes al ejercicio fiscal en el que se celebre tal acuerdo."

Proposition 6 - HJR 54

"The constitutional amendment authorizing the legislature to exempt from ad valorem taxation one motor vehicle owned by an individual and used in the course of the owner's occupation or profession and also for personal activities of the owner."

"Enmienda constitucional que autoriza a la legislatura para eximir del impuesto al valor a un vehículo automotor propiedad de una persona que se utilice en el transcurso de la ocupación o profesión del propietario así como en sus actividades personales."

Proposition 7 - HJR 30

"The constitutional amendment to allow governmental entities to sell property acquired through eminent domain back to the previous owners at the price the entities paid to acquire the property."

"Enmienda constitucional que permite a entidades gubernamentales la reventa al antiguo propietario de bienes adquiridos por dominio eminente, al precio pagado por dichas entidades para adquirir dichos bienes."

Proposition 8 - HJR 72

"The constitutional amendment to clarify certain provisions relating to the making of a home equity loan and use of home equity loan proceeds."

"Enmienda constitucional que aclara ciertas disposiciones referentes a la emisión de préstamos sobre la inversión neta en el hogar y la utilización de las utilidades producidas por tales préstamos."

Proposition 9 - SJR 29

"The constitutional amendment authorizing the legislature to exempt all or part of the residence homesteads of certain totally disabled veterans from ad valorem taxation and authorizing a change in the manner of determining the amount of the existing exemption from ad valorem taxation to which a disabled veteran is entitled."

"Enmienda constitucional que autoriza a la legislatura para conceder la exención parcial o total del impuesto al valor sobre la residencia familiar de ciertos veteranos totalmente discapacitados y que autoriza un cambio de la forma de calcular el valor de la exención actual de tributación al valor a la que el veterano discapacitado tenga derecho."

Proposition 10 - HJR 69

"The constitutional amendment to abolish the constitutional authority for the office of inspector of hides and animals."

"Enmienda constitucional que sirve para abolir la autoridad constitucional de la inspección de animales y pieles de animales."

Proposition 11 - HJR 19

"The constitutional amendment to require that a record vote be taken by a house of the legislature on final passage of any bill, other than certain local bills, of a resolution proposing or ratifying a constitutional amendment, or of any other nonceremonial resolution, and to provide for public access on the Internet to those record votes."

"Enmienda constitucional que exige que se realice en alguna de las cámaras legislativas una votación registrada sobre la aprobación definitiva de cualquier proyecto de ley, salvo ciertos proyectos de ley que no se apliquen a todo el estado, o la aprobación de una resolución que proponga o ratifique alguna enmienda constitucional, o la aprobación de cualquier otra resolución que no sea de índole ceremonial, así como disponer el acceso público, mediante el Internet, de dichos votos registrados."

Proposition 12 - SJR 64

"The constitutional amendment providing for the issuance of general obligation bonds by the Texas Transportation Commission in an amount not to exceed \$5 billion to provide funding for highway improvement projects."

"Enmienda constitucional que dispone la emisión por la Comisión de Transportes de Tejas de bonos de obligación general en una cantidad que no excede cinco mil millones de dólares a fin de proveer fondos para proyectos de mejoramiento de carreteras."

Proposition 13 - HJR 6

"The constitutional amendment authorizing the denial of bail to a person who violates certain court orders or conditions of release in a felony or family violence case."

"Enmienda constitucional que autoriza la denegación de libertad bajo fianza a personas que infrinjan ciertas órdenes judiciales o condiciones de liberación en casos de delito mayor o de violencia doméstica."

Proposition 14 - HJR 36

"The constitutional amendment permitting a justice or judge who reaches the mandatory retirement age while in office to serve the remainder of the justice's or judge's current term."

"Enmienda constitucional que permite que un juez, incluso un juez del tribunal supremo o de un tribunal de apelación del estado en lo penal, que al llegar a la edad de jubilación obligatoria siga en el ejercicio de su cargo, continúe en el mismo durante el término restante de su cargo."

Proposition 15 - HJR 90

"The constitutional amendment requiring the creation of the Cancer Prevention and Research Institute of Texas and authorizing the issuance of up to \$3 billion in bonds payable from the general revenues of the state for research in Texas to find the causes of and cures for cancer."

"Enmienda constitucional que exige la creación de un Instituto de Investigación y Prevención del Cáncer de Tejas y que autoriza la emisión de bonos con valor hasta de tres mil millones de dólares pagaderos de los ingresos generales del estado para fines de realizar investigaciones de Tejas con miras a descubrir las causas y la cura del cáncer."

Proposition 16 - SJR 20

"The constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board in an amount not to exceed \$250 million to provide assistance to economically distressed areas."

"Enmienda constitucional que dispone la emisión por la Junta para el Desarrollo del Agua de Tejas de bonos adicionales de obligación general cuyo monto no exceda de 250 millones de dólares destinados a aportar ayuda a zonas en estrechez económica."

Tom Green County, Texas

August 28, 2007

The Attorney General of Texas
300 West 15th Street, 9th Floor
Austin, Texas 78701
Attention: Public Finance Division

Texas State Comptroller of Public Accounts
208 East 10th Street, Room 636
Austin, Texas 78701-2407
Attention: Melissa Mora
Cash and Securities Management Division

Re: Tom Green County, Texas Tax Note, Series 2007

To the Attorney General:

The Initial Certificate and transcript of the captioned series are being sent to your office, and it is requested that you examine and approve the Certificates in accordance with the law. After such approval, please deliver the Initial Certificate to the Comptroller of Public Accounts for registration.

Enclosed herewith is a signed but undated copy of the General Certificate for the Certificates. You are hereby authorized and directed to date this certificate concurrently with the date of approval of the Certificates. If any litigation or contest should develop pertaining to the Certificates or any other matters covered by said certificate, the undersigned will notify you thereof immediately by telephone and telecommunication. With this assurance, you can rely on the absence of any such litigation or contest and on the veracity and currency of said certificate at the time you approve the Certificates, unless you are notified otherwise as aforesaid.

To the Comptroller:

The approved Initial Certificates of the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Certificates, evidenced by the approved Initial Certificate, as required by law and by the proceedings authorizing the Certificates.

After such registration, you are authorized and directed to notify and deliver the Initial Certificate to McCall, Parkhurst & Horton L.L.P., 717 N. Harwood, Suite 900, Dallas, Texas 75201, Attention: Leroy Grawunder, Jr.

The Attorney General of Texas
Comptroller of Public Accounts


Please also send to McCall, Parkhurst & Horton L.L.P., five copies of each of the following:

1. Attorney General's Approving Opinion; and
2. Comptroller's Signature Certificate.

Your statement of charges should be billed to McCall, Parkhurst & Horton L.L.P.

Sincerely,

TOM GREEN COUNTY, TEXAS

By: 
County Judge

Tom Green County, Texas

August 28, 2007

The Attorney General of Texas
300 West 15th Street, 9th Floor
Austin, Texas 78701
Attention: Public Finance Division

Texas State Comptroller of Public Accounts
208 East 10th Street, Room 636
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Sincerely,

TOM GREEN COUNTY, TEXAS

By: 
County Judge

Tom Green County, Texas

August 28, 2007

The Attorney General of Texas
300 West 15th Street, 9th Floor
Austin, Texas 78701
Attention: Public Finance Division

Texas State Comptroller of Public Accounts
208 East 10th Street, Room 636
Austin, Texas 78701-2407
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To the Attorney General:

The Initial Certificate and transcript of the captioned series are being sent to your office, and it is requested that you examine and approve the Certificates in accordance with the law. After such approval, please deliver the Initial Certificate to the Comptroller of Public Accounts for registration.

Enclosed herewith is a signed but undated copy of the General Certificate for the Certificates. You are hereby authorized and directed to date this certificate concurrently with the date of approval of the Certificates. If any litigation or contest should develop pertaining to the Certificates or any other matters covered by said certificate, the undersigned will notify you thereof immediately by telephone and telecommunication. With this assurance, you can rely on the absence of any such litigation or contest and on the veracity and currency of said certificate at the time you approve the Certificates, unless you are notified otherwise as aforesaid.

To the Comptroller:

The approved Initial Certificates of the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Certificates, evidenced by the approved Initial Certificate, as required by law and by the proceedings authorizing the Certificates.

After such registration, you are authorized and directed to notify and deliver the Initial Certificate to McCall, Parkhurst & Horton L.L.P., 717 N. Harwood, Suite 900, Dallas, Texas 75201, Attention: Leroy Grawunder, Jr.

The Attorney General of Texas
Comptroller of Public Accounts

Please also send to McCall, Parkhurst & Horton L.L.P., five copies of each of the following:

1. Attorney General's Approving Opinion; and
2. Comptroller's Signature Certificate.

Your statement of charges should be billed to McCall, Parkhurst & Horton L.L.P.

Sincerely,

TOM GREEN COUNTY, TEXAS

By:



County Judge

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the County Judge of Tom Green, Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Tax Note, Series 2007 (the "Note"). The Note is being issued pursuant to an order of the Issuer (the "Order") adopted on the date of sale of the Note. The Order is incorporated herein by reference.

1.3. To the best of the undersigned's knowledge, information and belief, the expectations contained in this Certificate are reasonable.

1.4. The undersigned is an officer of the Issuer delegated with the responsibility of issuing and delivering the Note.

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by Bank of America, N.A., Dallas, Texas (the "Purchaser") in Section 5 of this Certificate.

2. The Purpose of the Note and Useful Lives of Projects.

2.1. The Note is being issued pursuant to the Order (a) to provide for the payment of costs of issuing the Note and (b) to finance the acquisition of office and communications equipment, including software, acquisition of vehicles and equipment for sheriff, road and bridge, fleet maintenance and parks departments; renovation of an Issuer-owned building; construction and installation of a fence for the inmate work camp; and acquisition of land and construction of improvements for a road and bridge storage yard (collectively, the "Projects").

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 5 years from the later of the date the Projects are placed in service or the date on which the Note is issued.

2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Note during the period of acquisition and construction of the Projects and not used to pay interest on the Note, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Note, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Note. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Note.

3. Expenditure of Note Proceeds and Use of Projects.

3.1. The Issuer will incur, within six months after the date of issue of the Note, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.

3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Note to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Note.

3.4. The Order provides that allocations of proceeds to expenditures for the Projects are expected not to be later than 18 months after the later of the date of the expenditure or the date that the Projects are placed in service, but, in any event, not longer than 60 days after the earlier of five years of the date hereof or the date the Note is retired.

3.5. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other non-purpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.6. Other than members of the general public, the Issuer expects that throughout the lesser of the term of the Note, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. In no event will the proceeds of the Bonds in an amount greater than \$15 million or facilities financed therewith be used for private business use.

3.7. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Projects prior to the earlier of the end of such property's useful life or the final maturity of the Note. The Order provides that the Issuer will not sell or otherwise dispose of the Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Note.

3.8. For purposes of Section 3.7 hereof, the Issuer has not included the portion of the Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

4. Interest and Sinking Fund.

4.1. A separate and special Interest and Sinking Fund has been created and established solely to pay the principal of and interest on the Note, with a portion of the Interest and Sinking Fund constituting a bona fide debt service fund for the Note, and money deposited into the Interest and Sinking Fund for the Note will not be invested at a yield higher than the yield on the Note, except during the thirteen month period beginning on the date of each such deposit of money, and the amounts received from the investment of money in the Interest and Sinking Fund will not be invested at a yield higher than the yield on the Note, except during the one year period beginning on the date of receipt of such amounts; provided, however, and except that, if any money so deposited, and any amounts received from the investment thereof, are accumulated in the Interest and Sinking Fund and remain on hand in the Interest and Sinking Fund after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof, such money and amounts, to the extent of an aggregate not exceeding the lesser of five percent of the proceeds of

the Note or \$100,000 will not be subject to investment yield restrictions, and shall constitute a separate portion of the Interest and Sinking Fund.

4.2. It is expected that a portion of the Interest and Sinking Fund will be used primarily to achieve a proper matching of revenues collected for the Note and debt service on the Note within each bond year, and it is expected that such portion of the Interest and Sinking Fund will be depleted once a year on a first-in - first-out basis, except for a possible carryover amount which will not exceed the greater of one year's earnings on such fund or 1/12 of annual debt service payable from such fund, but any money and amounts which may be accumulated in the Interest and Sinking Fund, to constitute a debt service reserve fund for the Note as described in Section 5.1, above, shall constitute a separate portion of the Interest and Sinking Fund, and will not be depleted annually, and will not be subject to yield restrictions; provided that in no event will such debt service reserve fund portion of the Interest and Sinking Fund ever exceed the lesser of five percent of the proceeds of the Note or \$100,000.

5. Yield.

The Note has been the subject of a bona fide initial offering to the Purchaser who is acquiring as a member of the public and not for the present purposes of resale at a purchase price of 100 percent of the stated principal amount thereof.

6. Invested Sinking Fund Proceeds, Replacement Proceeds.

6.1. The Issuer has, in addition to the moneys received from the sale of the Note, certain other moneys that are invested in various funds which are pledged for various purposes. These other funds are not available to accomplish the purposes described in Section 2 of this Certificate.

6.2. Other than the Interest and Sinking Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Note, or (b) which are reserved or pledged as collateral for payment of debt service on the Note and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Note, within the meaning of section 148 of the Code.

7. Other Obligations.

There are no other obligations of the Issuer that (a) are sold at substantially the same time as the Note, i.e., within 15 days of the date of sale of the Note, (b) is sold pursuant to a common plan of financing with the Note, and (c) will be payable from the same source of funds as the Note.

8. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Note with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law.

9. Record Retention.

The Issuer has covenanted in the Order that it will comply with the requirements of the Code relating to the exclusion of the interest on the Note under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE NOTE UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE NOTE AND ENDING THREE YEARS AFTER THE DATE THE NOTE IS RETIRED.** The Issuer acknowledges receipt of the letter attached hereto as Exhibit "B" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transaction. The Issuer also acknowledges that the letter does not constitute an opinion of Bond Counsel as to the proper record retention policy applicable to any specific transaction.

10. Rebate to United States.

The Issuer has covenanted in the Order that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Note in excess of the yield on the Note required to be rebated to the United States will be timely paid to the United States. The Issuer acknowledges receipt of the memorandum attached hereto as Exhibit "A" which discusses regulations promulgated pursuant to section 148(f) of the Code. This memorandum does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

DATED:

TOM GREEN, TEXAS

By: 

County Judge

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Section 5 of this Federal Tax Certificate are accurate.

BANK OF AMERICA, N.A., DALLAS, TEXAS

By: _____

Exhibit "A"

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.

800 CONGRESS AVENUE
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AUSTIN, TEXAS 78791-3348
TELEPHONE: (512) 473-3808
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700 N. ST. MARY'S STREET
1825 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78208-3503
TELEPHONE: (210) 225-2800
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January 1, 2006

ARBITRAGE REBATE REGULATIONS¹

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds¹ to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

On June 18, 1993, the U.S. Treasury Department promulgated regulations relating to the computation of arbitrage rebate and the rebate exceptions. These regulations, which replace the previously-published regulations promulgated on May 15, 1989, and on May 18, 1992, are effective for bonds issued after June 30, 1993. This memorandum was prepared by McCall, Parkhurst & Horton L.L.P. and provides a general discussion of these arbitrage rebate regulations. This memorandum does not otherwise discuss the general arbitrage regulations, other than as they may incidentally relate to rebate. This memorandum also does not attempt to provide an exhaustive discussion of the arbitrage rebate regulations and should not be considered advice with respect to the arbitrage rebate requirements as applied to any individual or governmental unit or any specific transaction. Any tax advice contained in this memorandum is of a general nature and is not intended to be used, and should not be used, by any person to avoid penalties under the Code.

McCall, Parkhurst & Horton L.L.P. remains available to provide legal advice to issuers with respect to the provisions of these tax regulations but recommends that issuers seek competent financial and accounting assistance in calculating the amount of such issuer's rebate liability under section 148(f) of the Code and in making elections to apply the rebate exceptions.

¹ In this memorandum the word "bond" is defined to include any bond, note, certificate, financing lease or other obligation of an issuer.

Effective Dates

The regulations promulgated on June 18, 1993, generally apply to bonds delivered after June 30, 1993, although they do permit an issuer to elect to apply the rules to bonds issued prior to that date. The temporary regulations adopted by the U.S. Treasury Department in 1989 and 1992 incorporated the same effective dates which generally apply for purposes of section 148(f) of the Code. As such, the previous versions of the rebate regulations generally applied to bonds issued between August 1986 and June 30, 1993 (or, with an election, to bonds issued prior to August 15, 1993). The statutory provisions of section 148(f) of the Code, other than the exception for construction issues, apply to all bonds issued after August 15, 1986, (for private activity bonds) and August 31, 1986, (for governmental public purpose bonds). The statutory exception to rebate applicable for construction issues generally applies if such issue is delivered after December 19, 1989.

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and mortgage revenue bonds, the transitional rules contained in these regulations permit an issuer to elect to apply certain of these rules for computing rebate on pre-1986 bonds. The regulations provide for numerous elections which would permit an issuer to apply the rules (other than 18-month spending exception) to bonds which were issued prior to July 1, 1993 and remain outstanding on June 30, 1993. Due to the complexity of the regulations, it is impossible to discuss in this memorandum all circumstances for which specific elections are provided. If an issuer prefers to use these final version of rebate regulations in lieu of the computational method stated under prior law (e.g., due to prior redemption) or the regulations, please contact McCall, Parkhurst & Horton L.L.P. for advice as to the availability of such options.

Future Value Computation Method

The regulations employ an actuarial method for computing the rebate amount based on the future value of the investment receipts (i.e., earnings) and payments. The rebate method employs a two-step computation to determine the amount of the rebate payment. First, the issuer determines the bond yield. Second, the issuer determines the arbitrage rebate amount. The regulations require that the computations be made at the end of each five-year period and upon final maturity of the issue (the "computation dates"). **THE FINAL MATURITY DATE WILL ACCELERATE IN CIRCUMSTANCES IN WHICH THE BONDS ARE OPTIONALLY REDEEMED PRIOR TO MATURITY. AS SUCH, IF BONDS ARE REFUNDED OR OTHERWISE REDEEMED, THE REBATE MAY BE DUE EARLIER THAN INITIALLY PROJECTED.** In order to accommodate accurate record-keeping and to assure that sufficient amounts will be available for the payment of arbitrage rebate liability, however, we recommend that the computations be performed at least annually. Please refer to other materials provided by McCall, Parkhurst & Horton L.L.P. relating to federal tax rules regarding record retention.

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the computation date. Similarly, a payment for an investment is future valued from the date that the payment is made to the computation date. The receipts and payments are future valued at a discount rate equal to the yield on the bonds. The rebatable arbitrage, as of any

computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

The following example is provided in the regulations to illustrate how arbitrage rebate is computed under the future value method for a fixed-yield bond:

"On January 1, 1994, City A issues a fixed yield issue and invests all the sale proceeds of the issue (\$49 million). There are no other gross proceeds. The issue has a yield of 7.0000 percent per year compounded semiannually (computed on a 30 day month/360 day year basis). City A receives amounts from the investment and immediately expends them for the governmental purpose of the issue as follows:

<u>Date</u>	<u>Amount</u>
2/1/1994	\$ 3,000,000
4/1/1994	5,000,000
6/1/1994	14,000,000
9/1/1994	20,000,000
7/1/1995	10,000,000

City A selects a bond year ending on January 1, and thus the first required computation date is January 1, 1999. The rebate amount as of this date is computed by determining the future value of the receipts and the payments for the investment. The compounding interval is each 6-month (or shorter) period and the 30 day month/360 day year basis is used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	(1,229)
Rebate amount (01/01/1999)		<u>\$878,664"</u>

General Method for Computing Yield on Bonds

In general, the term "yield," with respect to a bond, means the discount rate that when used in computing the present value of all unconditionally due payments of principal and interest and all of the payments for a qualified guarantee produces an amount equal to the issue price of the bond. The term "issue price" has the same meaning as provided in sections

1273 and 1274 of the Code. That is, if bonds are publicly offered (i.e., sold by the issuer to a bond house, broker or similar person acting in the capacity of underwriter or wholesaler), the issue price of each bond is determined on the basis of the initial offering price to the public (not to the aforementioned intermediaries) at which price a substantial amount of such bond was sold to the public (not to the aforementioned intermediaries). The "issue price" is separately determined for each bond (i.e., maturity) comprising an issue.

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

Yield on a fixed interest rate issue (i.e., an issue of bonds the interest rate on which is determined as of the date of the issue) is computed over the entire term of the issue. Issuers of fixed-yield issues generally use the yield computed as of the date of issue for all rebate computations. Such yield on fixed-yield issues generally is recomputed only if (1) the issue is sold at a substantial premium, may be retired within five years of the date of delivery, and such date is earlier than its scheduled maturity date, or (2) the issue is a stepped-coupon bond. In such cases, the regulations require the issuer to recompute the yield on such issues by taking into account the early retirement value of the bonds. Similarly, recomputation may occur in circumstances in which the issuer or bondholder modify or waive certain terms of, or rights with respect to, the issue or in sophisticated hedging transactions. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

For purposes of determining the principal or redemption payments on a bond, different rules are used for fixed-rate and variable-rate bonds. The payment is computed separately on each maturity of bonds rather than on the issue as a whole. In certain circumstances, the yield on the bond is determined by assuming that principal on the bond is paid as scheduled and that the bond is retired on the final maturity date for the stated retirement price. For bonds subject to early redemption or stepped-coupon bonds, described above, or for bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

Premiums paid to guarantee the payment of debt service on bonds are taken into account in computing the yield on the bond. Payments for guarantees are taken into account by treating such premiums as the payment of interest on the bonds. This treatment, in effect, raises the yield on the bond, thereby permitting the issuer to recover such fee with excess earnings.

The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

Payments for the guarantee may not exceed a reasonable charge for the transfer of credit risk. This reasonable charge requirement is not satisfied unless it is reasonably expected that the guarantee will result in a net present value savings on the bond (i.e., the premium does not exceed the present value of the interest savings resulting by virtue of the guarantee). If the guarantee is entered into after June 14, 1989, then any fees charged for the nonguarantee services must be separately stated or the guarantee fee is not recoverable.

The regulations also treat certain "hedging" transactions in a manner similar to qualified guarantees. "Hedges" are contracts, e.g., interest rate swaps, futures contracts or options, which are intended to reduce the risk of interest rate fluctuations. Hedges and other financial derivatives are sophisticated and ever-evolving financial products with which a memorandum, such as this, can not readily deal. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

Earnings on Nonpurpose Investments

The arbitrage rebate provisions apply only to the receipts from the investment of "gross proceeds" in "nonpurpose investments." For this purpose, nonpurpose investments are stock, bonds or other obligations acquired with the gross proceeds of the bonds for the period prior to the expenditure of the gross proceeds for the ultimate purpose. For example, investments deposited to construction funds, reserve funds (including surplus taxes or revenues deposited to sinking funds) or other similar funds are nonpurpose investments. Such investments include only those which are acquired with "gross proceeds." For this purpose, the term "gross proceeds" includes original proceeds received from the sale of the bonds, investment earnings from the investment of such original proceeds, amounts pledged to the payment of debt service on the bonds or amounts actually used to pay debt service on the bonds. The regulations do not provide a sufficient amount of guidance to include an exhaustive list of "gross proceeds" for this purpose; however, it can be assumed that "gross proceeds" represent all amounts received from the sale of bonds, amounts earned as a result of such sale or amounts (including taxes and revenues) which are used to pay, or secure the payment of, debt service for the bonds. The total amount of "gross proceeds" allocated to a bond generally can not exceed the outstanding principal amount of the bonds.

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the

issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

Special rules are provided for purposes of advance refundings. These rules are too complex to discuss in this memorandum. Essentially, the rules relating to refundings, however, do not require that amounts deposited to the escrow fund to defease the prior obligations of the issuer be subject to arbitrage rebate to the extent that the investments deposited to the escrow fund do not have a yield in excess of the yield on the bonds. Any loss resulting from the investment of proceeds in an escrow fund below the yield on the bonds, however, may be recovered by combining those investments with investments deposited to other funds, e.g., reserve or construction funds.

The arbitrage regulations also provide an exception to the arbitrage limitations for the investment of bond proceeds in tax-exempt obligations. As such, investment of proceeds in tax exempt bonds eliminates the issuer's rebate obligation. A caveat; this exception does not apply to gross proceeds derived allocable to a bond, which is not subject to the alternative minimum tax under section 57(a)(5) of the Code, if invested in tax-exempt bonds subject to the alternative minimum tax, i.e., "private activity bonds." Such "AMT-subject" investment is treated as a taxable investment and must comply with the arbitrage rules, including rebate. Earnings from these tax-exempt investments are subject to arbitrage restrictions, including rebate.

Similarly, the investment of gross proceeds in certain tax-exempt mutual funds are treated as a direct investment in the tax-exempt obligations deposited in such fund. While issuers may invest in such funds for purposes of avoiding arbitrage rebate, they should be aware that if "private activity bonds" are included in the fund then a portion of the earnings will be subject to arbitrage rebate. Issuers should be prudent in assuring that the funds do not contain private activity bonds.

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general

funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, working capital financings are subject to many of the same rules that have existed since the mid-1970s. For example, the regulations generally continue the 13-month temporary period. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts) for the computation period (which generally corresponds to the issuer's fiscal year). Also, the regulations continue to permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. Another change made by the regulations is that the issuer may not finance the operating reserve with proceeds of a tax-exempt obligation.

Importantly, the regulations contain rules for determining whether proceeds used to reimburse an issuer for costs paid prior to the date of issue of the obligation, in fact, are considered spent at the time of reimbursement. These rules apply to an issuer who uses general revenues for the payment of all or a portion of the costs of a project then uses the proceeds of the bonds to reimburse those general revenues. Failure to comply with these rules would result in the proceeds continuing to be subject to federal income tax restrictions, including rebate.

To qualify for reimbursement, a cost must be described in an expression (e.g., resolution, legislative authorization) evidencing the issuer's intent to reimburse which is made no later than 60 days after the payment of the cost. Reimbursement must occur no later than 18 months after the later of (1) the date the cost is paid or (2) the date the project is placed in service. Except for projects requiring an extended construction period or small issuers, in no event can a cost be reimbursed more than three years after the cost is paid.

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

Rebate Payments

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such

payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100 percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

Rebate payments are refundable. The issuer, however, must establish to the satisfaction of the Commissioner of the Internal Revenue Service that the issuer paid an amount in excess of the rebate and that the recovery of the overpayment on that date would not result in additional rebatable arbitrage. An overpayment of less than \$5,000 may not be recovered before the final computation date.

Alternative Penalty Amount

In certain cases, an issuer of a bond the proceeds of which are to be used for construction may elect to pay a penalty, in lieu of rebate. The penalty may be elected in circumstances in which the issuer expects to satisfy the two-year spending exception which is more fully described under the heading "Exceptions to Rebate." The penalty is payable, if at all, within 60 days after the end of each six-month period. This is more often than rebate. The election of the alternative penalty amount would subject an issuer, which fails the two-year spend-out requirements, to the payment of a penalty equal to one and one-half of the excess of the amount of proceeds which was required to be spent during that period over the amount which was actually spent during the period.

The penalty has characteristics which distinguish it from arbitrage rebate. First, the penalty would be payable without regard to whether any arbitrage profit is actually earned. Second, the penalty continues to accrue until either (1) the appropriate amount is expended or (2) the issuer elects to terminate the penalty. To be able to terminate the penalty, the issuer must meet specific requirements and, in some instances, must pay an additional penalty equal to three percent of the unexpended proceeds.

Exceptions to Rebate

The Code and regulations provide certain exceptions to the requirement that the excess investment earnings be rebated to the United States.

a. Small Issuers. The first exception provides that if an issuer (together with all subordinate issuers) during a calendar year does not issue tax-exempt bonds² in an aggregate

² For this purpose, "private activity bonds" neither are afforded the benefit of this exception nor are taken into account for purposes of determining the amount of bonds issued.

face amount exceeding \$5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception.* Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the \$5 million cap may be increased to as much as \$15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding bonds can be disregarded if they meet certain structural requirements. Please contact McCall, Parkhurst & Horton L.L.P. for further information.

b. Spending Exceptions.

Six-Month Exception. The second exception to the rebate requirement is available to all tax-exempt bonds, all of the gross proceeds of which are expended during six months. The six month rule is available to bonds issued after the effective date of the Tax Reform Act of 1986. See the discussion of effective dates on page two. For this purpose, proceeds used for the redemption of bonds (other than proceeds of a refunding bond deposited to an escrow fund to discharge refunded bonds) can not be taken into account as expended. As such, bonds with excess gross proceeds generally can not satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not. The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross

proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

The two-year rule also provides for numerous elections which must be made not later than the date of issuance of the bonds. Once made, the elections are irrevocable. Certain elections permit an issuer to bifurcate bond issues, thereby treating only a portion of the issue as a qualified construction bond; and, permit an issuer to disregard earnings from reserve funds for purposes of determining "available construction proceeds." Another election permits an issuer to pay the alternative penalty amount discussed above in lieu of rebate if the issuer ultimately fails to satisfy the two-year rule. Issuers should discuss these elections with their financial advisors prior to issuance of the bonds. Of course, McCall, Parkhurst & Horton L.L.P. remains available to assist you by providing legal interpretations thereof.

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e., have a term of less than five years) or variable rate bonds, the exclusion is available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

FOR BONDS ISSUED AFTER THE EFFECTIVE DATE OF THE TAX REFORM ACT OF 1986 WHICH WERE OUTSTANDING AS OF NOVEMBER 11, 1988, OTHER THAN PRIVATE ACTIVITY BONDS, SHORT TERM BONDS OR VARIABLE RATE BONDS, A ONE-TIME ELECTION MAY BE MADE TO EXCLUDE EARNINGS ON "BONA FIDE DEBT SERVICE FUNDS" WITHOUT REGARD TO THE \$100,000, LIMITATION. THE ELECTION MUST BE MADE IN WRITING (AND MAINTAINED AS PART OF THE ISSUER'S BOOKS AND

RECORDS) NO LATER THAN THE LATER OF MARCH 21, 1990, OR THE FIRST DATE A REBATE PAYMENT IS REQUIRED.

Conclusion

McCall, Parkhurst & Horton L.L.P. hopes that this memorandum will prove to be useful as a general guide to the arbitrage rebate requirements.

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Harold T. Flanagan or Faust N. Bowerman at (214) 754-9200.

Exhibit "B"

LAW OFFICES
MCCALL, PARKHURST & HORTON L.L.P.

800 CONGRESS AVENUE
1800 ONE AMERICAN CENTER
AUSTIN, TEXAS 78701-3248
TELEPHONE: (512) 478-3805
FACSIMILE: (512) 472-0871

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: (210) 225-2800
FACSIMILE: (210) 225-2884

August 28, 2007

Mr. Nathan Craddock
County Auditor
122 West Harris
San Angelo, Texas 76903

Re: Tom Green, Texas
Tax Note, Series 2007

Dear Mr. Craddock:

As you know, the Tom Green, Texas (the "Issuer") will issue the captioned note in order to provide for the acquisition and construction of the project. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund for the captioned note. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of note proceeds and that investment of these amounts be at a yield which is not higher than the yield on the captioned note. For this purpose, please refer to line 21(e) of the Form 8038-G included in the transcript of proceedings for the yield on the captioned note.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the interest and sinking fund must be invested in obligations the combined yield on which does not exceed the yield on the note. Importantly, for purposes of administrative convenience, the note, however, has been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property. **IMPORTANTLY, THE PROCEEDS OF THE NOTE MAY NOT BE USED TO FINANCE EMPLOYEE COMPENSATION, INCLUDING SALARIES OR RETIREMENT PAYMENTS, OR TO PAY SERVICE CONTRACT EXPENSES WITHOUT SUBJECTING THE NOTE TO ADDITIONAL FEDERAL INCOME TAX REQUIREMENTS.**

First, the sale and investment proceeds to be used for the project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the note yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days after the earlier of (1) of five years after the delivery date of the note or (2) the date the note is retired unless you obtain an opinion of bond counsel.

Second, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding note. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned note, or any other outstanding note, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, a portion of the interest and sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the note or \$100,000.

Accordingly, you should review the current balance in the interest and sinking fund in order to determine if such balance exceeds the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the interest and sinking fund. The amounts in this fund which are subject to yield restriction would only be the amounts which are in excess of the sum of (1) the current debt service account and (2) the "minor portion" account. Moreover, to the extent that an additional obligations are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

The Order contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the captioned note and ending three years after the date the captioned note is retired. Please note this federal tax law standard may vary from state law standards.** The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned note, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the note, the Issuer should keep schedules evidencing the expenditure of note proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of note proceeds. In the event that you have questions relating to record retention, please contact us.

Finally, you should notice that the order contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding Note), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the note. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of the yield restriction rules as applied to amounts deposited to the interest and sinking fund. Moreover, this letter does not address the rebate consequences with respect to the interest and sinking fund and you should review the memorandum attached

to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.


Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Mr. Leroy Grawunder, Jr.

DATED:

TOM GREEN, TEXAS

By: 
County Judge

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name TOM GREEN COUNTY	2 Issuer's employer identification number 75 6001184		
3 Number and street (or P.O. box if mail is not delivered to street address) 122 WEST HARRIS	Room/suite	4 Report number 3 01	
5 City, town, or post office, state, and ZIP code SAN ANGELO, TEXAS 76903		6 Date of issue	
7 Name of issue TAX NOTE, SERIES 2007		8 CUSIP number	
9 Name and title of officer or legal representative whom the IRS may call for more information NATHAN CRADDOCK, COUNTY AUDITOR		10 Telephone number of officer or legal representative (325) 659-6521	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ►	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

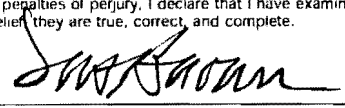
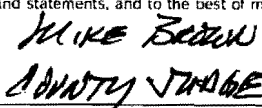
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	\$	\$	years	%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	22			
23 Issue price of entire issue (enter amount from line 21, column (b))	23			
24 Proceeds used for bond issuance costs (including underwriters' discount)	24			
25 Proceeds used for credit enhancement	25			
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27 Proceeds used to currently refund prior issues	27	-0-		
28 Proceeds used to advance refund prior issues	28	-0-		
29 Total (add lines 24 through 28)	29			
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30			

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)		N/A
31 Enter the remaining weighted average maturity of the bonds to be currently refunded		years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33 Enter the last date on which the refunded bonds will be called		
34 Enter the date(s) the refunded bonds were issued		

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 -0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a -0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer	N/A
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

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.

Sign Here  8-28-05 
Signature of issuer's authorized representative Date Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 11-2000)

Tom Green County, Texas

August 28, 2007

Bank of America, N.A.
901 Main Street, 7TH Floor
Dallas, Texas 75202

Re: \$1,850,000 Tom Green County, Texas Tax Note, Series 2007

Ladies and Gentlemen:

The Issuer and the Purchaser of the captioned Tax Note have designated your bank as the place, and as their agent, for the delivery and payment of the Tax Note. The Tax Note, which has been issued as a single fully registered Tax Note payable in installments, will be sent to you in the near future, together with a certified copy of the Order authorizing the issuance of the Tax Note.

Upon your receipt of the final unqualified approving legal opinion of McCall, Parkhurst & Horton L.L.P., Attorneys at Law, 717 North Harwood Street, Ninth Floor, Dallas, Texas 75201 as to the validity of the Tax Note, you are authorized and directed to deliver the Tax Note to the purchaser thereof, to-wit:

BANK OF AMERICA, N.A.

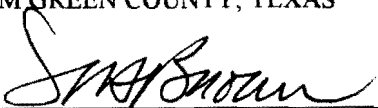
when you have received payment for the Tax Note, in immediately available funds, for the purchase price thereof and accrued interest to the date of delivery.

You are further authorized and directed to cause the proceeds of the above-referenced Tax Note to be distributed and deposited, and the Tax Note to be delivered to the Purchaser and the closing documents to be dated and distributed, in accordance with the attached Closing Memorandum.

Enclosed herewith IS one signed but undated copy of the Issuer's General Certificate for said Tax Note. You are hereby authorized and directed to date all copies of each of said documents concurrently with the date of delivery and payment for the Tax Note. If any litigation or contest should develop or be filed, or if any event should occur, or any knowledge should come to our attention, which would change or affect the veracity of the statements and representations contained in any of said documents, the undersigned will notify you thereof immediately by telephone. With this assurance you can rely on the absence of any such litigation, contest, event, or knowledge, and on the veracity and currency of each of said documents at the time of delivery of and payment for the Tax Note, unless you are notified otherwise as aforesaid. After all copies of each of said documents have been dated in accordance with the foregoing instructions, please send all of them to McCall, Parkhurst & Horton L.L.P.

Sincerely yours,

TOM GREEN COUNTY, TEXAS



County Judge

LAW OFFICES
M^cCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
Suite 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE 512 478-3805
FACSIMILE 512 472-0871

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-8587
TELEPHONE 214 754-9200
FACSIMILE 214 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE 210 225-2800
FACSIMILE 210 225-2984

August 28, 2007

Honorable County Judge
and Members of the Commissioners Court
Tom Green County
122 West Harris
San Angelo, Texas 76903

Re: Tom Green County, Texas Tax Note, Series 2006

Ladies and Gentlemen:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Tom Green County, Texas (the "County") in connection with the issuance of the above-referenced Note (the "Note"). We understand that the Note will be authorized, issued and delivered to acquire and construct certain public improvements (the "Project") as described in the order authorizing the issuance and sale of the Note, and will be secured by a pledge of ad valorem taxes.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties:

- (1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Note and the source of payment and security for the Note.
- (2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Note, coordinate the authorization and execution of such documents, and review enabling legislation.
- (3) Assist the County in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Note, except that we will not be responsible for any required federal or state securities law filings. In this connection, we particularly undertake to assist the County in having the Note approved by the Public Finance Division of the Office of the Texas Attorney General,

and, following such approval, registered by the Texas Comptroller of Public Accounts.

- (4) Review legal issues relating to the structure of the Obligation issue.
- (5) Attend meetings of the Commissioners Court as requested.

Our Bond Opinion will be delivered by us on the date the Note is exchanged for its purchase price (the "Closing"). The County will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the County with applicable laws relating to the Note. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Note and its security. We understand that you will direct members of your staff and other employees and consultants of the County to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

- (1) Review of procurement requirements, or preparation or review of requests for bids or proposals or preparation or review of construction documents.
- (2) Assisting in the preparation or review of financial disclosure with respect to the Note.
- (3) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- (4) Preparing state securities law memoranda or investment surveys with respect to the Note.
- (5) Drafting state constitutional or legislative amendments.
- (6) Pursuing test cases or other litigation.
- (7) Making an investigation or expressing any view as to the creditworthiness of the County or the Note.
- (8) Representing the County in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

- (9) Negotiating the terms of, or opining as to, any investment contract.
- (10) Except as hereinafter described, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Note, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. If a disclosure document is to be disseminated in connection with the sale of the Note, we will if requested review those sections of the disclosure document which describe the Note and the order of the Commissioners Court authorizing the issuance of the Note.
- (12) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the County will be our client and an attorney-client relationship will exist between you and us. We further assume that all other parties in this transaction understand that we represent only the County in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the County's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the County will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the County and the attorney-client relationships created by this engagement letter will be concluded upon issuance of the Note. Nevertheless, subsequent to Closing, we will prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Note.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the County, one or more of our present or future clients will have transactions with the County. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance or purchase of the Note. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Note so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Note. Execution

of this letter will signify the County's consent to our representation of others consistent with the circumstances described in this paragraph.

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Note; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee will be \$5,850, to be paid by the County. In addition, the County will reimburse us for out-of-pocket expenses incurred in connection with the proposed transaction, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees and other expenses. Our statement for payment of our fee and reimbursement for out-of-pocket expenses will be billed after the Closing. If the financing is not consummated, we understand and agree that we will not be paid, except that we would be entitled to reimbursement for the Attorney General filing fee, if we have advanced it on behalf of the County.

State law requires that the Note must be submitted to the Attorney General of Texas for review and approval and that a statutory fee (an amount equal to 0.1% principal amount of the Note, subject to a minimum of \$750 and a maximum of \$9,500) be paid upon the submission of the transcript of proceedings for the Note to the Attorney General. The Attorney General filing fee is nonrefundable. The County agrees to provide to us a check in the amount of the Attorney General filing fee for the Note, which we agree will be submitted to the Attorney General when we submit the transcript of proceedings for the Note to the Attorney General. If for any reason the transcript of proceedings is not submitted to the Attorney General, we will return the check, uncashed, to the County.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.


Respectfully yours,

McCall, Parkhurst & Horton L.L.P.

By: _____
Leroy Grawunder, Jr.

Accepted and Approved

County of Tom Green

By: 
County Judge

Date: August 28, 2007

NO. R-1

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF TOM GREEN
TOM GREEN COUNTY, TEXAS
TAX NOTE, SERIES 2007

PRINCIPAL
AMOUNT
\$1,850,000

INTEREST RATE

DELIVERY DATE

As shown below

REGISTERED OWNER: BANK OF AMERICA, N.A.

PRINCIPAL AMOUNT: ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS

ON THE MATURITY DATE specified above, TOM GREEN COUNTY (the "Issuer"), being a political subdivision of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns (the "registered owner"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
February 1, 2008	\$ 40,000	3.874%
February 1, 2009	40,000	3.874%
February 1, 2010	40,000	3.874%
February 1, 2011	40,000	3.874%
February 1, 2012	40,000	3.874%
February 1, 2013	1,650,000	3.874%

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on the unpaid principal installments of this Note on February 1, 2008, and on each August 1 and February 1 thereafter to the date of maturity or redemption thereof. The last principal installment of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior to maturity, at the principal office of Bank of America, N.A., Dallas, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the order authorizing the issuance of this Note (the "Note Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such

Vol 88 pg 259

other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

THE PRINCIPAL OF AND INTEREST ON this Note are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, at the principal corporate trust office of Bank of America, N.A., Dallas, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Note Order to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

UPON THE PAYMENT of the principal installments of this Note, or a partial redemption of this Note, the Paying Agent/Registrar shall note in the Payment Record appearing on this Note the amount of each such payment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Note Registration Books.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Note for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Note that on or before each principal payment date and interest payment date for this Note it will make available to the Paying agent/Registrar, from the "Interest and Sinking Fund" created by the Note Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE for the payment of the principal of or interest on this Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE is dated August 15, 2007, authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$1,850,000 for the purpose to finance the costs of paying contractual obligations incurred for acquisition of office and communications equipment, including software, acquisition of vehicles and equipment for sheriff, road and bridge, fleet maintenance and parks departments, renovation of the County-owned Keyes building, construction and installation of a fence for the inmate work camp and acquisition of land and construction of improvements for a road and bridge storage yard.

THE BONDS may be redeemed in whole, but not in part, on any date, with three (3) days prior written notice to the registered owner at an amount equal to the principal then outstanding plus accrued interest to the date of redemption plus the Prepayment Fee. For purposes hereof, the Prepayment Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The registered owner will first determine the amount of interest which would have accrued each month at the Taxable Equivalent Rate for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date, using the interest rate on the Bonds applicable to the Prepaid Installment.

(ii) The registered owner will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the registered owner will discount the monthly differences to the date of prepayment by the Treasury Rate. The registered owner will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the prepayment fee:

(i) "Original Payment Date" mean the date on which the prepaid principal would have been paid if there had been no prepayment. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment, then the Original Payment Date for that amount will be the last day of the interest period.

(ii) "Prepaid Installment" means the amount of the prepaid principal which would have been paid on a single Original Payment Date.

(iii) "Taxable Equivalent Rate" means the interest rate per annum derived from the following formula: interest rate on the Bonds divided by the difference of (1 minus the Maximum Corporate Income Tax Rate). "Maximum Corporate Income Tax Rate" is the highest marginal federal income tax rate charged to U.S. corporations in effect at the time of the prepayment calculation which is currently 35% (or 0.35 in numerical terms).

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal in length to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the date of redemption in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear

interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the registered owner shall select a comparable publication to determine the Treasury Rate.

AT LEAST 20 DAYS prior to the date fixed for any redemption of the Note or portion thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid to the registered owner of the Note at its addresses as it appeared on the Paying Agent/Registrar's registration books on the 25th day prior to such redemption date. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Note or portion thereof which is to be so redeemed. If such written notice of redemption is given and due provision for such payment is made, all as provided above, the Note or portion thereof which is to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

THIS NOTE IS ISSUABLE AS solely as a fully registered note, without interest coupons. As provided in the Note Order, this Note, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of a fully registered Note, without interest coupons, payable to the registered owner or assignee, as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note to the assignee in whose name this Note hereof is to be registered. The form of Assignment printed or endorsed on this Note may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring and exchanging any Note will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT any Paying Agent/Registrar for this Note is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Note Order that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Note.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest and principal come due, have been levied and ordered

to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

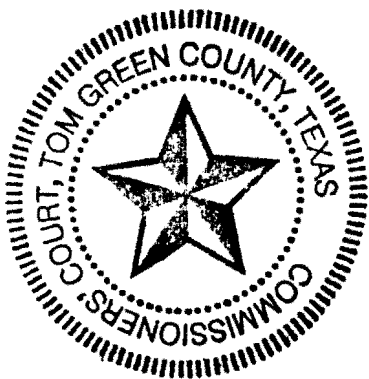
BY BECOMING the registered owner of this Note, the registered owner thereby acknowledges all of the terms and provisions of the Note Order, agrees to be bound by such terms and provisions, acknowledges that the Note Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Note and the Note Order constitute a contract between the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed with the manual or facsimile signature of the County Judge of the Issuer, countersigned with the manual or facsimile signature of the County Clerk of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Note.

Elizabeth McGill
County Clerk

SM Brown
County Judge

(COMMISSIONERS COURT SEAL)



The Note was delivered to and paid for by the Purchaser thereof on _____.

PAYMENT RECORD

Date of Payment	Principal Payments (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer Making Entry	Signature of Authorized Officer

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in exchange for or replacement of a Note of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

Paying Agent/Registrar

By _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Note, or duly authorized representative or attorney thereof, hereby assigns this Note to

_____	_____
_____	_____
(Assignee's Social Security or Tax Payer Identification Number)	(Print or type Assignee's Name and Address Including Zip Code)

and hereby irrevocably constitutes and appoints

attorney, to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

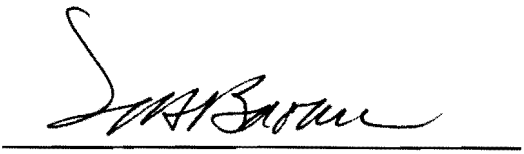
Dated: _____

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Note.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed with the manual or facsimile signature of the County Judge of the Issuer, countersigned with the manual or facsimile signature of the County Clerk of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Note.


County Clerk


County Judge

(COMMISSIONERS COURT SEAL)



CERTIFICATE FOR ORDER

THE STATE OF TEXAS

§

COUNTY OF TOM GREEN

§

We, the undersigned officers of the Commissioners Court of said County, hereby certify as follows:

1. The Commissioners Court of said County convened in regular meeting on the 28th day of August, 2007, at the County Courthouse, and the roll was called of the duly constituted officers and members of said Commissioners Court, to-wit:

Mike Brown, County Judge
Ralph Hoelshcer, Commissioner
Aubrey DeCordova, Commissioner - *Absent*
Steve Floyd, Commissioner
Richard Easingwood, Commissioner
~~D. J. Watts, Commissioner~~ *1/4*

Elizabeth McGill, County Clerk
Nathan Craddock, County Auditor

and all of said persons were present except *Aubrey DeCordova*, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDER AUTHORIZING THE ISSUANCE OF TOM GREEN COUNTY, TEXAS TAX
NOTE, SERIES 2007, AWARDING THE SALE THEREOF, MAKING PROVISIONS
FOR THE SECURITY THEREOF AND ORDERING OTHER MATTERS RELATED
THERETO

was duly introduced for the consideration of said Commissioners Court and read in full. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: 4

NOES: 0

2. That a true, full and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Order has been duly recorded in said Commissioners Court's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Commissioners Court's minutes of said Meeting pertaining to the passage of said Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; that each of the officers and members of said Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Order would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; that said Meeting was open to the public, and public notice of the time, place and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this August 28, 2007

Elizabeth Mc Gill
County Clerk

J. A. Brown
County Judge

(SEAL)



ORDER AUTHORIZING THE ISSUANCE OF TOM GREEN COUNTY, TEXAS TAX NOTE, SERIES 2007, AWARDING THE SALE THEREOF, MAKING PROVISIONS FOR THE SECURITY THEREOF AND ORDERING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS
COUNTY OF TOM GREEN

§
§

WHEREAS, pursuant to Chapter 1431, Texas Government Code, hereinafter called the "Act", the Commissioners Court is authorized and empowered to issue a note to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the County's authorized needs and purposes, and (iii) for professional services, including services provided by tax appraisal engineers, engineers, architects, attorneys, mapmakers, auditors, financial advisors, and fiscal agents; and

WHEREAS, in accordance with the provisions of the Act and the recommendation of the County Auditor, the Commissioners Court hereby finds and determines that a note should be issued and sold at this time to finance the costs of paying contractual obligations for the purposes hereinafter provided; and

WHEREAS, the governing body of the Issuer deems it appropriate to adopt this Order and issue the Tom Green County, Texas Tax Note, Series 2007 in the principal amount of \$1,850,000 (the "Note") herein authorized as permitted by the Act.

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF TOM GREEN COUNTY:

Section 1. AMOUNT AND PURPOSE OF THE NOTE. The Note of Tom Green County (the "Issuer") is hereby authorized to be issued and delivered in the aggregate principal amount of \$1,850,000, for the purpose to finance the costs of paying contractual obligations incurred for acquisition of office and communications equipment, including software, acquisition of vehicles and equipment for sheriff, road and bridge, fleet maintenance and parks departments, renovation of the County-owned Keyes building, construction and installation of a fence for the inmate work camp and acquisition of land and construction of improvements for a road and bridge storage yard.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF NOTE.

(a) Each Note issued pursuant to this Order shall be designated: "TOM GREEN COUNTY, TEXAS TAX NOTE, SERIES 2007," and initially there shall be issued, sold, and delivered hereunder one fully registered note, without interest coupons, dated August 15, 2007, in the denomination and principal amount of \$1,850,000, numbered R-1, with any note issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said note (in each case, the "Registered Owner").

(b) Principal of the note shall mature and be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rates set forth in the following schedule:

Payment Date	Principal Installment	Interest Rate
February 1, 2008	\$ 40,000	3.874%
February 1, 2009	40,000	3.874%
February 1, 2010	40,000	3.874%
February 1, 2011	40,000	3.874%
February 1, 2012	40,000	3.874%
February 1, 2013	1,650,000	3.874%

(c) Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Resolution.

(d) The term "Note" as used in this Order shall mean and include collectively the note initially issued and delivered pursuant to this Order and any substitute note exchanged therefor, as well as any other substitute note and replacement note issued pursuant hereto.

Section 3. INTEREST. The Note shall bear interest from the date of delivery of the Note specified in the FORM OF NOTE set forth in this Order, calculated on the basis of a 360 day year composed of twelve 30-day months, and shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Order.

Section 4. CHARACTERISTICS OF THE NOTE.

(a) Registration, Transfer and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal corporate trust office of Bank of America, N.A., Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer and exchange of the Note (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Issuer and Paying Agent/ Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Note. Registration of assignments, transfers and exchanges of the Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Order. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 4(c) of this Order, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel a Note surrendered for exchange. No additional orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing exchange of any Note, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery

of the substitute Note in the manner prescribed herein, and said Note shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, the duty of exchange of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, the exchanged Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The Issuer hereby further appoints the Paying Agent/ Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Note, and of all exchanges the Note, and all replacements of the Note, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the registered owners thereof, (ii) may be exchanged for another Note, (iii) may be transferred and assigned (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) shall be subject to prepayment and redemption, (vii) the principal of and interest on the Note shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Order. The Note initially issued and delivered pursuant to this Order is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in exchange for any Note issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Note that at all times while the Note is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Order, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the registered owner of the Note, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as

such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Delivery of Initial Note. On the closing date, one initial Note representing the entire principal amount of the Note, payable in stated installments to the purchaser designated in Section 15 or its designee, executed by manual or facsimile signature of the County Judge and County Clerk of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to such purchaser or its designee.

Section 5. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Note initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Order.

FORM OF NOTE

NO. R-_____	UNITED STATES OF AMERICA STATE OF TEXAS COUNTY OF TOM GREEN TOM GREEN COUNTY, TEXAS TAX NOTE, SERIES 2007	PRINCIPAL AMOUNT \$_____
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<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>
As shown below	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, TOM GREEN COUNTY (the "Issuer"), being a political subdivision of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns (the "registered owner"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
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(Information from Section 2 to be inserted)

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on the unpaid principal installments of this Note on February 1, 2008, and on each August 1 and February 1 thereafter to the date of maturity or redemption thereof. The last principal installment of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior

to maturity, at the principal office of Bank of America, N.A., Dallas, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the order authorizing the issuance of this Note (the "Note Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

THE PRINCIPAL OF AND INTEREST ON this Note are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, at the principal corporate trust office of Bank of America, N.A., Dallas, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Note Order to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

UPON THE PAYMENT of the principal installments of this Note, or a partial redemption of this Note, the Paying Agent/Registrar shall note in the Payment Record appearing on this Note the amount of each such payment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Note Registration Books.

ANY ACCRUED INTEREST due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Note for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Note that on or before each principal payment date and interest payment date for this Note it will make available to the Paying agent/Registrar, from the "Interest and Sinking Fund" created by the Note Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE for the payment of the principal of or interest on this Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE is dated August 15, 2007, authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$1,850,000 for the purpose to finance the costs of paying contractual obligations incurred for acquisition of office and communications equipment, including software, acquisition of vehicles and equipment for sheriff, road and bridge, fleet maintenance and parks departments, renovation of the County-owned Keyes building, construction and installation of a fence for the inmate work camp and acquisition of land and construction of improvements for a road and bridge storage yard.

THE BONDS may be redeemed in whole, but not in part, on any date, with three (3) days prior written notice to the registered owner at an amount equal to the principal then outstanding plus accrued interest to the date of redemption plus the Prepayment Fee. For purposes hereof, the Prepayment Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The registered owner will first determine the amount of interest which would have accrued each month at the Taxable Equivalent Rate for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date, using the interest rate on the Bonds applicable to the Prepaid Installment.

(ii) The registered owner will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the registered owner will discount the monthly differences to the date of prepayment by the Treasury Rate. The registered owner will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the prepayment fee:

(i) "Original Payment Date" mean the date on which the prepaid principal would have been paid if there had been no prepayment. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment, then the Original Payment Date for that amount will be the last day of the interest period.

(ii) "Prepaid Installment" means the amount of the prepaid principal which would have been paid on a single Original Payment Date.

(iii) "Taxable Equivalent Rate" means the interest rate per annum derived from the following formula: interest rate on the Bonds divided by the difference of (1 minus the Maximum Corporate Income Tax Rate). "Maximum Corporate Income Tax Rate" is the highest marginal federal income tax rate charged to U.S. corporations in effect at the time of the prepayment calculation which is currently 35% (or 0.35 in numerical terms).

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal in length to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the date of redemption in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the registered owner shall select a comparable publication to determine the Treasury Rate.

AT LEAST 20 DAYS prior to the date fixed for any redemption of the Note or portion thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid to the registered owner of the Note at its addresses as it appeared on the Paying Agent/Registrar's registration books on the 25th day prior to such redemption date. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Note or portion thereof which is to be so redeemed. If such written notice of redemption is given and due provision for such payment is made, all as provided above, the Note or portion thereof which is to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

THIS NOTE IS ISSUABLE AS solely as a fully registered note, without interest coupons. As provided in the Note Order, this Note, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of a fully registered Note, without interest coupons, payable to the registered owner or assignee, as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note to the assignee in whose name this Note hereof is to be registered. The form of Assignment printed or endorsed on this Note may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring and exchanging any Note will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT any Paying Agent/Registrar for this Note is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Note Order that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Note.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and

be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

BY BECOMING the registered owner of this Note, the registered owner thereby acknowledges all of the terms and provisions of the Note Order, agrees to be bound by such terms and provisions, acknowledges that the Note Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Note and the Note Order constitute a contract between the registered owner hereof and the Issuer.

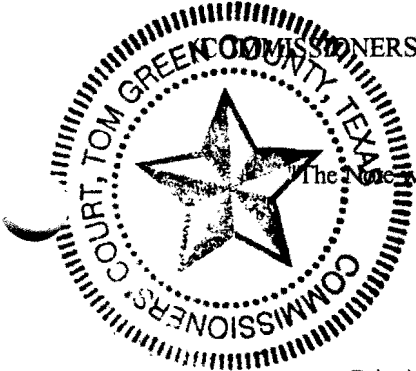
IN WITNESS WHEREOF, the Issuer has caused this Note to be signed with the manual or facsimile signature of the County Judge of the Issuer, countersigned with the manual or facsimile signature of the County Clerk of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Note.

County Clerk

Elizabeth Mc Bell

County Judge

Mark Suorn



COMMISSIONERS COURT SEAL)

The following shall be printed on the back of said Note:

"The Note was delivered to and paid for by the Purchaser thereof on _____."

FORM OF PAYMENT RECORD

PAYMENT RECORD

Date of Payment	Principal Payments (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer Making Entry	Signature of Authorized Officer

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Note has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Note has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in exchange for or replacement of a Note of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____.

Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Note, or duly authorized representative or attorney thereof, hereby assigns this Note to

_____	_____
_____	_____
(Assignee's Social Security or Tax Payer Identification Number)	(Print or type Assignee's Name and Address Including Zip Code)

and hereby irrevocably constitutes and appoints

attorney, to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____.

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Note.

Section 6. **INTEREST AND SINKING FUND.** Tom Green County, Texas Tax Note, Series 2007 Interest and Sinking Fund, hereinafter called the "Interest and Sinking Fund" is hereby authorized and shall be established and maintained in a depository bank of the Issuer, so long as the Note, or interest thereon, are outstanding and unpaid.

Section 7. **TAX LEVY.** A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Note. All ad valorem taxes levied and collected for and on account of said Note shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of said Note is outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on said Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such Note as such principal matures (but never less than 2% of the original principal amount of said Note as a Sinking Fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied and is hereby ordered to be levied, against all taxable property in said Issuer for each year while any of said Note is outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Note, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. In addition, until expended for the herein authorized purposes, the proceeds of the Note is pledged to the payment of the principal and interest on the Note.

SECTION 8. **SECURITY INTEREST.** Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of the taxes granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Note is outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the registered owners of the Note a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 9. DEFEASANCE OF NOTE.

(a) Any Note and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Note") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until the Defeased Note shall have become due and payable. At such time as a Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the taxes levied and pledged as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem a Defeased Note that is made in conjunction with the payment arrangements specified in subsection 9(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Note for redemption; (2) gives notice of the reservation of that right to the owner of the Defeased Note immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Note and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of the Defeased Note may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 9(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Note, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until the Defeased Note shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Note the same as if they had not been

deceased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Order.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

(a) Replacement Note. In the event any outstanding Note is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Note of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Note, in replacement for such Note in the manner hereinafter provided.

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen, or destroyed Note shall be made by the registered owner thereof to the Paying Agent/ Registrar. In every case of loss, theft, or destruction of a Note, the registered owner applying for a replacement Note shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on this Note, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section 10.

(d) Charge for Issuing Replacement Note. Prior to the issuance of any replacement Note, the Paying Agent/Registrar shall charge the registered owner of such Note with all legal, printing, and other expenses in connection therewith. Every replacement Note issued pursuant to the provisions of this Section by virtue of the fact that any Note is lost, stolen, or destroyed shall constitute a Note of the Issuer whether or not the lost, stolen, or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Notes duly issued under this Order.

(e) Authority for Issuing Replacement Note. In accordance with Chapter 1201, Texas Government Code, this Section of this Order shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 6(a) of this Order for a Note issued in exchange of another Note.

Section 11. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE. The County Judge of the Issuer is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate.

Section 12. **CONTRACTUAL UNDERTAKING WITH REGISTERED OWNER.** The Issuer hereby, and by the acceptance of each of the Note, contractually obligates and commits itself to utilize the net proceeds available from the issuance and delivery of the Note, after payment of costs of issuance related thereto, and the construction of improvements to County roads and bridges, in accordance with this Order.

Section 13. **REMEDIES IN EVENT OF DEFAULT.** In addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on the Note when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions or obligations set forth in this Order or in the Note, the following remedies shall be available:

(a) the registered owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Order; and

(b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14. **COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE.**

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Note (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Note being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Note being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Note, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Note, other than investment property acquired with –

(A) proceeds of the Note invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Note is issued, and in the case of a current refunding bond, for a period of 90 days or less,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Note;

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Note) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Note has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations (hereinafter defined). It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "Treasury Regulations"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Note, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Note, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the President of the Board of Trustees to execute any documents, certificates or reports required by the

Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Disposition of Projects. The Issuer covenants that the projects funded with the proceeds of the Refunded Note will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Note. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Designation as Qualified Tax-Exempt Obligation. The Issuer hereby designates the Note as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations that when aggregated with the Note, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, hereof, in order that the Note will not be considered a "private activity bond" within the meaning of section 141 of the Code.

Section 15. SALE OF NOTE. The Note is hereby sold and shall be delivered as a private placement to Bank of America, N.A., Dallas, Texas for cash for the par value thereof, pursuant to the private placement letter dated the date of the final passage of this Order which the County Judge is hereby authorized to execute and deliver. The Note shall initially be registered in the name of the Purchaser.

Section 16. FURTHER PROCEDURES. The County Judge, County Clerk, County Auditor and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Note and the sale of the Note. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 17. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Note.

Section 18. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Order in order to (i) cure any ambiguity,

defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in the Note so as to:

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Note;
- (4) Modify the terms of payment of principal or of interest or redemption premium on the Note or impose any condition with respect to such payment; or
- (5) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Order under this Section, the Issuer shall send by U.S. mail to the Registered Owner of the Note a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner of the Note, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Order pursuant to the provisions of this Section, this Order shall be deemed to be modified and amended in accordance with such amendatory Order, and the respective rights, duties, and obligations of the Issuer and the Registered Owner of the Note shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of the Note pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Note during such period. Such consent may be revoked at any time after six months from the date of the mailing of said notice by the Registered Owner, or by a successor in title, by filing notice with the Issuer.

(g) For the purposes of establishing ownership of the Note, the Issuer shall rely solely upon the registration of the ownership of such Note on the registration books kept by the Paying Agent/Registrar.

Section 19. APPROPRIATION. To pay the debt service coming due on the Bonds, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

2. That a true, full and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Order has been duly recorded in said Commissioners Court's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Commissioners Court's minutes of said Meeting pertaining to the passage of said Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; that each of the officers and members of said Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Order would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; that said Meeting was open to the public, and public notice of the time, place and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED this August 28, 2007

Elizabeth McGee
County Clerk

Mark Brown
County Judge

(SEAL)



[Letterhead of Bank]

August 28, 2007

Tom Green County
122 West Harris
San Angelo, Texas 76903

McCall, Parkhurst & Horton L.L.P.
717 N. Harwood, 9th Floor
Dallas, Texas 75201

I, the undersigned, being an authorized officer of Bank of America, N.A., Dallas, Texas (the "Bank"), being a financial institution, to-wit: a bank within the definition of section 3(a)(2) of the Securities Act of 1933, engaged in the business of purchasing securities such as the Note described below (the "Note"), acknowledge that Tom Green County, Texas (the "Issuer"), is issuing its \$1,850,000 Tax Note, Series 2007, for the purpose of providing funds to finance the cost of acquisition of vehicles and equipment and construction and equipment of public improvements and for paying the costs of issuance of the Note. The Note is to be issued under the authority of Chapter 1431, Texas Government Code. The Bank understands that the Note will be secured by the levy of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the Issuer.

The Bank further understands that the Note will be approved by the Attorney General of the State of Texas, and will be delivered in the form of one fully-registered Note in the denomination of the aggregate principal amount thereof, which will be made payable to the order of the Bank.

In connection with the Note, the Bank agrees as follows:

- A. The Bank will purchase the Note for a price equal to the principal amount thereof. The Note shall be delivered to the Bank on or about September 27, 2007, or such other date as is consistent with paragraph F hereof (the "Closing Date"). The first interest payment date for the Note shall be February 1, 2008, with the interest being paid on each August 1 and February 1 thereafter until maturity.
- B. The Note shall mature on the dates and in the principal amounts, and shall bear interest from the Closing Date, calculated on the basis of basis of a 360-day year of twelve 30-day months, at the per annum rates, all as set forth in the following schedule:

Payment Date	Principal Installment	Interest Rate
February 1, 2008	\$ 40,000	3.874%
February 1, 2009	40,000	3.874%
February 1, 2010	40,000	3.874%
February 1, 2011	40,000	3.874%
February 1, 2012	40,000	3.874%
February 1, 2013	1,650,000	3.874%

Vol 88 Pg 289

C. The Bonds may be redeemed in whole, but not in part, on any date, with three (3) days prior written notice to the Bank at an amount equal to the principal then outstanding plus accrued interest to the date of redemption plus the Prepayment Fee. For purposes hereof, the Prepayment Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The Bank will first determine the amount of interest which would have accrued each month at the Taxable Equivalent Rate for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date, using the interest rate on the Bonds applicable to the Prepaid Installment.

(ii) The Bank will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the Bank will discount the monthly differences to the date of prepayment by the Treasury Rate. The Bank will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the prepayment fee:

(i) "Original Payment Date" means the date on which the prepaid principal would have been paid if there had been no prepayment. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment, then the Original Payment Date for that amount will be the last day of the interest period.

(ii) "Prepaid Installment" means the amount of the prepaid principal which would have been paid on a single Original Payment Date.

(iii) "Taxable Equivalent Rate" means the interest rate per annum derived from the following formula: interest rate on the Bonds divided by the difference of (1 minus the Maximum Corporate Income Tax Rate). "Maximum Corporate Income Tax Rate" is the highest marginal federal income tax rate charged to U.S. corporations in effect at the time of the prepayment calculation which is currently 35% (or 0.35 in numerical terms).

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal in length to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the date of redemption in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the Bank shall select a comparable publication to determine the Treasury Rate.

D. The Note will be fully registered as to principal and interest, and the Bank shall serve as the initial paying agent and registrar for the Note without charge to the Issuer, except for the reimbursement of any reasonable expenditures incurred by the Bank in the capacity of paying agent and registrar.

- E. In regard to its purchase sale of the Note, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with all information necessary and requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Note, and the Bank has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its purchase decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to purchase the Note.
- F. The Note is being purchased by the Bank for the account of the Bank (and not on behalf of another), and the Bank has no present intention of reselling the Note or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in, or dispose of the Note at some future date, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Note. The Note may be transferred and registered in the name of the new registered owner in whole but not in part.
- G. Delivery of the Note shall be made to the Bank at the Bank within 60 days from the date hereof, it being understood that the delivery date may be extended by mutual consent.
- H. The Bank acknowledges that the Note will not be rated by any securities rating service. In addition, the Bank acknowledges that the Note will not be listed on any securities exchange. Further, no trading market now exists in the Note, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Bank is paying for the Note.
- I. It is understood and agreed that the Bank is buying the Note as evidence of a loan in a private placement by the Issuer to the Bank. The Note is exempt from any federal securities registration requirements by virtue of Section 3(a)(2) of the Securities Act of 1933. The offering of the Note is exempt from the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); consequently the Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with the Rule.
- J. The Issuer will designate the Note as a "qualified tax-exempt obligation" within the meaning of section 265(b) of the Internal Revenue Code. In furtherance of that designation, in the Order authorizing the Note, the Issuer will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Note as a "qualified tax-exempt obligation."
- K. This letter agreement shall be terminated by payment for and delivery to the Bank of \$1,850,000 in principal amount of the Note or by expiration of the time period referred to in G. above, provided that the representations of the Bank in E. above, shall survive the termination hereof. As a condition to the purchase of the Note, the Bank shall receive at the Closing an opinion of Bond Counsel in substantially the form attached hereto as Exhibit A. In addition, the Bank shall receive, at the Closing, an opinion of the Attorney General of the State of Texas to the effect that the Note has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas.

- L. In consideration for the purchase of the Note by the Bank, the Issuer agrees as follows:
1. The Issuer will provide the Bank with audited annual financial statements of the Issuer within one hundred eighty (180) days after each fiscal year end; and
 2. The Issuer agrees to deliver to the Bank any other financial information regarding the Issuer that the Bank may reasonably request from time to time.
- L. This private placement letter may be executed in any number of counterparts, each of which shall be deemed as an original and all of which shall constitute one and the same agreement.

[Execution Pages Follow]

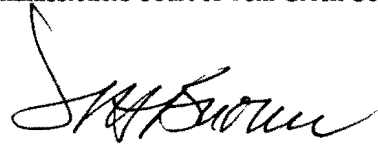
Respectfully submitted,

BANK OF AMERICA, N.A.

By: _____
Authorized Representative

ACCEPTANCE

ACCEPTED pursuant to a motion adopted by the Commissioners Court of Tom Green County, Texas,
this August 28, 2007.



County Judge

Exhibit A

Form of Opinion of Bond Counsel

(date)

Tom Green County
122 West Harris
San Angelo, Texas 76903

Bank of America, N.A.
901 Main Street, 67th Floor
Dallas, Texas 75202

Re: \$1,850,000 Tom Green County, Texas Tax Note, Series 2007

AS BOND COUNSEL for TOM GREEN COUNTY, TEXAS, the Issuer (the "Issuer") of the Note described above (the "Note"), we have examined into the legality and validity of the Note, which bears interest from the date specified in the text of the Note until maturity, at the rate and payable on the dates as stated in the text of the Note, and maturing on the dates specified in the text of the Note, all in accordance with the terms and conditions stated in the text of the Note.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Note, including the executed Note (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Note has been authorized, issued and duly delivered in accordance with law, and that said Note, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note have been levied and pledged for such purpose, without limit as to rate or amount, on all taxable property within the Issuer.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Note is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Note is not a "specified private activity bond" and that, accordingly, interest on the Note will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the Note, the use and investment of the proceeds of the Note and the use of the property financed therewith, including without limitation the covenant that the Issuer obtain an opinion of nationally recognized bond counsel on an interest mode conversion date to the effect that the conversion of the interest rate on the Note will not have an adverse effect on the exclusion from federal income tax of the interest on the Note. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Note may become includable in gross income retroactively to the date of issuance of the Note.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Note.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Note, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

OUR SOLE ENGAGEMENT in connection with the issuance of the Note is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Note under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Note for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Note, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Note and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Note. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Note as includable in gross income for federal income tax purposes.

Respectfully,

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of August 15, 2007 (this "Agreement"), by and between Tom Green County, Texas (the "Issuer"), and Bank of America, N.A., Dallas, Texas, a national banking association duly organized and existing under the laws of the United States of America (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Tax Note, Series 2007 (the "Security") in the aggregate principal amount of \$1,850,000, such Security to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Security is scheduled to be delivered to the initial purchaser thereof on or about September 27, 2007; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Security and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Security;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Security. As Paying Agent for the Security, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Security as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Order" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Security. As Registrar for the Security, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Security and with respect to the transfer and exchange thereof as provided herein and in the "Order."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Security.

Section 1.02. Compensation.

In consideration of the sale of the Security to the Bank by the Issuer, no compensation will be owing to the Bank for its services hereunder. The Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the

provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank Office" means the principal corporate trust office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security are registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor or City Manager of the Issuer, or any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Security" of any particular Security means every previous Security evidencing the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

"Redemption Date" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Order" means the ordinance of the governing body of the Issuer pursuant to which the Security is issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Security.

"Stated Maturity" means the date specified in the Order when the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Security" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on the Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holder of the Security (or its Predecessor Security) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Security on the dates specified in the Order.

ARTICLE FOUR

REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holder of the Security, the transfer, exchange and replacement of the Security and the payment of the principal of and interest on the Security to the Holder and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the

Bank may prescribe. All transfers, exchanges and replacement of Security shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Security.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of a Security, the exchange or transfer by the Holder thereof will be completed and a new Security delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Security to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

At any time when the Security is not subject to a book-entry-only system of registration and transfer, the Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Security in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Securities Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the

contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Canceled Certificates

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue a Security in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Security as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to any Security it has paid pursuant to Section 3.01, a Security it has delivered upon the transfer or exchange of any Security pursuant to Section 4.01, and any Security it has delivered in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Security pursuant to Section 4.06.

Section 4.08. Reporting Requirements

To the extent required by the Internal Revenue Code of 1986, as amended, and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report or assure that a report is made to the Holder and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Security which is required to be reported by a Holder on its returns of federal income tax.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Security, but is protected in acting upon receipt of a Security containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Security shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Security.

The Bank, in its individual or any other capacity, may become the owner or pledgee of a Security and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Security, with such moneys in the account that exceed the deposit

insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such Security have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Security shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court located in the State and County where the Issuer is located of competent jurisdiction to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Security is otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses set forth below:

Issuer

Tom Green County
122 West Harris
San Angelo, Texas 76903
Attn: County Auditor

Paying Agent/Registrar

Bank of America, N.A.
901 Main Street, 67th Floor
Dallas, Texas 75202

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Paying Agent/Registrar hereunder and vested with all of the powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any

instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Security to the Holder thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holder of the Security of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Security.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Security, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Signature page follows]

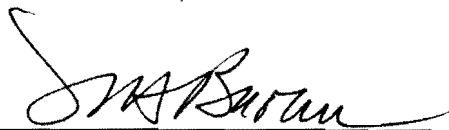
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BANK OF AMERICA, N.A.

By: _____

Title: _____

TOM GREEN COUNTY, TEXAS

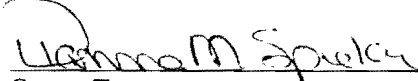
By:  _____
County Judge

ISSUER'S RECEIPT OF PAYMENT

The undersigned hereby certifies the following information:

- (a) This certificate is executed and delivered with reference to the Tom Green County, Texas Tax Note, Series 2007, in the aggregate principal amount of \$1,850,000 (the "Note"), issued by Tom Green County, Texas (the "County").
- (b) The undersigned is the duly chosen, qualified and acting officer of the County hereinafter indicated.
- (c) The Note has been duly delivered to Bank of America, N.A., the purchaser thereof set forth in the Order authorizing the issuance and sale of the Note.
- (d) The Note has been paid for in full by said purchaser concurrently with the delivery of this certificate, and the County has received, and hereby acknowledges receipt of, the agreed purchase price for the Note.

EXECUTED AND DELIVERED this .



County Treasurer,
Tom Green County, Texas

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS
COUNTY OF TOM GREEN

§
§

We, the undersigned officers of Tom Green County, Texas, hereby certify as follows:

(a) That this certificate is executed and delivered with reference to TOM GREEN COUNTY, TEXAS TAX NOTE, SERIES 2007, dated August 15, 2007, in the aggregate principal amount of \$1,850,000, being a single fully registered note payable in installments to the registered owner thereof (the "Note").

(b) That each of us officially executed and signed the Note by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each Note, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Note.

(c) The Note is in the form, and has been duly executed and signed in the manner prescribed in the order authorizing the issuance thereof.

(d) At the time we so executed and signed the Note we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Note, or which would affect the provision made for its payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Note, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the Issuer is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the Issuer to issue, execute, sign, and deliver the Note, and that no authority or proceedings for the issuance of the Note have been repealed, revoked, or rescinded.

(g) That we have caused the official seal of the Issuer to be impressed, or printed, or lithographed on the Note, and said seal has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

(Execution Page Follows)

EXECUTED AND DELIVERED THIS

MANUAL SIGNATURES

OFFICIAL TITLES

J. M. Brown

County Judge

Elizabeth McEl

County Clerk

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this August 28, 2007.

(NOTARY SEAL)



Alma Potter Perez
Notary Public

GENERAL CERTIFICATE

We, the undersigned, County Judge, County Auditor and County Clerk of Tom Green County, Texas (the "County"), hereby certify the following information:

I. General

1.1 This certificate relates to the Tom Green County, Texas Tax Note, Series 2007, in the aggregate principal amount of \$1,850,000 (the "Note"). Capitalized terms shall have the meanings assigned to such terms in the order authorizing the issuance of the Note.

1.2 The total principal amount of the presently outstanding general obligation indebtedness of the County, excluding the Note, is \$_____.

1.3 The currently effective ad valorem tax appraisal roll of said County (the "Tax Roll") is the Tax Roll prepared and approved for tax year 2007, being the most recently approved Tax Roll of said County; that the taxable property in said County has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "Texas law"); that the Tax Roll for said year has been submitted to the Commissioners Court of said County as required by Texas law, and has been approved and recorded by said Commissioners Court; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in said County (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of said County has been or will be imposed and levied, is \$_____.

1.4 The debt service requirements of the Note are set forth on Exhibit A attached hereto.

1.5 The County Auditor has recommended the authorization of the Note by the Commissioners Court for the projects described in the preamble of the Order.

II. Signature Identification and No-Litigation

2.1 The undersigned County Judge and County Clerk officially executed and signed the Note, by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Note, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Note; at the time we so executed and signed the Note we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the County to be impressed, printed, lithographed, stamped or otherwise placed on each of the Note, and said seal on the Note has been duly adopted as, and is hereby declared to be, the official seal of the County.

2.2 The Note is substantially in the form, and have been duly executed and signed in the manner prescribed in the order authorizing the issuance of the Note.

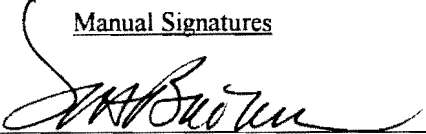
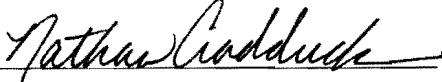
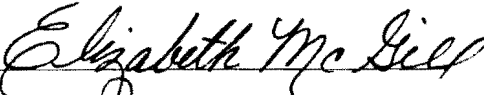
2.3 No litigation of any nature has ever been filed pertaining to, affecting, questioning, or contesting: (a) the Order which authorized the proposed Note; (b) the issuance, execution, delivery, payment, security or validity of said proposed Note; (c) the authority of the Commissioners Court and the officers of said

County to issue, execute and deliver said Note; (d) the validity of the corporate existence or boundaries of said County, or (e) the current tax rolls of said County.

2.4 No authority or proceedings for the issuance of any of the Note have been repealed, revoked, or rescinded.

(Execution Page Follows)

EXECUTED AND DELIVERED this

<u>Manual Signatures</u>	<u>Official Titles</u>
	County Judge, Tom Green County, Texas
	County Auditor, Tom Green County, Texas
	County Clerk, Tom Green County, Texas

Execute either I or II below:

- I. The signatures of the officers subscribed above are hereby certified to be true and genuine.

Bank
By _____
Authorized Officer

(BANK SEAL) or (initials of Authorized Officer if Bank has no seal on premises _____)

- II. Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this August 28, 2009


[NOTARY SEAL]  Ilma Potter Perez
Notary Public

EXHIBIT A

SCHEDULE OF DEBT SERVICE REQUIREMENTS

See Attached

FINANCIAL ADVISORY AGREEMENT
by and between
Tom Green County, Texas
(herein referred to as the "Issuer")
and
The Skiles Company

Date: August 28, 2007

The Honorable Judge and Members of the Commissioners Court
Tom Green County Courthouse
San Angelo, Texas 76901

Honorable Judge and Commissioners:

1. We understand that Tom Green County (the "Issuer") will have under consideration from time to time the authorization and issuance of obligations evidencing indebtedness (all such obligations shall be referred to as "Obligations") and that in connection with the issuance of such Obligations you hereby agree to retain The Skiles Company to perform professional services as your financial advisor in accordance with the terms of this financial advisory agreement ("Agreement"). This Agreement shall apply to all Obligations that may be authorized and/or issued during the period in which this Agreement is effective.
2. As financial advisor, we agree to perform the following duties:
 - (a.) We will conduct a review of the financial resources of the Issuer to determine the extent of the borrowing capacity of the Issuer. This review will include an analysis of (1) the existing debt structure in relation to sources of income projected by the Issuer which may be pledged to secure payment of the Obligations to be issued, and (2) where appropriate, the trends (as estimated by representatives of the Issuer) of assessed valuation, taxing power, and future financing needs.
 - (b.) On the basis of the information and estimates developed through our review and other information that we consider appropriate, we will submit written recommendations with respect to a plan of finance for the issuance of Obligations that will include (1) the date of issue, (2) interest payment dates, (3) a schedule of maturities, (4) early redemption options, and (5) other matters that we consider appropriate to increase the marketability of the Obligations.
 - (c.) In order to assist you in selecting a date for the sale of the Obligations, we will advise you of current conditions in the relevant debt market, upcoming bond issues, and other general information and economic data which might reasonably be expected to influence interest rates or bidding conditions.
 - (d.) We understand that you have retained or expect to retain a firm of recognized municipal bond attorneys, whose fees will be paid by you, who will prepare the proceedings, who will provide advice concerning the steps necessary to be taken to issue the Obligations, and who will issue an opinion approving the legality of the Obligations. We will maintain liaison with the bond attorneys and shall assist in all financial advisory aspects involved in the preparation of appropriate legal proceedings and documents.
 - (e.) If it is necessary to hold an election to authorize the Obligations, we will assist in coordinating the assembly and transmittal to the bond attorneys of information provided by or on behalf of the Issuer that is requested by the bond attorneys in connection with the preparation of the documents evidencing the legal proceedings that are necessary to conduct the election.

Vol 88 pg 313-A

(f) In connection with the issuance of Obligations, we will supervise the preparation of the official notice of sale, the disclosure documents, the uniform bid form containing provisions recognized by the municipal securities industry as being consistent with the securities offered for sale, and such other market documents you may request or we deem appropriate. We will submit all such documents for examination, approval, and certification by appropriate officials, employees, and agents of the Issuer. After such documents have been examined, approved, and certified, we will mail certain of these documents (a copy of which shall be submitted to the Issuer upon request) to a list of prospective bidders. We will also provide copies of these documents to the purchaser of the Obligations in accordance with the terms of the official notice of sale.

(g) We will make recommendations to the Issuer on the matter of credit rating(s) for the proposed issue of Obligations. Upon the request of the Issuer, we will coordinate the preparation of information to be submitted to any rating agency. In those cases where it is appropriate to present personally information to any rating agency, we will arrange for such presentation.

(h) In connection with each competitive sale, we will (1) disseminate bidding and disclosure information to prospective bidders, (2) where appropriate, organize such meetings to present information relating to the Obligations, (3) assist prospective bidders in submitting proper bids, (4) coordinate the receipt of bids (and good faith checks where indicated), (5) advise you as to the best bid, (6) advise you concerning the acceptance or rejection of the best bid, (7) if a bid is accepted, coordinate the delivery of and payment for the Obligations, (8) assist in the verification of final closing figures, and (9) upon request, recommend (based on information provided by representatives of the Issuer regarding the estimated timing of the application of the proceeds of the Obligations) a program of temporary investment of such proceeds.

(i) As your agent, we will (1) arrange for the printing of the Obligations, (2) submit the Obligations for execution and impression of a seal, and (3) cause the Obligations to be delivered to the Attorney General for approval and the Comptroller of Public accounts for registration. The Issuer shall maintain ownership of the Obligations until they are sold and delivered to the purchaser.

(j) After closing, we will deliver to the Issuer and the paying agents(s) definitive debt records, including a schedule of annual debt service requirements on the Obligations.

3. While this Agreement is in effect, the Issuer agrees (upon our request) to provide or cause to be provided to us information relating the Issuer, the security for the Obligations, and other matters that we consider appropriate to enable us to perform our duties under this Agreement. With respect to all information provided by or on behalf of the Issuer to us under this Agreement, the Issuer agrees to use its best efforts to obtain certifications (in a form reasonably satisfactory to us) from appropriate representatives as to the accuracy of such information. the Issuer acknowledges that we shall be entitled to rely on the accuracy of all information provided by or on behalf of the issuer., In the event that such information is inaccurate, the Issuer agrees that it shall assume full responsibility (from any funds that are lawfully available for such purpose) for all losses suffered by us as a result of the inaccuracy of such information.

4. All actions taken and all recommendations made by us in performing our duties under this Agreement will be based on our best professional judgment with the goal of obtaining the most favorable terms for the Issuer.

5. In consideration for the services rendered by us pursuant to this Agreement in connection with the authorization, issuance, and sale of Obligations, the Issuer agrees that our fee will be computed as shown on the "Fee Schedule" attached hereto. Our fee and reimbursable expenses shall become due and payable simultaneously with the delivery of the Obligations to the purchaser except that our reimbursable expenses shall be payable monthly upon our submission of a written statement. Our fees do not included

The Honorable Judge and Commissioners
Tom Green County, Texas
Page 3 of 4

the following costs: (a) the printing and distribution of the notice of sale and disclosure documents and the printing of the Obligations, (b) the fees of the bond attorneys, the Attorney General, and the Comptroller of Public Accounts, (c) publication of notice in the Texas Bond Reporter, (d) fees of the rating agencies, (e) travel and communications in connection with obtaining a rating of the Obligations, attending the closing of any issue of Obligations, or any other matter, (f) the registration of the Obligations, or (g) litigation, (if any) in connection with the issuance of the Obligations.

6. The Issuer agrees that we may submit a bid (either independently or as a member of a syndicate) for any issue of Obligations when offered.

7. It is acknowledged that the purchase and sale of securities, at the request of the Issuer, and for ultimate use in defeasing outstanding obligations of the Issuer does not constitute the rendering of financial advisory services and is not subject to the terms of this Agreement.

8. If, during the term of this Agreement, we are asked to serve as underwriter with respect to any issues of obligations of the Issuer, we may terminate our obligations under this Agreement with respect to that series of obligations only. This contract will stay in effect with respect to other issues of obligations of the Issuer for which we are not acting as underwriter.

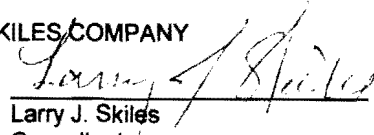
9. This Agreement shall be for a period commencing September 1, 2007 and continuing through September 30, 2012; however, either party may terminate this Agreement upon thirty days' written notice.

10. This Agreement is submitted in triplicate originals. When accepted by you, it will constitute the entire Agreement between you and us for the purpose and consideration herein specified. Proper signatures of your authorized representatives on both copies and the returning of one executed copy to us will indicate your acceptance.

Respectfully submitted,

THE SKILES COMPANY


By:


Larry J. Skiles
Consultant

ACCEPTANCE

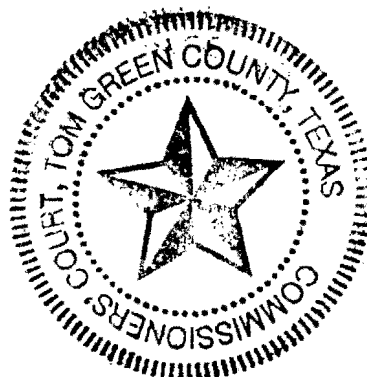
ACCEPTED pursuant to motion adopted by the governing body of Tom Green County, Texas on the 28th day of August, 2007.

By:


County Judge, Tom Green County, Texas

ATTEST:


County Clerk, Tom Green County, Texas



FEE SCHEDULE

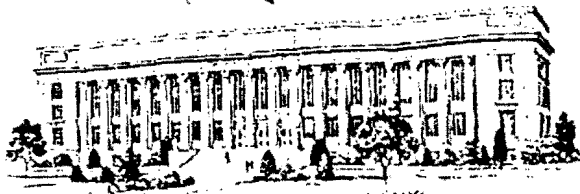
In consideration for the services performed by The Skiles Company, the issuer agrees that our fee for each issue of obligations will be as follows:

Base Fee, Any Issue:				\$ 3,750
Plus				
\$12.50 per \$1,000 up to	\$ 250,000	or	\$ 6,875 for	\$ 250,000 Bonds
Plus				
\$11.50 per \$1,000 up to	\$ 250,000	or	\$ 9,750 for	\$ 500,000 Bonds
Plus				
\$ 7.00 per \$1,000 up to	\$ 500,000	or	\$13,250 for	\$ 1,000,000 Bonds
Plus				
\$ 4.75 per \$1,000 up to	\$ 1,500,000	or	\$20,375 for	\$ 2,500,000 Bonds
Plus				
\$ 2.75 per \$1,000 up to	\$ 2,500,000	or	\$27,250 for	\$ 5,000,000 Bonds
Plus				
\$ 1.50 per \$1,000 up to	\$ 5,000,000	or	\$34,750 for	\$10,000,000 Bonds
Plus				
\$ 1.00 per \$1,000 over	\$10,000,000			

Fees for Revenue Bonds or Bonds issued to state or federal agencies shall be as computed from the above schedule, plus 25% (\$125% of the scheduled amount). For any issue of Advanced Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that our fee will be the fee schedule set out above plus 10% (110% of the scheduled amount). It is also understood and agreed that we will charge, in addition to our Financial Advisory fee, a computer fee to be negotiated on a case-by-case basis.

The Skiles Company will bill the Issuer at closing for each issue of obligations a net amount, which will include a fee calculated on the above schedule, as well as costs and expenses, where applicable, incurred on behalf of the Issuer. Such costs and expenses may include, but not be limited to, expenditures related to the preparation of, printing, and distribution of the Notice of Sale, Official Statement, Uniform Bid Form or Private Placement Memorandum, independent consultants, information meetings, presentations to rating and/or insurance agencies, rating fees, insurance premiums, fees of the State Comptroller's Office or Municipal Advisory Council, travel costs, communications costs, courier charges, printing of the Obligations, and all appropriate costs and expenses associated with the closing and delivery of the Obligations.

COMMISSIONERS' COURT TOM GREEN COUNTY



Lineitem Transfer

Michael D. Brown
County Judge

July 25, 2007

Fund: 001 - Jail Building

<u>Department</u>		<u>Account</u>	<u>Budget Increase</u>	<u>Budget Decrease</u>
142	Jail Building	0514 Special Projects		15,000.00
142	Jail Building	0327 Kitchen Repairs	5,000.00	
142	Jail Building	0530 Building Repair	10,000.00	

Reason

To reallocate FY07 funds for additional kitchen and building repairs.

Don L. Kelly 8-24-07
Brian McElaine
Department Head

8-28-07
Date Approved by Commissioners' Court

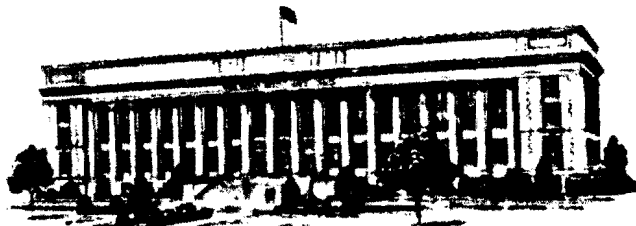
Nathan Craddock
Auditor

Michael D. Brown
County Judge



Elizabeth McElaine
Attest - County Clerk

COMMISSIONERS' COURT TOM GREEN COUNTY



Line-Item Transfers

Michael D. Brown
County Judge

August 25, 2007

Fund: General Fund

<u>Department</u>	<u>Account</u>	<u>Budget Increase</u>	<u>Budget Decrease</u>
018 Justice of the Peace, Pct. 4	0428 Travel & Training	86.00	
018 Justice of the Peace, Pct. 4	0405 Dues & Subscriptions		39.00
018 Justice of the Peace, Pct. 4	0301 Office Supplies		47.00

Reason

Transfer funds to cover small overage on travel & training expenditures.

Edellie Annand

Department Head

8-28-07

Date Approved by Commissioners' Court

Nathan Cadduck

Auditor

M D Brown

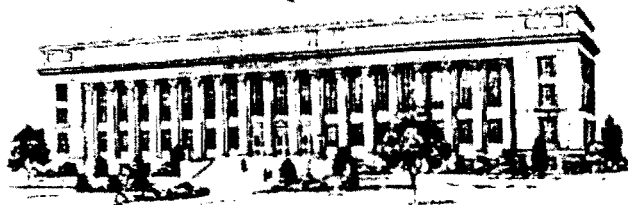
County Judge



Elizabeth Mc Gee

Attest - County Clerk

**COMMISSIONERS' COURT
TOM GREEN COUNTY**



Budget Adjustment

Michael D. Brown
County Judge

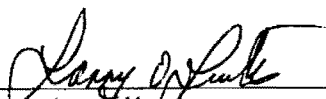
August 24, 2007

Fund: Loan Star Library Grant

<u>Department</u>	<u>Account</u>	<u>Budget Increase</u>	<u>Budget Decrease</u>
201-080 Loan Star Grant	0528 Electronic Subscriptions	613.00	
201-080 Loan Star Grant	0336 Audio/Visual Supplies		350.00
201-080 Loan Star Grant	0435 Books	179.00	
201-080 Loan Star Grant	0365 Electronic Books		2.00

Reason

Increase budget to expend remaining funds from prior years.



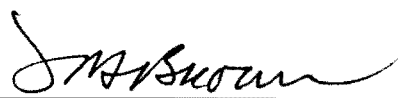
Department Head

8-28-07

Date Approved by Commissioners' Court

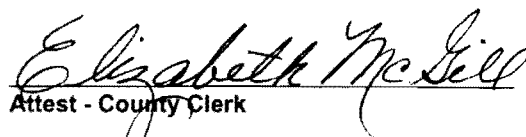


Auditor



County Judge





Attest - County Clerk