

COMMISSIONERS COURT AGENDA
Tuesday, August 19, 2025
9:30 a.m.



Striving for Excellence

COMMISSIONERS COURT
Neal Franklin, County Judge
Commissioner Christina Drewry, Precinct 1
Commissioner John Moore, Precinct 2
Commissioner J Scott Herod, Precinct 3
Commissioner Ralph Caraway Sr, Precinct 4



**COUNTY OF SMITH
COMMISSIONERS COURT
200 E. Ferguson, Suite 100
Tyler, Texas 75702**

Phone: (903) 590-4605

Fax: (903) 590-4615

Pursuant to Chapter 551 of the Texas Government Code, this notice is to advise that a regular meeting of the **Smith County Commissioners Court** will be held at **9:30 a.m. on Tuesday, August 19, 2025**, in the **Smith County Commissioners Courtroom** on the 1st floor of the **Smith County Courthouse Annex**, 200 E. Ferguson, Tyler, Texas.

Questions regarding this agenda should be directed to Commissioners Court Administrative Assistant at 903-590-4605. The agenda is available on the County's website (<http://www.smith-county.com>).

**CALL TO ORDER
DECLARE A QUORUM PRESENT
DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED
INVOCATION
PLEDGE OF ALLEGIANCE**

PUBLIC COMMENT: Members of the public who have previously filled out a participation form have an opportunity to address the Commissioners Court on agenda items. The Court is unable to deliberate on non-agenda items. If you desire to request a matter on a future agenda, you may make the request to a member of Commissioners Court. Individual comments are limited to a maximum of three (3) minutes. If you wish to address the Court, obtain a public participation form at the Commissioners Court entryway and submit the completed form to a staff member before the meeting begins. Please be mindful of the Commissioners Court Rules of Procedure, Conduct and Decorum when making your comments and/or attending public meetings.

OPEN SESSION:

RESOLUTION

1. Discuss and take necessary action to ratify a resolution proclaiming August 15, 2025, as “Sidney Eloyce Green Day in Smith County.

COURT ORDERS

PURCHASING

2. Consider and take necessary action to authorize the Purchasing Department to advertise, solicit, and receive sealed bids for the following:
 - a. RB-20-25 Road Improvements to CR 26 (FM 850 to CR 21)
 - b. RB-33-25 Road Improvements to CR 2193 (FM 756 to FM 2964)
 - c. RB-34-25 Road Improvements to CR 172 (FM 346 to FM 2493)

FCIC

3. Consider and take necessary action to approve the purchase of network equipment, software license, and support from ECX Systems, LLC utilizing TIPS cooperative purchasing program, contract # 240503 in the amount of \$63,519.38 and authorized the county judge to sign all related documentation.
4. Consider and take necessary action to approve the purchase of IT Support Services from ECX Systems, LLC utilizing TIPS cooperative purchasing program, contract # 240503 in the amount of \$271,296.00 and authorized the county judge to sign all related documentation.
5. Consider and take necessary action to approve a Lease agreement for FCIC office space with the following property owners:
 - a. HRE Forest Ridge, LLC – Bedford, Texas, and
 - b. Appel Reality Investments, LLC – Houston, Texas.

TREASURER’S OFFICE

6. Consider and take necessary action to approve a Resolution Changing Authorize Representative for Local Government Investment Cooperative (LOGIC), and an Amended TexStar Resolution, approving Treasurer Atonia Rawlings and Assistant Treasurer Dylan Simmons as Participant’s Authorized Representative.

ELECTIONS

7. Consider and take necessary action to approve an interlocal agreement between Smith County and Wood County for the sale of surplus property (supply bags) and authorize the county judge to sign all related documentation.

RECURRING BUSINESS

COUNTY CLERK

8. Consider and take the necessary action to approve the Commissioners Court minutes for July 2025.
9. Receive Commissioners Court recordings for July 2025.

ROAD AND BRIDGE

10. Receive pipe and/or utility line installation request (notice only):
 - a. County Road 135, CenterPoint Energy, install gas line for service, Precinct 1,
 - b. County Roads 261, 2110, 2113, 2115, 2116, 2342, 2166, 4621, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2,
 - c. County Roads 2112, 2153, 2160, 2163, 2300, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2, and
 - d. County Roads 2180, 2181, 2177, 2178, 2179, 2303, 2138, 2184, 3802, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2.

AUDITOR'S OFFICE

11. Consider and take necessary action to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.

FY2026 BUDGET WORKSHOP

12. Consider and discuss FY2026 Proposed Budget.

EXECUTIVE SESSION: For purposes permitted by Texas Government Code, Chapter 551, entitled Open Meetings, Sections 551.071, 551.072, 551.073, 551.074, 551.0745, 551.075, and 551.076. The Commissioners Court reserves the right to exercise its discretion and may convene in executive session as authorized by the Texas Government Code, Section 551.071, et seq., on any of the items listed on its formal or briefing agendas.

SECTION 551.072 DELIBERATIONS ABOUT REAL PROPERTY SECTION 551.074 PERSONNEL MATTERS/SECTION 551.071 CONSULTATION WITH ATTORNEY

13. Deliberation and consultation regarding the purchase, exchange, lease, or value of real property located in Smith County and the downtown area.
14. Deliberation and consultation regarding the employment, evaluation, and duties of the Smith County Animal Control and Shelter.

OPEN SESSION:

COURT ORDERS

COMMISSIONERS COURT

15. Consider and take necessary action regarding the employment, evaluation, and duties of the Smith County Animal Control and Shelter.

ADJOURN

SMITH COUNTY COURTHOUSE ANNEX ACCESSIBILITY STATEMENT FOR DISABLED PERSONS This meeting site is accessible to disabled persons as follows: Entrance to the Courthouse Annex is accessible through the front entrance on the south side of the Courthouse Annex located at 200 E. Ferguson. A wheelchair ramp provides access to the front entrance. The Commissioners Courtroom is on the first floor. If any special assistance or accommodations are needed in order to attend a Commissioners Court meeting, please contact Commissioners Court staff at 903-590-4605, in advance, so accommodations can be arranged.

Date: 8/15/2025

Time: 3:30 p



NEAL FRANKLIN, COUNTY JUDGE

Posted By: Jennafer Bell

1

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/11/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Commissioners Court
Item Requested is: <input type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Resolution: Sidney Eloyce Green Day	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input type="radio"/> Court Orders <input checked="" type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Discuss and take necessary action to ratify a resolution proclaiming August 15, 2025, as " Sidney Eloyce Green Day in Smith County.	
Background: See attached.	
Financial and Operational Impact:	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____



Smith County Commissioners Court

Resolution

At a regular meeting of the Smith County Commissioners Court held at the Smith County Courthouse Annex, Tyler, Texas, at which a quorum was present, the following Resolution was ratified:

WHEREAS, Sidney Eloyce Green, was born August 15, 1940, in New Hope, Texas, and raised in Tyler. She has spent 85 years exemplifying excellence, perseverance and faith, becoming a beacon of strength, wisdom and grace in her family, church and the community; and

WHEREAS, a proud graduate of Emmett J. Scott High School, Mrs. Green began her collegiate studies at Dillard University, later transferring to Prairie View A&M University, where she graduated in 1962 with a degree in music and elementary education; and

WHEREAS, she is the daughter of Sidney Earl and Vita O. Palmer, whose fight for school integration inspired Mrs. Green to carry their legacy forward through her own work and unwavering commitment to justice, equality and empowerment; and

WHEREAS, She earned a master's degree in education from the University of Kansas in 1974 and taught in public schools for 38 years in Kansas, Washington, D.C., Phoenix, Palestine and Tyler; and

WHEREAS, Mrs. Green has served 14 years as an Ombudsman with the East Texas Council of Governments, where she advocates for the rights, dignity and well-being of long-term care residents across East Texas communities; and

WHEREAS, across her lifetime, she has uplifted her community as an educator, mentor, and leader — shaping the lives of generations through her guidance, her quiet strength and her steadfast devotion to faith, family values, civic duty and the belief in each child's limitless potential.

NOW, THEREFORE, BE IT RESOLVED, that the Commissioners Court of the County of Smith, Texas, through ratification of this Resolution does hereby proclaim August 15, 2025, as

“Sidney Eloyce Green Day”

in Smith County, and encourages all citizens to wish her a happy 85th birthday and recognize her remarkable life that will continue to impact many for generations to come.

WITNESS OUR HANDS THIS 19th day of August, A.D. 2025

Neal Franklin

County Judge

Christina Drewry
Commissioner, Precinct 1

John Moore
Commissioner, Precinct 2

J Scott Herod
Commissioner, Precinct 3



Ralph Caraway Sr.
Commissioner, Precinct 4

2

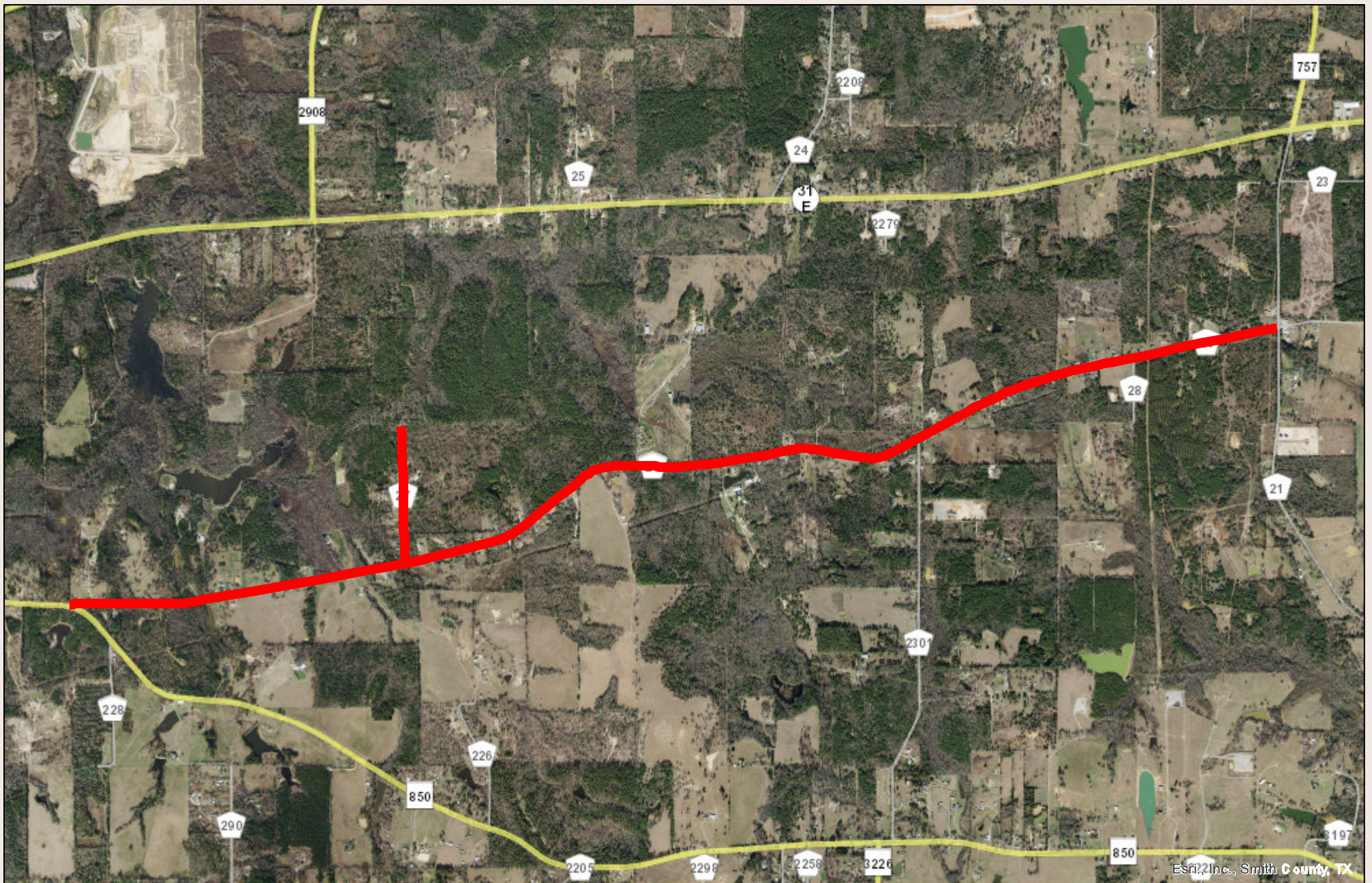
**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/12/2025	Submitted by: Christina Haney
Meeting Date: 8/19/2025	Department: Purchasing/R&B
Item Requested is: <input type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Permission to Bid	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to authorize the Purchasing Department to advertise, solicit, and receive sealed bids for the following: a. RB-20-25 Road Improvements to CR 26 (FM850 to CR 21) b. RB-33-25 Road Improvements to CR 2193 (FM 756 to FM 2964) c. RB-34-25 Road Improvements to CR 172 (FM 346 to FM 2493)	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

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Agenda Item # _____



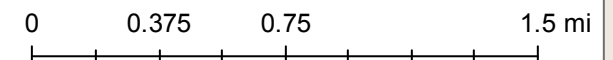
3/24/2024, 2:53:40 PM

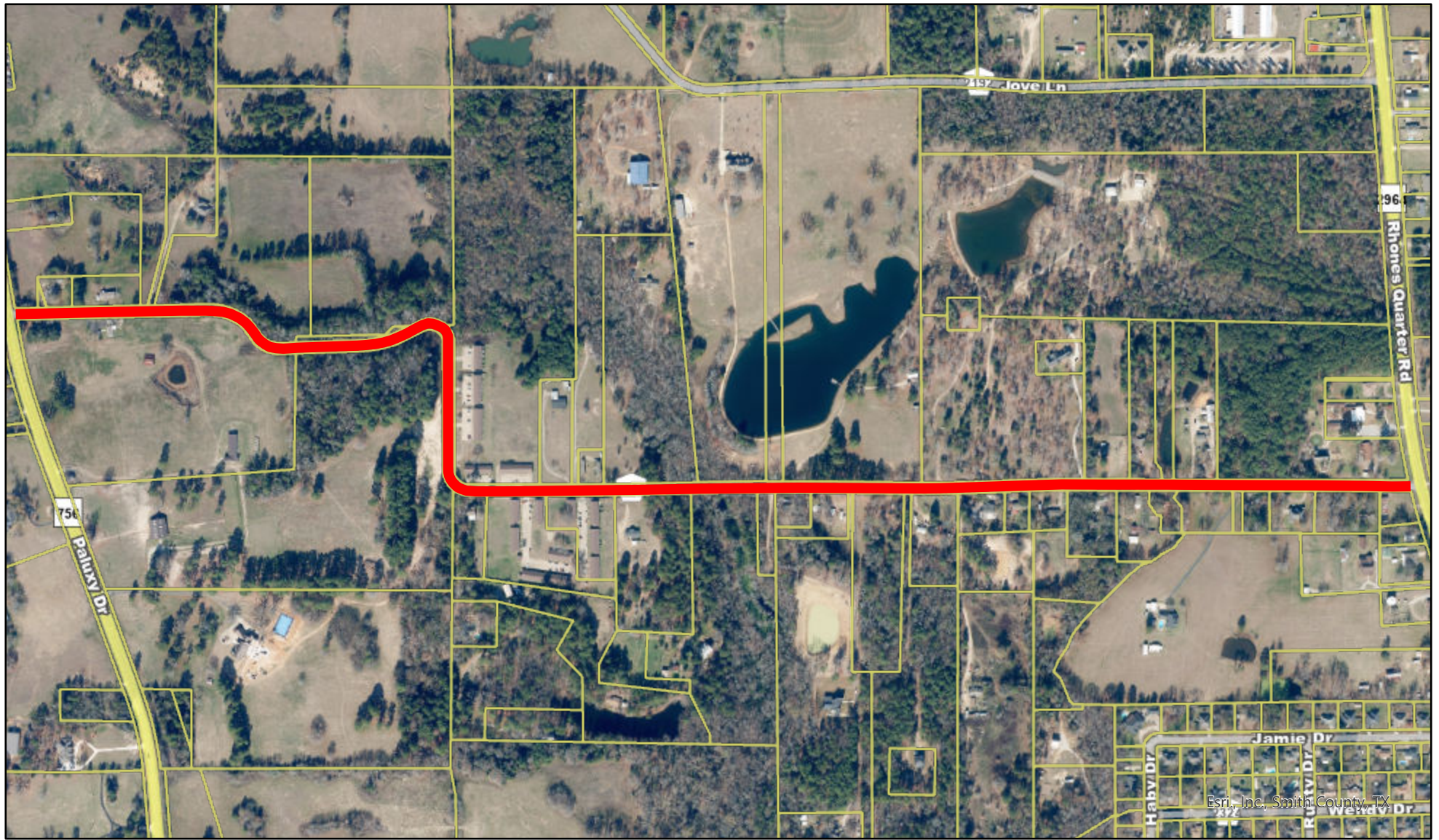
Web AppBuilder for ArcGIS

CR 26 & CR 27

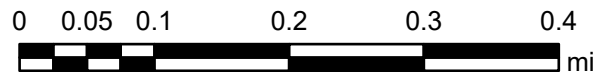
This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

<http://www.smithcountymapsite.org>

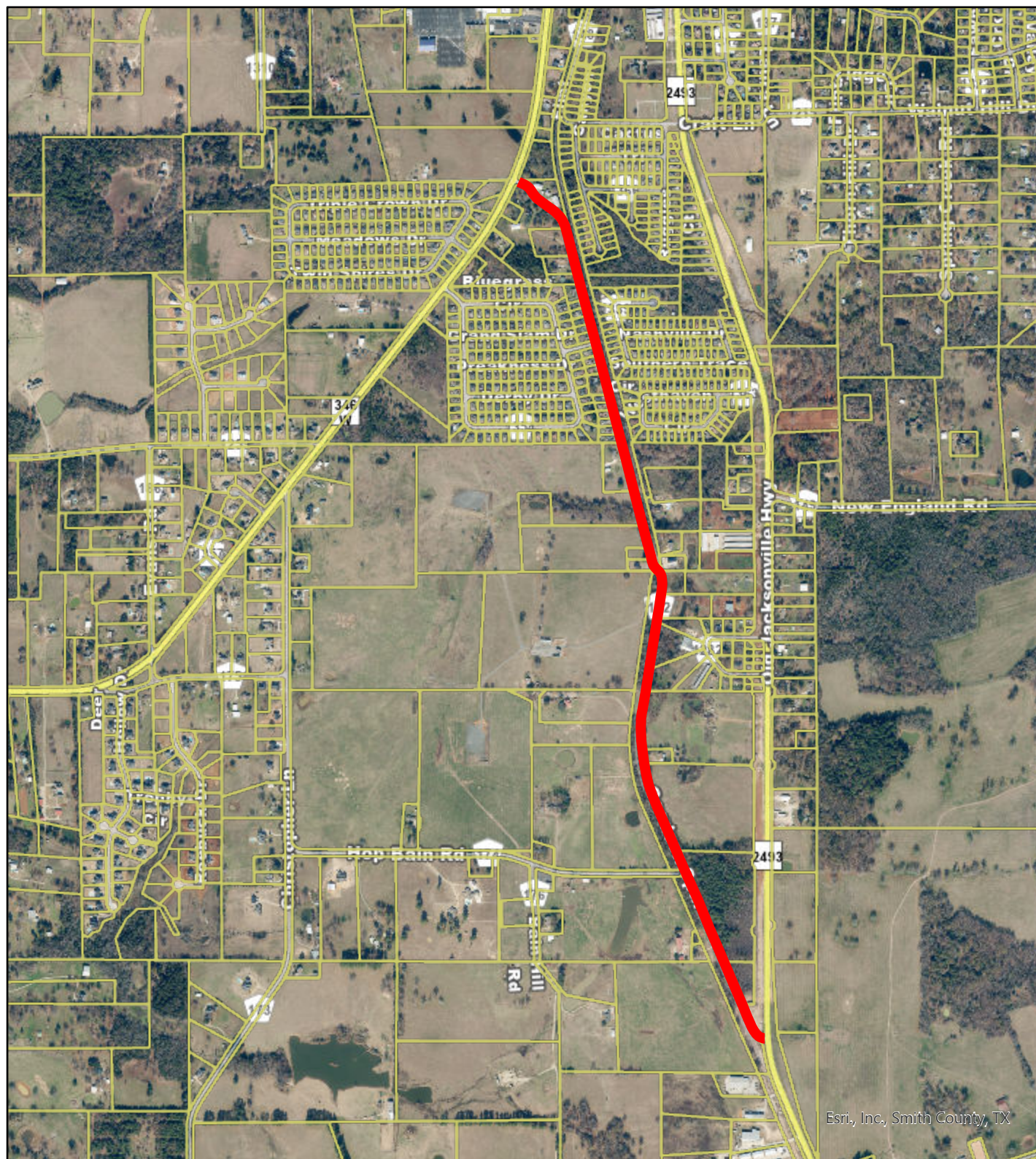




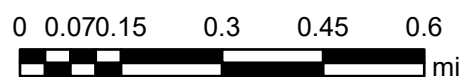
CR 2193



This map was prepared by the Smith County map site and may be revised without notification to any user. This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. The user is encouraged to check with the City of Tyler, SCAD, and the 911 Administration to verify that the map being used is the latest, most current one available. <http://www.smithcountymapsite.org/>



CR 172



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SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 08/13/2025	Submitted by: Jaye Latch for FCIC
Meeting Date: 08/19/2025	Department: FCIC
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Purchase of Networking Equipment for FCIC	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to approve the purchase of network equipment, software license, and support from ECX Systems, LLC utilizing TIPS cooperative purchasing program, contract # 240503 in the amount of \$63,519.38 and authorized the County Judge to sign all related documentation.	
Background: This is for the purchase of networking equipment, software licensing and software support to further FCIC investigative capabilities.	
Financial and Operational Impact: TDLR	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name: Carey Lewis	Email: clewis@smith-county.com
Name: Thomas Wilson	Email: twilson@smith-county.com
Name: Jaye Latch	Email: jlatch@smith-county.com
Name:	Email:

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SUBMIT

Office Use Only
Agenda Item # _____



ECXSystems, LLC
PO Box 458
Bullard TX 75757
United States

Quote
#QT-558
7/24/2025

Bill To

Adam Colby
Smith County - FCIC
218 E. Elm Street
Tyler TX 75702
United States

TOTAL

\$63,519.38

Expires: 8/23/2025

Expires	Exp. Close	Project	Sales Rep	Partner	Shipping Method
8/23/2025	8/23/2025		Keith Willis		

Quantity	Item	Options	Rate	Amount
	Description [Smith County-FCIC] Nutanix HD Expansion & NUS Licensing Renewal			
12	Hardware Nutanix Upgrade 15.36 TB NVME SSD PCIE GEN5 (U.2) [MSRP: \$3,336.98]		\$3,170.13	\$38,041.56
1	Software Nutanix Hardware Support for Upgrade Part Qualified for NX-Core Platform [MSRP: \$5,127.85]		\$4,871.46	\$4,871.46
58	Nutanix Nutanix Subscription, Nutanix Unified Storage (NUS) Pro Software License & Production Software Support Service for 1 TiB of Data Stored [MSRP: \$373.98]		\$355.28	\$20,606.24
12	Nutanix Nutanix Term in Months [MSRP: \$0.01]		\$0.01	\$0.12
	Description ECX TIPS Account: #2096 TIPS Contract: #240503- Networking Equipment, Software, and Services			

All quotes are valid for thirty (30) days from the date of the quotation.

Pricing for a renewed quote may be at an increased rate. ECXSystems has a no-refund policy – please contact your AM with questions.

Subtotal	\$63,519.38
Tax Total (%)	\$0.00
Total	\$63,519.38

The laws of the State of Texas shall govern this agreement.

ECX SHALL IN NO EVENT BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, CONTINGENT, OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY DEFECT IN SOFTWARE, HARDWARE, OR ITS DOCUMENTATION, INCLUDING DAMAGES FROM LOSS OF DATA, DOWNTIME, GOODWILL, DAMAGE TO OUR REPLACEMENT OF EQUIPMENT OR PROPERTY, AND ANY COSTS OF RECOVERING REPROGRAMMING, OR REPRODUCING ANY PROGRAM OR DATA USED IN CONJUNCTION WITH ECX PRODUCTS, EVEN IF ECX HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. YOU AGREE THAT ECX'S LIABILITY ARISING OUT OF CONTRACT, NEGLIGENCE, STRICT LIABILITY IN TORT OR WARRANTY SHALL NOT EXCEED ANY AMOUNT PAID BY YOU FOR THIS PRODUCT. ANY WRITTEN OR ORAL INFORMATION OR ADVICE GIVEN BY ECX OR ITS EMPLOYEES WILL IN NO WAY INCREASE THE SCOPE OF THIS WARRANTY, NOR MAY YOU RELY ON ANY SUCH WRITTEN OR ORAL COMMUNICATION.

PHONE #

903-258-9811 Opt.4

EMAIL

operations@ecxsystems.com

1 of 1

Carolyn Lewis

From: Karen Walton <Karen.Walton@tips-usa.com>
Sent: Tuesday, August 12, 2025 9:21 AM
To: Carolyn Lewis
Subject: FW: ECX Quote QT-558, Tips contract 240503 exp 7/31/27
Attachments: Quote_QT-558_1753381124883.pdf; TIPS Member PO Process.pdf

This Message Is From an External Sender

This message came from outside your organization.

DO NOT click or open links, or open attachments without positive sender verification. NEVER enter USERNAME, PASSWORD or any other sensitive information on linked pages from this email.

[Report Suspicious](#)

The attached quote is within the parameters of the vendor's awarded contract pricing. **Please be sure that the purchase documents (PO/Quote/Verification Email) are reported to tipspo@tips-usa.com to ensure a compliant TIPS purchase.**

To avoid duplicate verifications and expedite processing, please submit the following:

1. Your Purchase Order which identifies the Awarded Vendor and TIPS Contract number
2. Vendor's TIPS quote with Contract number referenced
3. Copy of this verification email (forward PO & quote on this email thread *or* send copy of the email)
4. Send all required documents to tipspo@tips-usa.com.

Upon receipt and processing of your PO and quote, an official compliance letter will be emailed to you.

Please note that failure to report TIPS purchases could result in no record of the transaction within TIPS system. This could prevent TIPS Members from achieving a compliant purchase under and could cause a lack of sufficient documentation in the event of a Member Audit. In the event that additional vendor/contract information is required, please visit www.tips-usa.com and please do not hesitate to contact our office.

*Did you know? Unless your entity requires that the quote be verified first, it is not necessary to send to TIPS for verification **PRIOR** to sending the PO and quote to tipspo@tips-usa.com for processing. As part of our standard PO process, we verify that quotes comply with our requirements.*



Karen Walton

Purchase Order Compliance

The Interlocal Purchasing System

Direct: (903) 575-2761

TIPS Office: (866) 839-8477

Email: Karen.Walton@tips-usa.com

4845 US Hwy 271 N | Pittsburg, TX 75686



While TIPS does all that it can to comply with and exceed the bidding requirements for most public entities, because the laws applicable vary by entity type, location, spend amount, purchase type, and the purchaser's local policies, TIPS cannot legally advise any Member/End-User when a TIPS purchase is appropriate. It is always up to the Member/End-User to review our processes and determine if we meet their needs for any particular purchase or entity.

From: Carolyn Lewis <CLewis@smith-county.com>

Sent: Monday, August 11, 2025 2:24 PM

To: bids <bids@tips-usa.com>

Subject: ECX Quote QT-558, Tips contract 240503 exp 7/31/27

[EXTERNAL SENDER - CAUTION: This email originated from outside of the organization.]

Good morning,

Would you mind reviewing the attached quote to verify the pricing, products, and terms are in accordance with the TIPS contract 240503 for EXC Systems, Exp 7/31/2027.

Thank you for your time!

Carey Lewis

Buyer

clewis@smith-county.com

Smith County Purchasing

200 E. Ferguson, Ste. 414

Tyler, Texas 75702

Phone: 903-590-4722

Fax: 903-590-4723

4

SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 08/13/2025	Submitted by: Jaye Latch for FCIC
Meeting Date: 08/19/2025	Department: FCIC
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: IT Services contract renewal for FCIC	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to approve the purchase of IT Support Services from ECX Systems, LLC utilizing TIPS cooperative purchasing program, contract # 240503 in the amount of \$271,296.00 and authorized the County Judge to sign all related documentation.	
Background: This is for 12 months of IT Support Services for FCIC. This is an upgrade to full time support.	
Financial and Operational Impact: TDLR	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name: Carey Lewis	Email: clewis@smith-county.com
Name: Thomas Wilson	Email: twilson@smith-county.com
Name: Jaye Latch	Email: jlatch@smith-county.com
Name:	Email:

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SUBMIT

Office Use Only
Agenda Item # _____



ECXSystems, LLC
PO Box 458
Bullard TX 75757
United States

Quote
#QT-561
8/5/2025

Bill To

Adam Colby
Smith County - FCIC
218 E. Elm Street
Tyler TX 75702
United States

TOTAL

\$271,296.00

Expires: 9/30/2025

Expires	Exp. Close	Project	Sales Rep	Partner	Shipping Method
9/30/2025	9/30/2025		Keith Willis		

Quantity	Item	Options	Rate	Amount
	Description [Smith County-FCIC] On-Site Support Services and License Subscriptions			
884	EngSup-Tier2 Tier 2 Engineer On-Site Support Hourly [73.67 Hours per Month x 12 Months]		\$195.00	\$172,380.00
260	SM-Tier2 Development and Ops Expertise (TAM) [21.67 Hours per Month x 12 Months]		\$195.00	\$50,700.00
144	SM-Tier3 Tier III Customer Support Package [12 Hours per Month x 12 Months]		\$247.00	\$35,568.00
12	Mthly-Sub Lics Ninja One Endpoint Management [28 License x \$5.00 per Month x 12 Months]		\$140.00	\$1,680.00
12	Mthly-Sub Lics SentinelOne Managed Endpoint Protection [22 License x \$8.00 per Month x 12 Months]		\$176.00	\$2,112.00
12	Mthly-Sub Lics Blueshift Managed SOC Monitoring [24 License x \$12.00 per Month x 12 Months]		\$288.00	\$3,456.00
12	Mthly-Sub Lics Blueshift On Premise Cyber Security Node w/Cloud Analysis [\$450.00 per Month x 12 Months]		\$450.00	\$5,400.00
	Description ECX TIPS Account: #2096 TIPS Contract: #240503-Networking Equipment, Software, and Services			

The laws of the State of Texas shall govern this agreement.

ECX SHALL IN NO EVENT BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, CONTINGENT, OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY DEFECT IN SOFTWARE, HARDWARE, OR ITS DOCUMENTATION, INCLUDING DAMAGES FROM LOSS OF DATA, DOWNTIME, GOODWILL, DAMAGE TO OUR REPLACEMENT OF EQUIPMENT OR PROPERTY, AND ANY COSTS OF RECOVERING REPROGRAMMING, OR REPRODUCING ANY PROGRAM OR DATA USED IN CONJUNCTION WITH ECX PRODUCTS, EVEN IF ECX HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. YOU AGREE THAT ECX'S LIABILITY ARISING OUT OF CONTRACT, NEGLIGENCE, STRICT LIABILITY IN TORT OR WARRANTY SHALL NOT EXCEED ANY AMOUNT PAID BY YOU FOR THIS PRODUCT. ANY WRITTEN OR ORAL INFORMATION OR ADVICE GIVEN BY ECX OR ITS EMPLOYEES WILL IN NO WAY INCREASE THE SCOPE OF THIS WARRANTY. NOR MAY YOU RELY ON ANY SUCH WRITTEN OR ORAL COMMUNICATION.

PHONE #

903-258-9811 Opt.4

EMAIL

operations@ecxsystems.com



ECXSystems, LLC
PO Box 458
Bullard TX 75757
United States

Quote
#QT-561
8/5/2025

All quotes are valid for thirty (30) days from the date of the quotation.

Pricing for a renewed quote may be at an increased rate. ECXSystems has a no-refund policy – please contact your AM with questions.

Subtotal	\$271,296.00
Tax Total (%)	\$0.00

Total	\$271,296.00
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PHONE #

903-258-9811 Opt.4

EMAIL

operations@ecxsystems.com

2 of 2

5

SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 8/15/2025		Submitted by: Jennafer Bell	
Meeting Date: 8/19/2025		Department: FCIC	
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report			
Title: FCIC Lease - Office Space			
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session			
Agenda Wording: Consider and take necessary action to approve a Lease agreement for FCIC office space with the following property owners: a. HRE Forest Ridge, LLC – Bedford, Texas b. Appel Reality Investments, LLC – Houston, Texas			
Background: With the growth of the FCIC they need office space outside of the Tyler/Smith County area. Because of the Statewide nature of their operations, they are requesting office space leases in the Houston and Dallas area, specifically Bedford, Texas and Houston, Texas. The terms for the Bedford Lease are for three years, beginning on 09/01/2025 for \$2,944.50 + tenants proportionate share of electricity expenses. Year 2 at a rate of \$3,020.00 and Year 3 at a rate of \$3,095.00 The term for the Houston Lease is for two years, Year one beginning on 09/01/2025 for \$4,500.00 and year two for \$4,500.00.			
Financial and Operational Impact:			
Attachments: Yes <input type="checkbox"/> No <input type="checkbox"/>		Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Does Document Require Signature? Yes <input type="checkbox"/> No <input type="checkbox"/>			
Return Signed Documents to the following:			
Name:		Email:	
Name:		Email:	
Name:		Email:	
Name:		Email:	

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____

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LEASE AGREEMENT BETWEEN

HRE FOREST RIDGE, LLC AS LANDLORD, AND

SMITH COUNTY OF TEXAS AS TENANT

(OFFICE FORM - TEXAS)

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DRAFT

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “**Lease**”) is entered into as of _____, between HRE FOREST RIDGE, LLC (“**Landlord**”), and SMITH COUNTY OF TEXAS (“**Tenant**”). Subject to all of the terms, provisions, covenants and conditions of this Lease, and in consideration of the mutual covenants, obligations and agreements contained in this Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Lease Grant.

Subject to the terms of this Lease, Landlord does hereby lease and demise to Tenant, and Tenant does hereby lease and take from Landlord those certain premises containing approximately 1,812 square feet of rentable area on the 4TH floor, Suite No. 409 in the office building located at 1600 Airport Freeway, Bedford, Texas 76022 (the “**Building**”). The land on which the Building is located is described on Exhibit A attached hereto and made a part hereof for all purposes (the “**Land**”). The space hereby leased in the Building by Tenant from Landlord is hereinafter called the “**Premises**” and is outlined on the floor plan drawing attached hereto as Exhibit B and made a part hereof for all purposes. The Land, the Building, all other improvements now or hereafter on the Land, the driveways, the facilities designated from time to time by Landlord to serve as parking facilities for the Building and all appurtenances to the foregoing are sometimes collectively referred to herein as the “**Property**”.

2. Term.

(a) **Term.** Subject to and upon the terms and conditions set forth herein, the term of this Lease (the “**Term**”, which definition shall include all renewals of the initial Term) shall commence on the Commencement Date (defined below) and shall expire thirty-sixth (36) months after the Commencement Date at 11:59 p.m., provided, however, the Term shall be extended by the number of days, if any, necessary to provide for an expiration date on the last calendar day of the month of expiration, unless sooner terminated in accordance with the provisions hereof.

(b) **Commencement Date.** As used herein, “Commencement Date” means September 1st, 2025.

(c) **Work.** Except as set forth herein, the Premises is being delivered in its “As-Is” condition. Landlord will complete the construction of the following improvements (collectively, the “Landlord’s Work”) in a good and workmanlike manner using Building standard methods and materials, at its sole cost and expense:

- Remove the furniture located in the private offices
- Replace the front entry door with a solid wooden door.
- Steam clean the carpets
- Replace any damaged ceiling tiles
- Touch up paint in any damaged or construction affected areas.
- Remove shelves in the IT Closet
- Replace the two windows in the private offices with sheetrock.
- Add two duplex outlets in mutually agreed upon locations.

3. **Rent.**

(a) **Basic Rent.** “Basic Rent” (herein so called) shall be the following amounts for the following periods of time:

<u>Time Period</u>	<u>Monthly Basic Rent</u>
9/1/2025 – 8/31/2026	\$2,944.50 + E
9/1/2026 – 8/31/2027	\$3,020.00 + E
9/1/2027 – 8/31/2028	\$3,095.50 + E

(b) **Payment.** Pursuant to Texas Prompt Pay Act, Chapter 2251 of the Texas Government Code Tenant shall timely pay to Landlord (either directly or to its expressly designated agent or designee) Basic Rent and all additional sums to be paid by Tenant to Landlord under this Lease (collectively, “Rent”) in lawful money of the United States of America only (but expressly excluding any non-United States of America currency and expressly excluding any cryptocurrency or similar type of currency) via check (or other means as set forth herein) to: (i) Landlord’s physical address provided for in this Lease (or such other physical address(es) as Landlord may specify from time to time), (ii) via wire transfer, ACH payment, or similar electronic means as requested by Landlord from time to time, or (iii) as otherwise specified by Landlord from time to time. If Landlord instructs Tenant to remit any payments of Rent via wire transfer, ACH payment, or similar electronic means, then Landlord shall provide Tenant with written instructions therefor from time to time (collectively, “Electronic Remittance Instructions”). Prior to initiating any electronic payment, Tenant hereby agrees to first verify with Landlord the details of such Electronic Remittance Instructions via telephone or via another commercially reasonable security measure, as requested and specified by Landlord in the Electronic Remittance Instructions. Landlord hereby disclaims any and all liability and obligation (and Tenant hereby releases and discharges Landlord from any and all such liability and obligation) with respect to, arising out of, or related to any and all: (1) errors or omissions in transmission of funds, (2) errors or omissions in the Electronic Remittance Instructions, (3) errors or omissions committed by any financial institutions (and any of their agents or payment processors/facilitators), and (4) interference in transmission or remittance of any funds to Landlord by or via any third parties (including, without limitation, any bad actors or anyone committing or attempting to commit any criminal activity or any other nefarious activity). Any Rent due hereunder will be deemed received by Landlord only when Landlord (or its designated agent or designee) actually receives such payment in its specified account(s). Basic Rent shall be payable monthly in advance commencing on the Commencement Date and continuing throughout the Term and shall be accompanied by all applicable state and local sales or use taxes. The first monthly installment of Basic Rent shall be payable contemporaneously with the execution of this Lease; thereafter, Basic Rent shall be payable on the first day of each month beginning on the first day of the second full calendar month of the Term. The monthly Basic Rent for any partial month at the beginning of the Term shall equal the product of 1/365 of the annual Basic Rent in effect during the partial month and the number of days in the partial month from and after the Commencement Date.

(c) **Additional Rent.**

(i) **Definitions.**

(A) Tenant’s “Proportionate Share” shall mean **3.13%**, which is the percentage obtained by dividing the rentable square feet of area in the Premises, which is stipulated to be **1,812** rentable square feet by the total number of square feet of area in the Building, which is stipulated to be **57,800** rentable square feet.

(B) “**Electricity Expenses**” shall mean all charges paid by Landlord for electricity (with the sole exception of electrical energy supplied to tenants of the Property at their respective premises and paid for by such tenants), and costs incurred in connection with an energy management program for the Property, including costs incurred for the replacement of lights and ballasts and the purchase and installation of sensors and other energy saving equipment.

(ii) **Tenant’s Proportionate Share of Electricity Expenses.** Tenant shall pay to Landlord, as additional rent, Tenant’s Proportionate Share of Electricity Expenses for each applicable calendar year or portion thereof during the Lease Term. Before the Commencement Date and January 1 of each calendar year during the Term, or as soon thereafter as practical, Landlord shall make a good faith estimate of Electricity Expenses for the applicable calendar year and Tenant’s Proportionate Share thereof. To implement the foregoing, on or before the first day of each month during the calendar year, Tenant shall pay Landlord, as additional rent, a monthly installment equal to one-twelfth (1/12th) of Tenant’s Proportionate Share of Landlord’s estimate of Electricity Expenses. Landlord shall have the right from time to time during each calendar year (but not more frequently than two [2] times a calendar year) to revise the estimate of Electricity Expenses for the year and provide Tenant with a revised statement, and the amount of Electricity Expenses Tenant shall pay each following month shall be based upon the revised estimate. Tenant shall continue to pay Electricity Expenses monthly based on the previous estimate until Landlord provides Tenant with a new estimate. Upon receipt of a new estimate, an adjustment shall be made for any month during the current year for which Tenant paid monthly installments of Electricity Expenses based on the previous estimate. Tenant shall pay Landlord the amount of any underpayment within 30 days after demand. Any overpayment shall, at Landlord’s option, be refunded to Tenant or credited against the installments of additional rent next accruing. Electricity Expenses paid by Tenant for a particular calendar year based on any estimate shall be subject to adjustment when actual Electricity Expenses are determined for the calendar year in question.

(iii) **Electricity Expenses Statement.** By April 1 of each calendar year, or as soon thereafter as practicable, Landlord shall furnish to Tenant a statement of Electricity Expenses for the previous year, adjusted as provided in Section 3.(c)(iv) below, and of the Taxes for the previous year (the “**Electricity Expenses**”). If the Electricity Expenses Statement reveals that Tenant paid less for Electricity Expenses than the actual amount for the year for which such statement was prepared, then Tenant shall promptly pay Landlord such deficiency.

(iv) **Audit.** Tenant, at Tenant’s sole cost and expense, shall have the right, to be exercised by written notice given to Landlord within ninety (90) days after receipt of aforesaid statement showing Electricity Expenses for the previous calendar year, to audit, at the place where Landlord maintains its books and records, Landlord’s books and records pertaining only to such Electricity Expenses for such previous calendar year, provided (A) such audit commences within thirty (30) days after Tenant’s notice to Landlord and thereafter proceeds regularly and continuously to conclusion, (B) that Tenant or Tenant’s employee is present at all times during the audit, (C) such audit does not unreasonably interfere with the conduct of Landlord’s business, (D) such audit is performed by an auditing firm which is commonly known to be reputable, and (E) said auditing firm signs a nondisclosure agreement in favor of Landlord, acceptable to Landlord in all respects, agreeing that information derived from such audit shall not be used directly or indirectly in connection with soliciting additional auditing business from other existing, previous or future tenants in the Building. Landlord agrees to cooperate in good faith with Tenant in the conduct of any such audit. Notwithstanding anything to the contrary set forth in this Section, however, in no event shall Tenant ever be permitted to audit or cause to be audited Landlord’s records concerning Electricity Expenses through, or with the assistance of, auditors or others whose compensation is contingent upon, or the amount of whose compensation is affected by, the outcome of such audit, in whole or in part, or on any payment or reimbursement by Landlord to Tenant in connection with such audit, or which is otherwise done in whole or in part on any basis other than

reasonable hourly charges for the hours expended in the performance of such audit, and reimbursement of reasonable out-of-pocket expenses incurred by such auditors in connection with such audit. Notwithstanding the foregoing, in lieu of permitting Tenant the right to audit Landlord's books and records as aforesaid, Landlord may elect to provide Tenant with a copy of an audit of Electricity Expenses prepared by Landlord's independent auditors.

(v) **Occupancy.** With respect to any calendar year or partial calendar year in which the Building is not occupied to the extent of 95% of the rentable area thereof, the Electricity Expenses for such period shall, for the purposes hereof, be increased to the amount which would have been incurred had the Building been occupied to the extent of 95% of the rentable area thereof.

4. **Interest; Late Charges.**

Tenant agrees to pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner provided in this Lease, without abatement, demand, deduction, set-off or counterclaim except as otherwise expressly provided in this Lease. All Rent and other sums of whatever nature owed by Tenant to Landlord under this Lease shall bear interest from the fifth (5th) day after the date due thereof until paid at the lesser of eighteen percent (18%) per annum or the maximum interest rate per annum allowed by law. In addition, Tenant shall pay as a late charge in the event any installment of Rent or any other charge owed by Tenant hereunder is not paid when due, an amount equal to ten percent (10%) of the amount due for each and every thirty (30) day period or portion thereof, that said amount remains unpaid (but in no event shall the amount of such late charge exceed an amount based upon the highest legally permissible rate chargeable at any time by Landlord under the circumstances). Should Tenant make a partial payment of past due amounts, the amount of such partial payment shall be applied first to reduce all accrued and unpaid late charges and interest, in inverse order of their maturity.

5. **Security Deposit.**

Contemporaneously with the execution of this Lease, Tenant shall pay to Landlord **\$3,095.50** (the "Security Deposit"), as security for the faithful performance and observance by Tenant of the terms, provisions, agreements, covenants and conditions of this Lease. The Security Deposit shall not be considered an advance payment of Rent or a measure of Landlord's damages in case of the occurrence of any default or Event of Default (hereinafter defined) under this Lease. Tenant shall not be entitled to receive any interest on any Security Deposit, and Landlord may commingle the same with other monies of Landlord. Subject to the requirements of applicable law, upon any Event of Default by Tenant under this Lease, including but not limited to Tenant's failure to pay Rent, Landlord may, at Landlord's option, from time to time, without prejudice to any other remedy and without waiving such Event of Default, use, apply or retain the Security Deposit to the extent necessary to cure or attempt to cure, in whole or in part, any Event of Default of Tenant hereunder, or to satisfy, in whole or in part, any claim of Landlord for damages or losses that Landlord has suffered, or reasonably estimates that it will suffer, due to Tenant's Event of Default hereunder, or to pay the cost of any damage, injury, expense or liability caused by any Event of Default by Tenant hereunder. Following any such application of the Security Deposit, and if this Lease has not terminated, Tenant shall deposit with Landlord additional monies equal to the amount so used within ten (10) days after request therefore. Tenant shall not assign or encumber the Security Deposit in any manner, and Landlord shall not be bound by any such assignment or encumbrance. Subject to the requirements of applicable law, upon the termination of this Lease (or upon such other time if required by applicable law), Landlord shall, within the time period required by applicable law, return to Tenant the portion of the Security Deposit remaining after any such application and deducting all damages, charges and other amounts permitted by the Lease and subject to applicable law, together with a

written description and itemized list of any deductions from the Security Deposit (if and to the extent such description and itemization is required to be furnished to Tenant under applicable law). For purposes of applicable law regarding security deposits, Tenant agrees that there shall be conclusively deemed to be no controversy concerning the amount of Rent owed under this Lease unless Tenant shall have sent written notice to Landlord asserting the existence of such controversy, and specifying the nature and details of such controversy and the position of Tenant as to such controversy, prior to the vacation or surrender of the Premises by Tenant. Tenant shall be obligated to furnish Landlord in writing a forwarding address for the return of any balance of the Security Deposit (and any itemization of deductions from the Security Deposit which may be required to be furnished to Tenant under this Lease), no later than the date on which Tenant surrenders or otherwise vacates the Premises. Tenant agrees that no time period in which Landlord may be required to return any balance of the Security Deposit and any itemization of deductions to Tenant under applicable law shall commence to run unless and until such forwarding address has been furnished by Tenant to Landlord in writing. Upon any sale, transfer or lease of the Building, Landlord may transfer any Security Deposit to the purchaser, transferee or lessee (each, a “**transferee**”) and, upon such sale, transfer or lease and the delivery to Tenant of an acknowledgement by the transferee of such transferee’s responsibility for the Security Deposit, Landlord shall be released by Tenant from all liability for the return of such Security Deposit, and Tenant shall look solely to the transferee for the return of any Security Deposit. It is agreed that the provisions hereof shall apply to every sale, transfer or lease made of any Security Deposit to a transferee. Regardless of any assignment of this Lease by Tenant, Landlord may return the Security Deposit to the original Tenant in the absence of evidence satisfactory to Landlord of an assignment by Tenant of the right to receive such amount or any part of the balance thereof. Notwithstanding the foregoing, to the fullest extent it may lawfully and effectively do so, Tenant hereby WAIVES the benefits afforded to it, and the obligations imposed upon Landlord, in regards to the Security Deposit under applicable law including Sections 93.004 through 93.011 of the Texas Property Code dealing with security deposits, as the same may be amended or superceded from time to time.

6. **Landlord’s Obligations.**

(a) **Services.** So long as no Event of Default exists hereunder, Landlord shall furnish the following services to the Premises during the Term of this Lease: (i) water at those points of supply provided for general use of tenants of the Building; (ii) subject to curtailment as required by governmental laws, rules or mandatory regulations, central heat and air conditioning in season, at such temperatures and in such amounts as are reasonably deemed by Landlord for the comfortable use and occupancy of the Building, and on such dates and at such times as are more particularly described herein and on **Exhibit C** attached hereto; (iii) janitorial service to the Premises on weekdays, other than holidays, for Building-standard installations and such window washing as may from time to time be reasonably required; (iv) elevators for ingress and egress to the floor on which the Premises are located, in common with other tenants, provided that Landlord may reasonably limit the number of operating elevators during non-business hours and holidays; and (v) electrical current during normal business hours for equipment that does not require more than 110 volts and whose electrical energy consumption does not exceed normal office usage. Landlord shall maintain the common areas of the Building in reasonably good order and in a good clean condition, except for damage caused by a Tenant Party (hereinafter defined). If Tenant desires any of the services specified Section 6.(a)(ii) at any time other than (A) between 7:00 a.m. and 6:00 p.m. on weekdays and between 8:00 a.m. and 1:00 p.m. on Saturday, or (B) on Sunday or holidays, then such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord before 3:00 p.m. on the business day preceding such extra usage, and Tenant shall pay to Landlord for the cost of such additional services of up to \$50.00 per hour within ten (10) days after Landlord has delivered to Tenant an invoice therefor. The costs incurred by Landlord in providing after-hour HVAC service to Tenant shall include costs for electricity, water, sewage, water treatment, labor, metering, filtering, and maintenance reasonably allocated by Landlord to providing such service, which shall not exceed \$50.00 per hour.

(b) **Excess Utility Use.** Landlord shall not be required to furnish electrical current for equipment that requires more than 110 volts or other equipment whose electrical energy consumption exceeds normal office usage. If Tenant's requirements for or consumption of electricity exceed the electricity to be provided by Landlord as described in Section 6.(a) above, Landlord shall, at Tenant's expense, make reasonable efforts to supply such service through the then existing feeders and risers serving the Building and the Premises, and Tenant shall pay to Landlord the cost of such service within ten (10) days after Landlord has delivered to Tenant an invoice therefor. Landlord may determine the amount of such additional consumption and potential consumption by any verifiable method, including installation of a separate meter in the Premises installed, maintained, and read by Landlord, at Tenant's expense. Tenant shall not install any electrical equipment requiring special wiring or requiring voltage in excess of 110 volts or otherwise exceeding Building capacity unless approved in advance by Landlord. The use of electricity in the Premises shall not exceed the capacity of existing feeders and risers to or wiring in the Premises. Any risers or wiring required to meet Tenant's excess electrical requirements shall, upon Tenant's written request, be installed by Landlord, at Tenant's cost, if, in Landlord's judgment, the same are necessary and shall not cause permanent damage to the Building or the Premises, cause or create a dangerous or hazardous condition, entail excessive or unreasonable alterations, repairs, or expense, or interfere with or disturb other tenants of the Building. If Tenant uses machines or equipment in the Premises which affect the temperature otherwise maintained by the air conditioning system or otherwise overload any utility, Landlord may install supplemental air conditioning units or other supplemental equipment in the Premises, and the cost thereof, including the cost of installation, operation, use, and maintenance, shall be paid by Tenant to Landlord within ten (10) days after Landlord has delivered to Tenant an invoice therefor.

(c) **Restoration of Services; Abatement.** Landlord shall use reasonable efforts to restore any service required of it that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or, except as provided in the next sentence, entitle Tenant to any abatement of Tenant's obligations hereunder. If, however, Tenant is prevented from using the Premises for more than fifteen (15) consecutive business days because of the unavailability of any such service and such unavailability was not caused by a Tenant Party, then Tenant shall, as its exclusive remedy be entitled to a reasonable abatement of Basic Rent and Additional Rent for each consecutive day (after such 15-day period) that Tenant is so prevented from using the Premises.

(d) **Additional Services.** Landlord may impose a reasonable charge for any utilities and services, (including without limitation, janitorial, maintenance, security, air conditioning, electrical current and water), provided by Landlord by reason of any use of the services at any time other than the hours set forth herein or in the Rules and Regulations attached hereto as **Exhibit C** and made a part hereof for all purposes, or beyond the levels or quantities that Landlord agrees herein to furnish or because of special electrical, cooling or ventilating needs created by Tenant's hybrid telephone equipment, computers or other equipment; provided, however, that Tenant's excessive use or consumption of heating, air conditioning and/or electrical services in violation of Section 6.(a) above, without Landlord's prior written consent, shall constitute a default under this Lease. Such charge shall include a fee of fifteen percent (15%) to cover additional costs incurred by Landlord in performing or providing such services.

7. **Premises, Improvements and Maintenance.**

(a) **Condition of Premises.** As a material inducement to Landlord to execute and deliver this Lease, Tenant agrees that it will accept the Premises and leasehold improvements therein in its AS IS condition, WITH ALL FAULTS. Tenant acknowledges that neither Landlord nor any of its purported representatives or agents has made (and Landlord hereby specifically disclaims any and all)

representations and warranties of any kind or character as to the condition of the Premises either express or implied, including without limitation, warranties of fitness for any purposes or any particular use or commercial habitability. Without limiting the foregoing, Tenant acknowledges that Landlord does not warrant that the Premises, the Building or the Property are free from hazardous materials or substances and that no presence of any such materials shall constitute an eviction, actual or constructive, of Tenant nor entitle Tenant to an offset against its obligations hereunder. Upon request, Landlord will provide Tenant with a copy of the most recent environmental engineering report for the Property, to the extent one exists.

(b) **Improvements; Alterations.** Except as otherwise expressly agreed, improvements to the Premises shall be installed at Tenant's expense only in accordance with plans and specifications which have been previously submitted to and approved in writing by Landlord. No alterations or physical additions in or to the Premises may be made without Landlord's prior written consent, which shall not be unreasonably withheld or delayed; however, Landlord may withhold its consent to any alteration or addition that would affect the Building's structure or its HVAC, plumbing, electrical, or mechanical systems. Tenant shall not paint or install lighting or decorations, signs, window or door lettering, or advertising media of any type on or about the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed; however, Landlord may withhold its consent to any such painting or installation which would affect the appearance of the exterior of the Building or of any common areas of the Building. All alterations, additions, or improvements made in or upon the Premises shall, at Landlord's option, either be removed by Tenant prior to the end of the Term (and Tenant shall repair all damage caused thereby), or shall remain on the Premises at the end of the Term without compensation to Tenant. All alterations, additions, and improvements shall be constructed, maintained, and used by Tenant, at its risk and expense, in accordance with all Laws (hereinafter defined); Landlord's approval of the plans and specifications therefor shall not be a representation by Landlord that such alterations, additions, or improvements comply with any Law.

(c) **Repairs; Maintenance.** Tenant shall maintain the Premises in a clean, safe, and operable condition, and shall not permit or allow to remain any waste or damage to any portion of the Premises. Tenant shall repair or replace, subject to Landlord's direction and supervision, any damage to the Building or Property caused by a Tenant Party. If Tenant fails to make such repairs or replacements within fifteen (15) days after the occurrence of such damage, then Landlord may make the same at Tenant's cost. If any such damage occurs outside of the Premises, then Landlord may elect to repair such damage at Tenant's expense, rather than having Tenant repair such damage. The cost of all repair or replacement work performed by Landlord under this Section 7 shall be paid by Tenant to Landlord within ten (10) days after Landlord has invoiced Tenant therefor.

(d) **Performance of Work.** All work described in this Section 7 shall be performed only by Landlord or by contractors and subcontractors approved in writing by Landlord. Tenant shall cause all contractors and subcontractors to procure and maintain insurance coverage naming Landlord as an additional insured against such risks, in such amounts, and with such companies as Landlord may reasonably require. All such work shall be performed in accordance with all Laws and in a good and workmanlike manner so as not to damage the Premises, the Building, the Property or the components thereof.

(e) **Mechanic's Liens.** Tenant shall not permit any mechanic's liens to be filed against the Premises, the Building or the Property for any work performed, materials furnished, or obligation incurred by or at the request of Tenant. If such a lien is filed, then Tenant shall, within ten (10) days after Landlord has delivered notice of the filing thereof to Tenant, either pay the amount of the lien or diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to timely take either such action, then Landlord may pay the lien claim, and any

amounts so paid, including expenses and interest, shall be paid by Tenant to Landlord within ten (10) days after Landlord has invoiced Tenant therefor.

(f) **Hazardous Materials.** Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Property any such materials or substances except to use in the ordinary course of Tenant's business and in compliance with all Laws, and then only after written notice is given to Landlord of the identity of such substances or materials. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C., Section 6901 et seq., any applicable state or local laws and the regulations adopted under these acts. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials due to the acts or omissions of Tenant or any of its agents or employees, then the reasonable costs thereof shall be reimbursed by Tenant to Landlord upon demand as additional charges if such requirement applies to the Property. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence of hazardous substances or materials on the Property. In all events, Tenant shall indemnify Landlord in the manner elsewhere provided in this Lease from any release or storage of hazardous materials in the Premises occurring while Tenant is in possession, or elsewhere in or about the Property if caused by Tenant or persons acting under Tenant. These covenants shall survive the expiration or earlier termination of the Term.

8. **Use.**

Tenant shall continuously occupy and use the Premises only for **general office use** (the "**Permitted Use**") and shall comply with all Laws relating to the use, condition, access to, and occupancy of the Premises. The Premises shall not be used for any use which is disreputable, creates extraordinary fire hazards, or results in an increased rate of insurance on the Property or its contents, or for the storage of any hazardous materials or substances. If, because of a Tenant Party's acts, the rate of insurance on the Property or its contents increase, then such acts shall be an Event of Default, Tenant shall pay to Landlord the amount of such increase on demand, and acceptance of such payment shall not waive any of Landlord's other rights. Tenant shall conduct its business and control each other Tenant Party so as not to create any nuisance or unreasonably interfere with other tenants or Landlord in its management of the Building and Property.

9. **Assignment and Subletting.**

(a) **Transfers; Consent.** Tenant shall not, without the prior written consent of Landlord, (i) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (ii) permit any other entity to become Tenant hereunder by merger, consolidation, or other reorganization, (iii) if Tenant is an entity other than a corporation whose stock is publicly traded, permit the transfer of an ownership interest in Tenant so as to result in a change in the current control of Tenant, (iv) sublet any portion of the Premises, (v) grant any license, concession, or other right of occupancy of any portion of the Premises, or (vi) permit the use of the Premises by any parties other than Tenant (any of the events listed in this Section 9.(a)(i) through 9.(a)(vi) hereof being a "**Transfer**"). If Tenant request Landlord's consent to a Transfer, then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about

its business and business history; its proposed use of the Premises; banking, financial, and other credit information; and general references sufficient to enable Landlord to determine the proposed transferee's creditworthiness and character. Among the factors Landlord will consider in electing whether or not to grant its consent to any assignment or subletting of the Premises are that the proposed transferee (A) is creditworthy, (B) has a good reputation in the business community, (C) does not engage in business similar to those of other tenants in the Building, (D) is not another occupant of the Building or person or entity with whom Landlord is negotiating to lease space in the Building and (E) will not change the permitted use of the Premises. Concurrently with Tenant's notice of any request for consent to a Transfer, Tenant shall pay to Landlord a fee of \$500 to defray Landlord's expenses in reviewing such request, and Tenant shall also reimburse Landlord immediately upon request for its reasonable attorneys' fees incurred in connection with considering any request for consent to a Transfer. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it expressly assumes Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are properly allocable to the space subject to the Transfer for the period of the Transfer. No Transfer shall release Tenant from its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent. From and after an Event of Default, Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so. Tenant shall pay for the cost of any demising walls or other improvements necessitated by a proposed subletting or assignment.

(b) **Cancellation.** Landlord may, within thirty (30) days after submission of Tenant's written request for Landlord's consent to an assignment or subletting, cancel this Lease as to the portion of the Premises proposed to be sublet or assigned as of the date the proposed Transfer is to be effective. If Landlord cancels this Lease as to any portion of the Premises, then this Lease shall cease for such portion of the Premises and Tenant shall pay to Landlord all Rent accrued through the cancellation date relating to the portion of the Premises covered by the proposed Transfer. Thereafter, Landlord may lease such portion of the Premises to the prospective transferee (or to any other person) without liability to Tenant.

(c) **Additional Compensation.** Tenant shall pay to Landlord, immediately upon receipt thereof, the excess of (i) all compensation received by Tenant for a Transfer less the costs reasonably incurred by Tenant with unaffiliated third parties in connection with such Transfer (i.e., brokerage commissions, tenant finish work, and the like) over (ii) the Rent allocable to the portion of the Premises covered thereby.

10. Insurance; Waiver; Subrogation; Indemnity; Damages for Certain Causes.

(a) **Insurance.** Tenant shall maintain throughout the Term the following insurance policies: (i) comprehensive general liability insurance in amounts of \$1,000,000 per occurrence with \$2,000,000 in the aggregate, or such other amounts as Landlord may from time to time reasonably require, insuring Tenant, Landlord, Landlord's agents and their respective affiliates against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises, (ii) insurance covering the full value of Tenant's property and improvements, and other property (including property of others) in the Premises, (iii) contractual liability insurance sufficient to cover Tenant's indemnity obligations hereunder, (iv) worker's compensation insurance, containing a waiver of subrogation endorsement acceptable to Landlord, and (v) business interruption insurance. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's

policy. Tenant shall furnish to Landlord certificates of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverages required hereunder, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least thirty (30) days before cancellation or a material change of any such insurance policies. All such insurance policies shall be in form, and issued by companies, reasonably satisfactory to Landlord.

(b) **Waiver of Negligence; No Subrogation.** Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each waives any claim it might have against the other for any injury to or death of any person or persons or damage to or theft, destruction, loss, or loss of use of any property (a "Loss"), to the extent the same is insured against under any insurance policy that covers the Property, the Building, the Premises, Landlord's or Tenant's fixtures, personal property, leasehold improvements, or business, or, in the case of Tenant's waiver, is required to be insured against under the terms hereof, regardless of whether the negligence of the other party caused such Loss and regardless of cause or origin, INCLUDING NEGLIGENCE OF THE OTHER PARTY HERETO, ITS AGENTS, OFFICERS, PARTNERS, SHAREHOLDERS, SERVANTS OR EMPLOYEES; however, Landlord's waiver shall not include any deductible amounts on insurance policies carried by Landlord or to any coinsurance penalty which Landlord may sustain. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party.

(c) ~~**INDEMNITY.** SUBJECT TO SECTION 10.(b) ABOVE, TENANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS LANDLORD AND ITS REPRESENTATIVES AND AGENTS FROM AND AGAINST ALL CLAIMS, DEMANDS, LIABILITIES, CAUSES OF ACTION, SUITS, JUDGMENTS, DAMAGES, AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) ARISING FROM (I) ANY LOSS ARISING FROM ANY OCCURRENCE ON THE PREMISES OR (II) TENANT'S FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS LEASE. THE FOREGOING INDEMNIFICATION OBLIGATION OF THE TENANT SHALL EXTEND TO AND COVER CLAIMS, DEMANDS, LIABILITIES, CAUSES OF ACTION, DAMAGES AND ANY LOSS EVEN IF CAUSED BY LANDLORD'S NEGLIGENCE, BUT ONLY TO THE EXTENT LANDLORD'S NEGLIGENCE IS ALLEGED TO BE, OR IS BASED UPON, ANY CLAIM THAT LANDLORD WAS NEGLIGENT IN FAILING TO ENFORCE THE PROVISIONS IN THE LEASE OR TO MONITOR AND SUPERVISE THE INVITEES OF ANY TENANT PARTY IN OR ABOUT THE BUILDING. THIS INDEMNITY PROVISION SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS LEASE.~~

Commented [TW1]: Texas law prohibits a governmental body from indemnifying private entities under these circumstances.

(d) **Damages from Certain Causes.** Landlord and Landlord's property manager shall not be liable or responsible to Tenant or any of its employees, guests, invitees or agents for any loss or damage to any property or injury to any person occasioned by theft, fire, act of God, public enemy, riot, strike, insurrection, trespasser, other tenants in the Building, war, requisition or order of governmental body or authority, court order or injunction, or any cause whatsoever, or for any damage or inconvenience which may arise through repair or alteration of any part of the Property EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF LANDLORD, ITS AGENTS, CONTRACTORS OR EMPLOYEES, and Tenant hereby forever relinquishes and acquits Landlord and Landlord's property manager from any and all liability therefore.

11. **Subordination; Attornment; Notice to Landlord's Mortgagee**

(a) **Subordination.** This Lease shall be subordinate to any deed of trust, mortgage, or other security instrument, or any ground lease, master lease, or primary lease, that now or hereafter covers all or any part of the Premises (the mortgagee under any such mortgage or the lessor under any such lease is referred to herein as a "**Landlord's Mortgagee**"). Any Landlord's Mortgagee may elect, at any time,

unilaterally, to make this Lease superior to its mortgage, ground lease, or other interest in the Premises by so notifying Tenant in writing.

(b) **Attornment.** Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such agreements confirming such attornment as such party may reasonably request, provided, however, that such successor in interest shall not be bound by (i) any payment of Rent for more than one month in advance except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease, or (ii) any amendment or modification of this Lease made without the written consent of such lessor or grantee or such successor in interest if such lessor, grantee or successor in interest had previously notified Tenant in writing of its interest.

(c) **Notice to Landlord's Mortgagee.** Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice by certified mail, return receipt requested, specifying the default in reasonable detail, to any Landlord's Mortgagee whose address has been given to Tenant, and affording such Landlord's Mortgagee a reasonable opportunity to perform Landlord's obligations hereunder.

12. **Rules and Regulations.**

Tenant shall comply with the rules and regulations of the Building and the Property which are attached hereto as **Exhibit C.** Landlord may, from time to time, change such rules and regulations for the safety, care, or cleanliness of the Building, Property and related facilities, provided that such changes are applicable to all tenants of the Building and will not unreasonably interfere with Tenant's use of the Premises. Tenant shall be responsible for the compliance with such rules and regulations by each Tenant Party.

13. **Condemnation.**

(a) **Total Taking.** A "Taking" shall mean taken by right of eminent domain or conveyed in lieu thereof. If the entire Property, Building or Premises becomes subject to a Taking, this Lease shall terminate as of the date of the Taking.

(b) **Partial Taking - Tenant's Rights.** If any part of the Property or Building becomes subject to a Taking and such Taking will prevent Tenant from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Taking for a period of more than 180 days, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within thirty (30) days after the Taking, and Rent shall be apportioned as of the date of such Taking. If Tenant does not terminate this Lease, then Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenable by the Taking.

(c) **Partial Taking - Landlord's Rights.** If any material portion, but less than all, of the Property or Building becomes subject to a Taking, or if Landlord is required to pay any of the proceeds received for a Taking to a Landlord's Mortgagee, then Landlord may terminate this Lease by delivering written notice thereof to Tenant within thirty (30) days after such Taking, and Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease, then this Lease will continue, but if any portion of the Premises has been taken, Rent shall abate as provided in the last sentence of Section 13.(b) above.

(d) **Award.** If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Property and other improvements taken, and Tenant may separately pursue a claim

(to the extent it will not reduce Landlord's award) against the condemner for the value of Tenant's personal property which Tenant is entitled to remove under this Lease, moving costs, loss of business, and other claims it may have.

14. **Fire or Other Casualty**

(a) **Repair Estimate.** If the Premises, the Building or other portions of the Property are damaged by fire or other casualty (a "**Casualty**"), Landlord shall, within sixty (60) days after such Casualty, deliver to Tenant a good faith estimate (the "**Damage Notice**") of the time needed to repair the damage caused by such Casualty.

(b) **Landlord's and Tenant's Rights.** If a material portion of the Premises, the Building or the Property is damaged by Casualty such that Tenant is prevented from conducting its business in the Premises in a manner reasonably comparable to that conducted immediately before such Casualty and Landlord estimates that the damage caused thereby cannot be repaired within 210 days after the Casualty, then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within thirty (30) days after the Damage Notice has been delivered to Tenant. If Tenant does not so timely terminate this Lease, then (subject to Section 14.(c) below) Landlord shall repair the Property, the Building or the Premises, as the case may be, as provided below, and Rent for the portion of the Premises rendered untenable by the damage shall be abated on a reasonable basis from the date of damage until the completion of the repair, unless a Tenant Party caused such damage, in which case, Tenant shall continue to pay Rent without abatement.

(c) **Landlord's Rights.** If a Casualty damages a material portion of the Building or Property, and Landlord makes a good faith determination that restoring the Premises would be uneconomical, or if Landlord is required to pay any insurance proceeds arising out of the Casualty to a Landlord's Mortgagee, then Landlord may terminate this Lease by giving written notice of its election to terminate within thirty (30) days after the Damage Notice has been delivered to Tenant, and Basic Rent and Additional Rent shall be abated as of the date of the Casualty.

(d) **Repair Obligation.** If neither party elects to terminate this Lease following a Casualty, then Landlord shall, within a reasonable time after such Casualty, begin to repair the Property, the Building and the Premises and shall proceed with reasonable diligence to restore the Property, the Building and Premises to substantially the same condition as they existed immediately before such Casualty; however, Landlord shall not be required to repair or replace any of the furniture, equipment, fixtures, and other improvements which may have been placed by, or at the request of, Tenant or other occupants in the Building or the Premises, and Landlord's obligation to repair or restore the Property, the Building or Premises shall be limited to the extent of the insurance proceeds actually received by Landlord for the Casualty in question.

15. **Personal Property Taxes.**

To the extent allowed by law. Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by Tenant in the Premises. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, upon demand, the part of such taxes for which Tenant is primarily liable hereunder; however Landlord shall not pay such amount if Tenant notifies Landlord that it will contest the validity or amount of such taxes before Landlord makes such payment, and thereafter diligently proceeds with such contest in

accordance with law and if the non-payment thereof does not pose a threat of loss or seizure of the Property, the Building or interest of Landlord therein or impose any fee or penalty against Landlord.

16. **Events of Default.**

The occurrence of any of the following shall constitute an “**Event of Default**”:

(a) Tenant’s failure to pay Rent within five (5) days after Landlord has delivered notice to Tenant that the same is due; however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if Landlord has given Tenant written notice under this Section 16.(a) on more than one occasion during the twelve (12) month interval preceding such failure by Tenant;

(b) The Premises or any substantial portion thereof are deserted, abandoned, vacated or not used as regularly or consistently as would normally be expected for similar premises put to general office use, even though Tenant continues to pay the stipulated monthly rent;

(c) Tenant fails to provide any estoppel certificate as called for in this Lease and such failure shall continue for five (5) business days after written notice thereof from Landlord to Tenant;

(d) Tenant’s failure to perform, comply with, or observe any other agreement or obligation of Tenant under this Lease and the continuance of such failure for a period of more than thirty (30) days after Landlord has delivered to Tenant written notice thereof; except if such failure cannot be cured within thirty (30) days, provided Tenant shall take action necessary to do so within such thirty (30) day period and diligently and continuously proceeds thereafter to cure same within ninety (90) days after Landlord originally delivered to Tenant written notice thereof; or

(e) The filing of a petition by or against Tenant (the term “**Tenant**” shall include, for the purpose of the Section 16.(e), any guarantor of Tenant’s obligations hereunder) (i) in any bankruptcy or other insolvency proceeding; (ii) seeking any relief under any state or federal debtor relief law; (iii) for the appointment of a liquidator or receiver for all or substantially all of Tenant’s property or for Tenant’s interest in the Lease; or (iv) for the reorganization or modification of Tenant’s capital structure; however, if such a petition is filed against Tenant, then such filing shall not be an Event of Default unless Tenant fails to have the proceedings initiated by such petition dismissed within ninety (90) days after the filing thereof.

17. **Remedies.**

Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any of the following actions:

(a) Terminate this Lease by giving notice thereof to Tenant in which event Tenant shall immediately surrender the Premises to Landlord and if Tenant fails to do so Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises, or any part thereof, by force, if necessary, without being liable for prosecution or any claim of damages therefor and Tenant hereby agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise, specifically including, but not limited to (i) all reasonable expenses necessary to relet the Premises which shall include the cost of renovating, repairing and altering the Premises for a new tenant or tenants, advertisements and brokerage fees and (ii) any increase in

insurance premiums caused by the vacancy of the Premises. If such termination is caused by the failure to pay Rent and/or the abandonment of the Premises, Landlord may elect, by sending written notice thereof to Tenant, to receive liquidated damages in an amount equal to the Rent payable hereunder for the month during which this Lease is terminated times twelve (12) which shall be in lieu of the payment or loss and damage Landlord may suffer by reason of such termination as provided in the preceding sentence but which shall not be in lieu of or reduce in any way any amount (including accrued Rent) or damages due to breach of covenant (whether or not liquidated) payable by Tenant to Landlord which accrued prior to the termination of the Lease). Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

(b) Enter upon and take possession of the Premises and expel or remove Tenant or any other person who may be occupying the Premises, or any part thereof, by force, if necessary, without having any civil or criminal liability therefor and, without terminating this Lease, Landlord may (but shall be under no obligation to except as provided for hereinafter) relet the Premises or any part thereof for the account of Tenant, in the name of Tenant or Landlord or otherwise, without notice to Tenant for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such conditions (which may include concessions or free rent) and for such uses as Landlord in its absolute discretion may determine and Landlord may collect and receive any rents payable by reason of such reletting; and Tenant agrees to pay Landlord on demand all reasonable expenses necessary to relet the Premises which shall include the cost of renovating, repairing and altering the Premises for a new tenant or tenants, advertisements and brokerage fees, and Tenant further agrees to pay Landlord on demand any deficiency that may arise by reason of such reletting (all such amounts to bear interest at the maximum interest rate per annum allowed by law from the date of demand until paid). Landlord shall not be responsible or liable for any failure to relet the Premises or any part thereof or for any failure to collect any rent due upon any such reletting. No such re-entry or taking of possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this lease unless a written notice of such termination is given to Tenant pursuant to Section 17.(a) above.

(c) Enter upon the Premises by force if necessary without having any civil or criminal liability therefor, and do whatever Tenant is obligated to do under the terms of this Lease and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by the negligence of Landlord or otherwise.

(d) Landlord may file suit from time to time to recover any sums due or falling due under this Lease and no delivery to or recovery of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord.

(e) No repossession of or re-entering on the Premises or any part thereof pursuant to Sections 17.(b) and (c) above or otherwise and no reletting of the Premises or any part thereof pursuant to Section 17.(b) above shall relieve Tenant or any guarantor of its liabilities and obligations hereunder, all of which survive such repossession or re-entering. In the event of any such repossession or re-entering on the

Premises or any part thereof by reason of the occurrence of an Event of Default, Tenant will pay to Landlord the Rent required to be paid by Tenant.

(f) Landlord shall have the right and option, upon the occurrence of an Event of Default hereunder, to change the locks and other security devices within or about the Premises without notice to Tenant. Landlord shall have no obligation to provide Tenant access to the Premises subsequent thereto or provide Tenant keys therefor or to post any notices of any kind on the door to the Premises. The provisions hereof shall supersede any conflicting provisions of the Texas Property Code including, without limitation, the provisions of Section 93.002 thereof.

(g) No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition to other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Lease, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Landlord at law or in equity.

(h) No provision of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and signed by Landlord, nor shall any custom or practice arising between the parties in the administration of the terms of this Lease be construed to waive or lessen Landlord's right to insist upon strict performance of the terms of this Lease. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord of any violation or breach of any of the terms contained herein shall waive Landlord's rights regarding any future violation of such term. Landlord's acceptance of any partial payment of Rent shall not waive Landlord's right with regard to the remaining portion of the Rent that is due, regardless of any endorsement or other statement on any instrument delivered in payment of Rent or any writing delivered in connection therewith; accordingly, Landlord's acceptance of a partial payment of Rent shall not constitute an accord and satisfaction of the full amount of the Rent that is due.

(i) Notwithstanding the foregoing, to the extent (but no further) Landlord is required by applicable Texas law to mitigate damages, or is required by law to use efforts to do so, and such requirement cannot be lawfully and effectively waived (it being the intention of Landlord and Tenant that Tenant WAIVE such requirements to the maximum extent permitted by applicable law), Tenant agrees that Landlord shall not be deemed to have failed to mitigate damages, or the efforts required by law to do so, because:

(i) Landlord leases other space in the Building which is vacant prior to re-letting the Premises;

(ii) Landlord refuses to relet the Premises to any affiliate of Tenant, or any principal of Tenant, or any Affiliate of such principal;

(iii) Landlord refuses to relet the Premises to any person or entity whose creditworthiness is not acceptable to Landlord in the exercise of its reasonable discretion;

(iv) Landlord refuses to relet the Premises to any person or entity because the use proposed to be made of the Premises by such prospective tenant is not a use of a type and nature consistent with that of the other tenants in the Building leased or held for lease as of the date Tenant defaults under this Lease or not of a tenant mix desirable by Landlord for the Building, or

such use would, in Landlord's reasonable judgment, impose unreasonable or excessive demands upon the Building systems, equipment or facilities;

(v) Landlord refuses to relet the Premises to any person or entity, or any affiliate of such person or entity, who has been engaged in litigation with Landlord or any of its affiliates;

(vi) Landlord refuses to relet the Premises because the tenant or the terms and provisions of the proposed lease are not approved by the holders of any liens or security interests in the Property, or would cause Landlord to be in default of, or to be unable to perform any of its covenants or obligations under, any agreements between Landlord and any third party;

(vii) Landlord refuses to relet the Premises because the proposed tenant is unwilling to execute and deliver Landlord's standard lease form or such tenant requires improvements to the Premises to be paid at Landlord's cost and expense; or

(viii) Landlord refuses to relet the Premises to a person or entity whose character or reputation, or the nature of such prospective tenant's business, would not be acceptable to Landlord in its reasonable discretion.

18. **Choice of Law; Attorney's Fees.**

(a) **Choice of Law.** To the full extent permitted by law, Landlord and Tenant agree the federal and state courts of Smith County, -Texas shall have exclusive jurisdiction over any matter relating to or arising from this Lease and the parties' rights and obligations under this Lease, exception eviction proceedings.

(b) **Attorney's Fees.** If any Rent or other debt owing by Tenant to Landlord hereunder is collected by or through an attorney at law, Tenant agrees to pay an additional amount equal to reasonable attorneys' fees. Further, notwithstanding anything in this Lease to the contrary, in the event of legal action between the Landlord and Tenant as a result of any alleged default by either party hereunder, the prevailing party shall be entitled to reimbursement by the other party for reasonable attorney's fees and costs incurred by the prevailing party in connection with such action.

19. **Landlord's Lien.**

In addition to the statutory landlord's lien, Tenant grants to Landlord, to secure performance of Tenant's obligations hereunder, a security interest in all goods (including equipment and inventory), fixtures, and other personal property of Tenant situated on the Premises, and all proceeds thereof (collectively, the "Collateral"), and the Collateral shall not be removed from the Premises without the prior written consent of Landlord (other than in Tenant's ordinary course of business) until all obligations of Tenant have been fully performed. Upon the occurrence of an Event of Default, Landlord may, in addition to all other remedies, without notice or demand except as provided below, exercise the rights afforded to a secured party under the Texas Uniform Commercial Code (the "UCC"). To the extent the UCC requires Landlord to give to Tenant notice of any act or event and such notice cannot be validly waived before a default occurs, then five-days' prior written notice thereof shall be reasonable notice of the act or event. Tenant grants to Landlord a power of attorney to execute and file any financing statement or other instrument necessary to perfect Landlord's security interest under this Section 19, which power is coupled with an interest and is irrevocable during the Term. Landlord may also file a copy of this Lease as a financing statement to perfect its security interest in the Collateral.

20. **Surrender of Premises.**

No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid unless it is in writing and signed by Landlord. At the expiration or termination of this Lease, Tenant shall deliver to Landlord the Premises with all improvements located therein in good repair and condition, broom-clean, reasonable wear and tear (and condemnation and Casualty damage not caused by Tenant, as to which Sections 13 and 14 shall control) excepted, and shall deliver to Landlord all keys and access cards to the Premises. Provided that Tenant has performed all of its obligations hereunder, Tenant may remove all unattached trade fixtures, furniture, and personal property placed in the Premises by Tenant, and shall remove such alterations, additions, improvements, trade fixtures personal property, equipment, wiring, and furniture as Landlord may request. Tenant shall repair all damage caused by such removal. All items not so removed shall be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without notice to Tenant and without any obligation to account for such items. The provisions of this Section 20 shall survive the end of the Term.

21. **Holding Over.**

If Tenant fails to vacate the Premises at the end of the Term, then Tenant shall be a tenant at will and, in addition to all other damages and remedies to which Landlord may be entitled for such holding over, Tenant shall pay, in addition to the other Rent, a daily Basic Rent equal to the greater of (a) 200% of the daily Basic Rent payable during the last month of the Term, or (b) 125% of the prevailing rental rate in the Building for similar space. The provisions of this Section 21 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any lost profits to Landlord resulting therefrom.

22. **Certain Rights Reserved by Landlord.**

Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises, Landlord shall have the following rights:

(a) To decorate and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Property, the Building, or any part thereof; to enter upon the Premises and, during the continuance of any such work, to temporarily close doors, entryways, public space, and corridors in the Property or the Building; to interrupt or temporarily suspend Property and Building services and facilities; to change the name of the Building; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building or Property;

(b) To take such reasonable measures as Landlord deems advisable for the security of the Property, the Building and its occupants; evacuating the Property or the Building for cause, suspected cause, or for drill purposes; temporarily denying access to the Property or the Building; and closing the Building after normal business hours and on Sundays and holidays, subject, however, to Tenant's right to

enter when the Building is closed after normal business hours under such reasonable regulations as Landlord may prescribe from time to time; and

(c) To enter the Premises at reasonable hours to show the Premises to prospective purchasers, lender, or during the last six (6) months of the Term, tenants.

23. **Relocation.**

Throughout the Term of this Lease including any renewal or extension thereof, Landlord shall have the right and option, upon thirty (30) days notice to Tenant, to require Tenant to relocate the Premises to any substantially similar premises within the Building (the "**New Premises**"). In the event of Landlord's exercise of its option to relocate Tenant in the manner hereinabove set forth, (i) this Lease shall be modified so as to eliminate the Premises and to substitute therefor such New Premises, and (ii) all reasonable expenses of moving Tenant and of decorating the New Premises shall be at the expense of Landlord. In the event that comparable premises are not available within the Building, and Tenant shall agree to relocate to less desirable premises or to reduce the size of the Premises, Landlord and Tenant shall agree to a reduction in the amount of the Basic Rent and/or Tenant's Proportionate Share so as to effect an equitable adjustment in rentals commensurate with the New Premises.

24. **Miscellaneous.**

(a) **Landlord Transfer.** Landlord may transfer any portion of the Property and any of its rights under this Lease. If Landlord assigns its rights under this Lease, then Landlord shall thereby be released from any further obligations hereunder, provided that the assignee assumes Landlord's obligations hereunder in writing, and provided further the terms of Section 5 above shall govern the transfer of the Security Deposit.

(b) **Landlord's Liability.** The liability of Landlord to tenant for any default by Landlord under the terms of this Lease shall be limited to Tenant's actual direct, but no consequential, damages therefor and shall be recoverable only from the interest of Landlord in the Property, and Landlord (and its partners, shareholders and Property Manager) shall not be personally liable for any deficiency. This Section shall not limit any remedies which Tenant may have for Landlord's defaults which do not involve the personal liability of Landlord.

(c) **Force Majeure.** Landlord and Tenant (except with respect to the payment of Rent or any other monetary obligation under this Lease and except any obligations of Tenant arising pursuant to **Exhibit D** hereto) shall be excused for the period of any delay and shall not be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Lease when prevented from so doing by a cause or causes beyond Landlord's or Tenant's (as the case may be) control, which shall include, without limitation, all labor disputes, governmental regulations or controls, fire or other casualty, inability to obtain any material or services, acts of God, or any other cause not within the reasonable control of Landlord or Tenant (as the case may be); provided, however, that any Tenant Delay (if or as defined in **Exhibit D**) or Tenant delay shall be deemed to be due to a cause or causes within Tenant's control.

(d) **Brokerage.** Neither Landlord nor Tenant has dealt with any broker or agent in connection with the negotiation or execution of this Lease, other than TXRE Properties, LLC (Broker) whose commissions shall be paid by HRE Forest Ridge, LLC (Landlord). Tenant and Landlord shall each indemnify the other against all costs, expenses, attorney's fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the

indemnifying party.

(e) **Estoppel Certificates.** From time to time, Tenant shall furnish to any party designated by Landlord, within ten (10) business days after Landlord has made a request therefor, a certificate signed by Tenant confirming and containing such factual certifications and representations as to this Lease as Landlord may reasonably request.

(f) **Notices.** All notices and other communications given pursuant to this Lease shall be in writing and shall be (i) mailed by first class, United State Mail, postage prepaid, certified, with return receipt requested, and addressed to the parties hereto at the address specified next to their signature block, (ii) hand delivered to the intended address, or (iii) sent by prepaid telegram, cable, facsimile transmission, or telex followed by a confirmatory letter. All notices shall be effective upon delivery to the address of the addressee. The parties hereto may change their addresses by giving notice thereof to the other in conformity with this provision.

(g) **Separability.** If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

(h) **Amendments; and Binding Effect.** This Lease may not be amended except by instrument in writing signed by Landlord and Tenant. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.

(i) **Quiet Enjoyment.** Provided Tenant has performed all of its obligations hereunder, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through, or under Landlord, but not otherwise, subject to the terms and conditions of this Lease.

(j) **No Merger.** There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.

(k) **No Offer.** The submission of this Lease to Tenant shall not be construed as an offer, and Tenant shall not have any rights under this Lease unless Landlord executes a copy of this Lease and delivers it to Tenant.

(l) **Entire Agreement.** This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except for those set forth in this Lease no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of Landlord or Tenant in connection therewith. The normal rule of construction that any ambiguities be resolved against the drafting party shall not apply to the interpretation of this Lease or any exhibits or amendments hereto.

(m) **Waiver of Jury Trial.** To the maximum extent permitted by law, Landlord and Tenant each waive right to trial by jury in any litigations arising out of or with respect to this Lease.

(n) **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises are located.

(o) **Joint and Several Liability.** If Tenant is comprised of more than one party, each such party shall be jointly and severally liable for Tenant's obligations under this Lease.

~~(p) **Financial Reports.** Within fifteen (15) days after Landlord's request, Tenant will furnish Tenant's most recent Bank Credit Report (including any notes to them) to Landlord. Landlord will not disclose any aspect of Tenant's Bank Credit Report that Tenant designates to Landlord as confidential except (i) to Landlord's lenders or prospective purchasers of the Property, (ii) in litigation between Landlord and Tenant, and (iii) if required by court order.~~

~~(p) **Government Non-appropriations:** Funds for payment of this Agreement have been provided through the County budget approved by Commissioners Court for this fiscal year only, and through the State of Texas Biennium. State of Texas law prohibits the obligations and expenditures of public funds beyond the fiscal year or biennium for which a budget has been approved. However, the performance of this contract may extend beyond the current fiscal year or biennium. It is the expectation of Tenant that funding will be available to pay for the expenditures related to this Contract. Notwithstanding anything to the contrary within this contract, if at any time during the term of this contract the Commissioners Court of County, Texas or the State of Texas (1) fails to provide funding for this contract during the following fiscal year of Smith County, Texas, or State of Texas Biennium; (2) does not adopt a budget for expenditures; (3) or is only able to partially fund the expenditures required by this contract, then Tenant may, upon giving thirty (30) days written notice of such failure to fund and termination, terminate this contract, or part thereof, without any further liability, effective (30) days after Tenant notifies Landlord in writing of such failure to fund and termination. Tenant shall pay a prorated rent for the days tenant occupied the premises until the date of termination. There shall be no recourse for the landlord as to sums beyond those for work performed to that date, including no recovery allowed for consequential damages, interruption of business, or lost profits anticipated being made hereunder.~~

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(q) **Landlord's Fees.** Whenever Tenant requests Landlord to take any action or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for Landlord's reasonable costs incurred in reviewing the proposed action or consent, including without limitation reasonable attorney's, engineers' or architects' fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such cost. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action.

(r) **Telecommunication Providers.** In the event Tenant wishes to use, at anytime during the Term of this Lease, the services of a telecommunications provider whose equipment or service (including but not limited to voice, video, data, and any other telecommunications services provided over wire, fiber optic, microwave, wireless, and any other transmission systems) is not then in the Building or Property, no such provider shall be entitled to enter Building or Property or commence providing such service without first obtaining the prior written consent of Landlord. Landlord may condition its consent on such matters as Landlord deems appropriate including, without limitation, (i) such provider agreeing to an easement in form and substance satisfactory to Landlord, (ii) Landlord having been provided and approved the plans and specifications for the equipment to be installed in the Building and Property, (iii) Landlord has received, prior to the commencement of such work, such indemnities, bonds or other financial assurances as Landlord may require, (iv) the provider agreeing to abide by all Building and

Property rules and regulations, and agreeing to provide Landlord an “as built” set of plans and specifications, (v) the provider agreeing to pay Landlord such compensation as Landlord determines to be reasonable, and (vi) Landlord having determined that there is adequate space in the Building and the Property for the placement of all of such provider’s lines and equipment.

(s) **General Definitions.** The following terms shall have the following meanings: “**Laws**” means all federal, state and local laws, rules and regulations, all court orders, all governmental directives and governmental orders, and all restrictive covenants affecting the Property, and “**Law**” means any of the foregoing; “**Affiliate**” means any person or entity which, directly or indirectly, controls, is controlled by, or is under common control with the party in question; “**Tenant Party**” shall include Tenant, any assignees claiming by, through, or under Tenant, any subtenants claiming by, through, or under Tenant, and any agents, contractors, employees, invitees of the foregoing parties; and “**including**” means including, without limitation.

~~(t) **Confidentiality.** Tenant acknowledges that the terms and conditions of this Lease are to remain confidential for Landlord’s benefit, and may not be disclosed by Tenant to anyone, by any manner or means, directly or indirectly, without Landlord’s prior written consent. The consent by Landlord to any disclosures shall not be deemed to be a waiver on the part of Landlord of any prohibition against any future disclosure.~~

Commented [TW2]: The county is subject to the Texas Public Information Act, and thus cannot consent to this term.

~~(+)(t)~~ **List of Exhibits.** The terms and provisions of the Exhibits and Addendum (if any) attached to this Lease are hereby incorporated herein by this reference and hereby made a part hereof for all purposes.

~~(+)(u)~~ **Consents.** If Tenant is a corporation, partnership or other entity, Tenant warrants that all consents or approvals required of third parties (including but not limited to its Board or Directors or partners) for the execution, delivery and performance of this Lease have been obtained and that Tenant has the right and authority to enter into and perform its covenants contained in this Lease. Likewise, if Landlord is a corporation, partnership or other entity, Landlord warrants that all consent or approvals required of third parties (including but not limited to its Board of Directors or partners) for the execution, delivery and performance of this Lease have been obtained and that Landlord has the right and authority to enter into and perform its covenants contained in this Lease.

~~(+)(v)~~ **Efforts; Charges.** Wherever in this Lease there is imposed upon Landlord the obligation to use best or reasonable efforts or due diligence, Landlord shall be required to do so only to the extent the same is economically feasible and otherwise will not impose upon Landlord extreme financial or other burdens. Landlord shall have no obligation to use best or reasonable efforts or due diligence when the application of such standard of care to persons or circumstances is invalid or unenforceable under applicable law. Landlord and Tenant agree that each provision of this Lease for determining charges and amounts payable by Tenant is commercially reasonable and, as to each such charge or amount, constitutes a “method by which the charge is to be computed” for purposes of Section 93.004 of the Texas Property Code, as the same may be amended or superceded from time to time.

~~(+)(w)~~ **Time of Essence.** Time is of the essence in this Lease.

~~(+)(x)~~ **No Memorandum.** Tenant agrees not to record any memorandum or other evidence of this Lease in the Real Property Records of the county on which the Property is located without Landlord's prior written consent.

~~(z)~~(y) **No Relationship.** Nothing contained herein shall be deemed or construed as creating any partnership or joint venture relationship between Landlord and Tenant, or any other relationship other than that of landlord and tenant.

~~(aa)~~(z) **Waiver.** Tenant hereby waives any and all rights under Section 41.413 of the Texas Property Tax Code granting to tenants the right to contest appraised values, or to receive notice of reappraised values, of all or any portion of the Property irrespective of whether Landlord has elected to contest the same. To the extent such waiver is prohibited by applicable law, Tenant hereby appoints Landlord as Tenant's attorney in fact, coupled with an interest, to appear and take all actions on behalf of Tenant which Tenant may have under said code.

~~(bb)~~(aa) **Survival.** Any claim, cause of action, liability or obligation arising under the terms of this Lease and under the provisions hereof in favor of a party hereto against or obligating the other party hereto shall survive the expiration or any earlier termination of this Lease, notwithstanding any contrary provisions hereof.

25. **Other Provisions.**

LANDLORD AND TENANT EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR TENANTS INTENDED COMMERCIAL PURPOSE, AND TENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE PREMISES OR THE PERFORMANCE BY LANDLORD OF ITS OBLIGATIONS HEREUNDER, AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, TENANT SHALL CONTINUE TO PAY THE RENT, WITHOUT ABATEMENT, SETOFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH BY LANDLORD OF ITS DUTIES OR OBLIGATIONS HEREUNDER, WHETHER EXPRESS OR IMPLIED.

LANDLORD AND TENANT UNDERSTAND, AGREE AND ACKNOWLEDGE THAT:

- A) THIS LEASE HAS BEEN FREELY NEGOTIATED BY BOTH PARTIES; AND
- B) THAT, IN ANY CONTROVERSY, DISPUTE, OR CONTEST OVER THE MEANING, INTERPRETATION, VALIDITY, OR ENFORCEABILITY OF THIS LEASE OR ANY OF ITS TERMS OR CONDITIONS, THERE SHALL BE NO INFERENCE, PRESUMPTION, OR CONCLUSION DRAWN WHATSOEVER AGAINST EITHER PARTY BY VIRTUE OF THAT PARTY HAVING DRAFTED THIS LEASE OR ANY PORTION THEREOF.

Dated as of the date first above written.

TENANT:

SMITH COUNTY OF TEXAS

By: _____
Name: _____
Title: _____

Address: _____

Phone: _____
Email: _____

LANDLORD:

HRE FOREST RIDGE, LLC

By: _____
Name: Keith Menking
Title: President and CEO

Address: 860 Airport Freeway, Suite 211
Hurst, Texas 76054
Phone: 855-600-4549

Exhibit A - Legal Description of Building
Exhibit B - Outline of Premises
Exhibit C - Building Rules and Regulations
Exhibit D - Construction Agreement
Exhibit E - Parking
Exhibit F - Termination Option
Exhibit G - Intentionally Deleted
Exhibit H - Guaranty

EXHIBIT A
LEGAL DESCRIPTION

📍 1600 AIRPORT FWY, BEDFORD

Property Type: Commercial

Legal Description: CANTEBRIA CROSSING ADDITION Block 1 Lot 1A

DRAFT

EXHIBIT B

OUTLINE OF PREMISES

Suite 409 – 1,812 RSF – Not to Scale

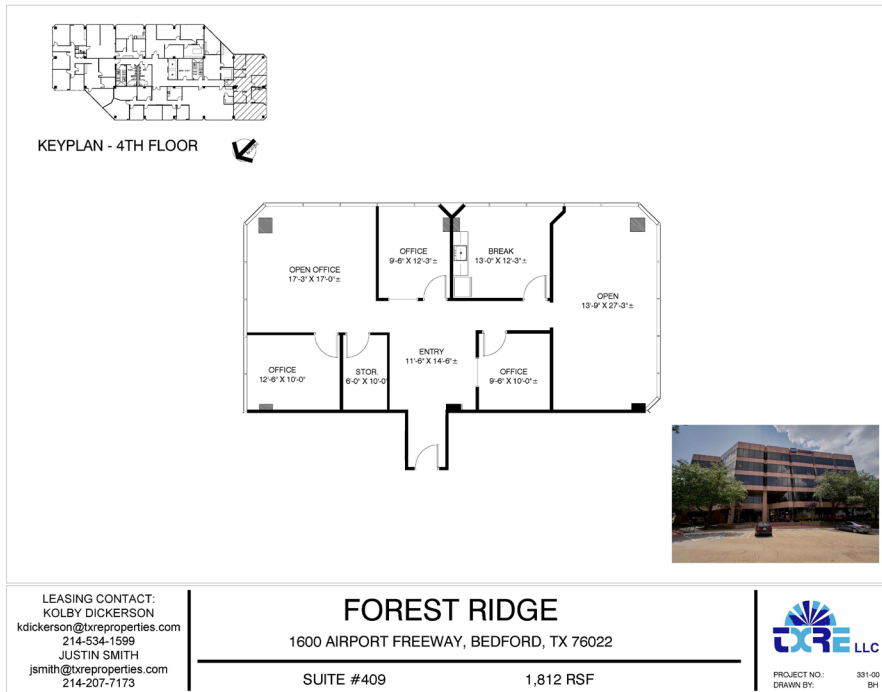


EXHIBIT C

BUILDING RULES AND REGULATIONS

All defined terms used herein, unless otherwise defined herein, shall have the same meanings given to such terms in the Lease to which this Exhibit is attached. The following rules and regulations shall apply to the Premises, the Building, the Property, the parking garage associated therewith, and the appurtenances thereto:

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by tenants or used by any tenant for purposes other than ingress and egress to and from their respective leased premises and for going from one to another part of the Building.
2. Plumbing, fixtures and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or deposited therein. Damage resulting to any such fixtures or appliances from misuse by a tenant or its agents, employees or invitees, shall be paid by such tenant.
3. No signs, advertisements or notices shall be painted or affixed on or to any windows or doors or other part of the Building without the prior written consent of Landlord. No nails, hooks or screws shall be driven or inserted in any part of the Building except by Building maintenance personnel. No curtains or other window treatments shall be placed between the glass and the Building standard window treatments.
4. Landlord shall provide and maintain an alphabetical directory for all tenants in the main lobby of the Building.
5. Landlord will furnish each tenant with **two (2)** keys and **five (5)** access cards free of charge. Landlord may charge a reasonable amount for any additional keys. All additional access cards or replacement cards are \$15.00 each (prices subject to increase). Additional keys and access cards will be furnished by Landlord on an order signed by Tenant or Tenant's authorized representative. All such keys and access cards shall remain the property of the Landlord. No tenant shall have any keys or access cards duplicated. No tenant shall alter any lock or install a new or additional lock or bolt on any door of its leased premises without prior written consent of Landlord. If Landlord shall give its consent, the tenant shall in each case furnish Landlord with a key for any such lock. Each tenant, upon the termination of its tenancy, shall deliver to Landlord all keys and access cards to doors in the Building which shall have been furnished to tenant.
6. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which require use of elevators or stairways, or movement through the Building entrances or lobby shall be conducted under Landlord's supervision at such times and in such a manner as Landlord may reasonably require. Each tenant assumes all risks of and shall be liable for all damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for such tenant.
7. Landlord may prescribe weight limitations and determine the locations for safes and other heavy equipment or items, which shall in all cases be placed in the Building so as to distribute weight in a manner acceptable to Landlord which may include the use of such supporting devices as Landlord may require. All damages to the Building caused by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, shall be repaired at the expense of such tenant.

8. Corridor doors, when not in use, shall be kept closed. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in, on or about any tenant's leased premises. No portion of any tenant's leased premises shall at any time be used or occupied as sleeping or lodging quarters.

9. Tenant shall cooperate with Landlord's employees in keeping its leased premises neat and clean. Tenants shall not employ any person for the purpose of such cleaning other than the Building's cleaning and maintenance personnel.

10. To ensure orderly operation of the Building, no ice, mineral or other water, towels, newspapers, etc. shall be delivered to any leased area except by persons approved by Landlord.

11. Tenant shall not make or permit any vibration or improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

12. No machinery of any kind (other than normal office equipment) shall be operated by any tenant on its leased area without Landlord's prior written consent, nor shall any tenant use or keep in the Building any flammable or explosive fluid or substance.

13. Landlord will not be responsible for lost or stolen personal property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

14. No vending or dispensing machines of any kind may be maintained in any leased premises without the prior written permission of Landlord.

15. Tenant shall not conduct any activity on or about the Premises or Building which will draw pickets, demonstrators, or the like.

16. All vehicles are to be currently licensed, in good operating condition, parked for business purposes having to do with Tenant's business operated in the Premises, parked within designated parking spaces, one vehicle to each space. No vehicle shall be parked as a "billboard" vehicle in the parking lot. Any vehicle parked improperly may be towed away. Tenant, Tenant's agents, employees, vendors and customers who do not operate or park their vehicles as required shall subject the vehicle to being towed at the expense of the owner or driver. Landlord may place a "boot" on the vehicle to immobilize it and may levy a charge of \$50.00 to remove the "boot". Tenant shall indemnify, hold and save harmless Landlord of any liability arising from the towing or booting of any vehicles belonging to a Tenant Party.

17. Normal hours of operation for the building are Monday through Friday, 7:00 a.m. to 6:00 p.m. and Saturday, 8:00 a.m. to 1:00 p.m. During these referenced times, the building entrances will remain open.

18. The Holidays that the building entrances will be closed are as follows: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day and Christmas Day.

EXHIBIT D

Intentionally Deleted.

EXHIBIT E

PARKING

Landlord agrees to provide, and Tenant obligates itself to rent, commencing on the Commencement Date and continuing for the remainder of the term, **eight (8)** unassigned parking permits ("**Unassigned Permits**") for the parking of automobiles in spaces and locations from time to time designated by Landlord as the parking facilities for the Building. Tenant shall rent all such permits from the Commencement Date until the expiration or termination of the Term unless Landlord and Tenant should agree otherwise. Notwithstanding any contrary provisions hereof, the rights of Tenant hereunder shall terminate or expire simultaneously with the termination, cancellation or expiration of this Lease. Tenant shall provide to Landlord such information and documentation evidencing the number of Tenant's full-time employees located within the Premises as Landlord shall reasonably request, from time to time.

The rent for parking permits leased by Tenant hereunder is currently at the rate of **\$00.00** per unassigned parking space per month (the "**Parking Rent**"). The initial aggregate Parking Rent due each month from Tenant is, accordingly, **\$00.00**. Tenant shall also be responsible for the payment of state and local taxes thereon. Said rentals shall be considered to be due and payable in advance on the first day of each calendar month during the Term of this Lease (or, in the event the Commencement Date is a date other than the first day of a calendar month, a pro rata portion of said rental rate shall be due and payable on the Commencement Date). The Parking Rent shall be adjusted by Landlord from time to time to the then prevailing rates being charged by Landlord for unassigned parking permits in the parking facilities. Tenant shall pay all monthly installments of Parking Rent hereunder on or before the first day of each calendar month to Landlord (or Landlord's designee) at the same time Tenant makes payments of monthly installments of Basic Rent. Such Parking Rent shall be considered a part of Rent.

Landlord or the operator of the parking facilities may make, modify and enforce reasonable rules and regulations relating to the parking of vehicles in the parking facilities, and Tenant agrees to abide by such rules and regulations. Tenant shall indemnify and hold harmless Landlord from and against all claims, losses, liabilities, damages, costs and expenses (including, but not limited to, attorneys' fees and court costs) arising or alleged to arise out of Tenant's use of any such parking permits or the use thereof by Tenant's personnel, agents, employees, contractors, guests or invitees.

All defined terms used herein, unless otherwise defined herein, shall have the same meanings given to such terms in the Lease to which this Exhibit is attached.

EXHIBIT F

TERMINATION OPTION

Provided (i) Tenant is not in default of any of the terms or conditions of the Lease beyond any applicable notice and cure period, and (ii) Tenant has not sublet or assigned the Lease, Tenant shall have a one (1) time right and option to terminate this Lease ("**Tenant's Early Termination Option**"), effective upon the conclusion of the twenty-fourth (24th) month of Term (the "**Early Termination Date**"), which option may be exercised by providing Landlord with no more than nine (9) months and no less than six (6) months prior of written notice (the "**Early Termination Notice**"). In consideration of Tenant's Early Termination Option, Tenant shall pay to Landlord, simultaneously with the Early Termination Notice, an amount equal to Seven Thousand Five Hundred and Fifty Dollars (\$7,550.00) (the "**Early Termination Fee**"). Provided the Early Termination Notice is properly given and the Early Termination Fee is timely paid, the Lease shall terminate as of the Early Termination Date, whereupon the parties' rights and obligations under this Lease with respect to the Premises shall cease and terminate, except for any provisions that expressly survive any expiration or termination of this Lease. If Tenant's Early Termination Notice and the payment of the Early Termination Fee are not properly given and paid as provided herein, then Tenant's Early Termination Option shall be null and void and of no further force and effect.

EXHIBIT G

Intentionally Deleted.

EXHIBIT H

GUARANTY

IN CONSIDERATION OF HRE Forest Ridge, LLC hereinafter called Landlord, entering into a leasehold agreement with **SMITH COUNTY OF TEXAS**, hereinafter called Tenant, dated _____, for the premises commonly described as **1600 Airport Freeway, Suite 409, Bedford, Texas 76022** hereinafter called the Lease, and other good and valuable consideration, I, we, and each of us, the undersigned, have jointly, severally and unconditionally guaranteed and do guarantee jointly, severally, and unconditionally to Landlord the full and prompt payment of rent and all other sums required to be paid by Tenant under the Lease ("Guaranteed Payments") and the full and faithful performance of all terms, conditions, conveyance, obligations, and agreements contained in the Lease on Tenant's part to be performed ("Guaranteed Obligations"), and the payment of each and every claim, demand, indebtedness, right or cause of action of every nature whatsoever against the Tenant now or hereafter existing, due or to become due, and now or hereafter held by Landlord, and this Guaranty shall continue, as to each of the undersigned, until same has been, in all things, fully paid, performed and satisfied.

This Guaranty is an absolute, continuing, unconditional guarantee of payment and not of collection, and the undersigned waive notice of acceptance of this Guaranty and of any liability to which it applies or may apply.

The undersigned hereby expressly waive presentment, demand, notice of dishonor or default, protest of every kind, diligence in collection, any necessity, substantive or procedural, that a judgment be previously rendered against the Tenant or any other person, or that any action be brought against the Tenant or any other person, or that the Tenant or any other person be joined in such cause, or that Landlord exhaust its remedies against Tenant or any other person. Such waivers shall be without prejudice to Landlord at its option to proceed against Tenant or any other person, whether by separate action or by joinder. The obligations of the undersigned assumed hereunder are joint and several from Tenant or any other person, and are primary obligations concerning which the undersigned are principal obligors. The undersigned agree that this Guaranty shall not be discharged except by complete performance of the obligations of Tenant and the Guaranteed Payments and Guaranteed Obligations of the undersigned hereunder. The obligations of the undersigned hereunder shall not be affected in any way by receivership, insolvency, bankruptcy, or other proceedings affective Tenant or any of Tenant's assets, or the release or discharge of Tenant of any Guaranteed Payment or Guaranteed Obligation contained in the Lease, or any other instrument issued in connection therewith.

Landlord may, at any time, without the consent of or notice to, the undersigned, without impairing or releasing the obligations of the undersigned: (1) change the manner, place or terms of any Guaranteed Payment or charge or extend the time of payment of, renew, release or discharge any liability of Tenant, and the guarantee herein made shall apply to the liabilities of Tenant changed, extended renewed, or altered in any manner; (2) grant any indulgence in the performance of any Guaranteed Obligations; (3) exercise or refrain from exercising any rights against Tenant or any other person; (4) settle or compromise any liabilities or obligations hereby guaranteed or hereby incurred, whether with Tenant or any of the undersigned, if more than one; (5) consent to any assignment(s), subleases(s) and successive assignment(s) or change in the use of the leased premises; (6) consent to change in the use of the leased premises; (7) consent to any extension or extensions of the term of the Lease; (8) modify or amend the Lease or any term or provision thereof, or any obligation of Tenant arising thereunder; and (9) accept other guarantors to the Lease.

IT IS HEREBY EXPRESSLY AGREED that, if this Guaranty is placed in the hands of an attorney for enforcement, or if suit is brought on same, or if same is collected through any judicial proceeding whatsoever the undersigned agree to pay reasonable attorney fees and costs on the amount then due hereon. It is further agreed that venue for such judicial proceeding shall be in Dallas, Dallas County, Texas. This Guaranty shall be deemed made in, and shall be governed by the laws of the State of Texas.

No delay on the part of Landlord in exercising any right hereunder or failure to exercise the same shall operate as a waiver of such right, nor in any event shall any modification or waiver of the provisions of this Guaranty be effective unless in writing signed by Landlord, nor shall any such waiver be applicable except in the specific instance for which given.

The undersigned hereby acknowledges full and complete notice, knowledge and understanding of all the terms, conditions, covenants, obligations and agreements of the Lease, a true and correct copy of which is attached hereto and incorporated herein by reference as though fully set forth verbatim.

The payment by the undersigned of any obligation of Tenant that has matured without acceleration and is due and payable pursuant to this guaranty shall not in any way entitle the undersigned to any right, title or interest (whether by subrogation or otherwise) of the Tenant under the Lease or to any security being held for any Guaranteed Payment or Guaranteed Obligation.

It is understood and agreed that this Guaranty and lease attached hereto contain the entire agreement among the parties and supersedes any and all prior agreements, arrangements, or understandings among the parties relating to the subject matter. No oral understanding, statement, promise or inducement contrary to the terms of the Guaranty exists. This Guaranty cannot be changed or terminated orally. The parties may, if they so wish, make amendments or changes to, or revoke this Guaranty, provided that the agreement is consented to and reduced to writing and signed by both parties. Otherwise, the term of this Guaranty shall be for the entire term of the lease agreement, plus any extensions or renewals of that lease agreement covering the demised premises plus any expansions, reductions, or relocations as may change the demised premises.

The Landlord and the undersigned intend and believe that each provision of this Guaranty complies with all applicable law. However, if any provision of this Guaranty is found by a court to be invalid for any reason, the parties intend that the remainder of this Guaranty shall continue in full force and effect and the invalid provision shall be construed as if it were not contained herein.

THIS IS A BINDING LEGAL DOCUMENT. YOU ARE ADVISED AND ARE GIVEN THE OPPORTUNITY TO CONSULT ANY ATTORNEY PRIOR TO SIGNING.

WITNESS our hands at Dallas, Texas, this the _____.

(signature)

(name)

Social Security Number

Home Address:

(_____) _____
Telephone Number

LEASE AGREEMENT

By and Between

**Apple Realty Investments, LLC – Series 8511 S Sam
Houston Parkway East
("Landlord")**

and

**TX FCIC / Smith County, Texas
("Tenant")**

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into on this ____ day of _____, 2025, by and between Landlord and Tenant.

WITNESSETH:

1. Certain Definitions and Basic Terms.

1.01 Parties, Rent, Term and Premises. Landlord and Tenant hereby agree that for purposes of this Lease, the following capitalized terms shall mean:

Landlord: Apple Realty Investments, LLC - Series 8511 S. Sam Houston Pkwy E., a Texas limited partnership

Tenant: TX FCIC / Smith County, Texas

Rent:
Year 1 \$4,500.00 per month
Year 2 \$4,500.00 per month

BOMA: The term "BOMA" shall mean the *Standard Method for Measuring Floor Area in Office Buildings, ANSI/BOMA Z65.1-2017* published by the Building Owners and Managers Association International as amended from time to time, which shall be used by the Landlord's architect in measuring and calculating the Building Rentable Area, the Rentable Area of the Leased Premises and Tenant's Proportionate Share. Such measurements and calculations by Landlord's architect shall be deemed accurate. Tenant and Landlord hereby stipulate and agree that such computations, as made by Landlord's architect, shall be appropriate and acceptable, notwithstanding any different measurement thereof that may be based on any industry standard established, whether now used or hereafter established, in other similar office buildings in the area of the Building, and that such computations by the Landlord's architect shall be confirmed by Landlord and Tenant in the Commencement Agreement. If the Building is ever demolished, altered, remodeled, renovated, expanded or otherwise changed in such manner as to alter the amount of space contained therein, the Rentable Area shall be adjusted and recalculated pursuant only to a physical change in the Building by using the foregoing method of determining Rentable Area.

Landlord's Broker: N/A

Tenant's Broker: Flavio Beato / Texas C.R.E.S. LLC

Building: The 8511 SOUTH SAM HOUSTON PARKWAY EAST office building, which is located at 8511 South Sam Houston Parkway East, Houston, Texas 77075.

Building Rentable Area: The term "Building Rentable Area" shall have the meaning and be calculated as determined by BOMA.

Commencement Date: September 1, 2025

Force Majeure Event: "Force Majeure Event" shall mean any of the following: the inability of Landlord to obtain and utilize labor, materials, equipment, or supplies as a result of restrictions by governmental authorities or shortages in the trade area of the Building; strikes, lockouts or labor disputes; any state of war or national or local emergency; any acts of God or other natural disaster; riots; casualty which affects any material portion of the Land, Building or Leased Premises; floods, hurricanes, tornadoes, earthquakes or other abnormal adverse weather conditions; epidemics or pandemics; the default by Tenant under this Lease for the period during which such default continues; or any other cause not reasonably within the control of Landlord.

Land: The tract or parcel of land described by metes and bounds on EXHIBIT A attached hereto and made a part hereof for all purposes.

Landlord's Address for Notices: Apple Realty Investments, LLC
8511 S. Sam Houston Parkway E., Suite 200
Houston, TX 77075
Phone: 409-782-3110
Email: jacobscully@applerealtyco.com
Cc: mscully@appletowing.com

Leased Premises: Approximately 2,122 square feet of Rentable Area on the first floor of the Building, designated as Suite 100, as reflected on the floor plan(s) of the Leased Premises attached hereto and made a part hereof for all purposes as EXHIBIT B, together with any additional premises hereafter added thereto by written amendment to this Lease

Rent: All Rent, and all other sums payable to or on behalf of Landlord by Tenant pursuant to the terms of this Lease.

Rentable Area: The term "Rentable Area" shall mean the rentable area of the space being measured as determined in accordance with BOMA.

Security Deposit: \$ 4,500.00 (equal to the monthly rent for the last month of the Term).

Tenant's Address for Notices: Until Tenant occupies the Leased Premises, after which time Tenant's address for notices will be the Leased Premises, the address for notices to Tenant is:

Name: TX FCIC / Smith County, Texas
Address: 218 E. Elm Street, Tyler, TX 75702
Phone: 903-707-8265
Email: jeff.headley@fcic.texas.gov

Termination Date: August 31, 2027

2. Demise and Lease Term.

2.01 Demise of Leased Premises. Subject to and upon the terms, provisions and conditions hereinafter set forth, and each in consideration of the duties, covenants and obligations of the other hereunder, Landlord does hereby lease, demise and let to Tenant and Tenant does hereby lease and take from Landlord the Leased Premises in the current "AS-IS" condition, with Tenant accepting all defects. Landlord does not make any warranty (a) that the Leased Premises are habitable; (b) that the Leased Premises are fit or suitable for Tenant's use or for any other particular purpose, or (c) that the Leased Premises are free from toxic or Hazardous Substances (defined herein), or (d) as to any other matter, express or implied.

2.02 Primary Term. Subject to and upon the terms and conditions set forth herein, or in any exhibit hereto, the term of this Lease shall commence on the Commencement Date and shall expire on the Termination Date.

2.03 Option Term. Provided (i) Tenant is not in default of the Lease, (ii) Tenant has been continuously open and operating throughout the Lease Term, Tenant shall have the option to extend the Lease Term for one (1) period of two (2) years upon not less than three (3) months written notice. Each year will continue at the same rental rate with no increases. Example:

Year Three (3) at \$4,500.00 per month
Year Four (4) at \$4,500.00 per month.

3. Use. The Leased Premises are to be used and occupied by Tenant (and its permitted assignees and subtenants) solely for the purpose of offices and for no other purpose. Without limiting the foregoing, the Leased Premises shall not be used for any purpose that would tend to lower the first-class character of the Building, or create unreasonable building loads or otherwise interfere with standard Building operations, and Tenant shall not engage in any activity that is not in keeping with the standards of the Building.

4. **Rent.**

4.01 **Rental.** Tenant hereby covenants and agrees to pay the Rent in accordance with Section 4.04 below.

4.04 **Rental Payment.**

(a) **Pursuant to Texas Prompt Pay Act, Chapter 2251 of the Texas Government Code**
Tenant hereby agrees to pay the Rent. The Rent shall be due and payable in twelve (12) equal installments on the first day of each calendar month during each year of the initial term of this Lease and any extensions or renewals hereof, and Tenant hereby agrees to so pay such rentals to Landlord monthly in advance by electronic funds transfer debit transactions through wire transfer or ACH per the wiring instructions that Landlord provides in writing to Tenant (as may be amended from time to time by Landlord by notice to Tenant).

(b) If the term of this Lease as described above commences on other than the first day of a calendar month or terminates on other than the last day of a calendar month, then the installments of Rent for such month or months shall be prorated and the installment or installments so prorated shall be paid in advance. The payment for such prorated month shall be calculated by multiplying the monthly installment by a fraction, the numerator of which shall be the number of days of the lease term occurring during said commencement or termination month, as the case may be, and the denominator of which shall be the total number of days occurring in said commencement or termination month. Also, if the term of this Lease commences or terminates on other than the first day of a calendar year, the Rent shall be prorated for such commencement or termination year, as the case may be, by multiplying each by a fraction, the numerator of which shall be the number of days of the lease term during the commencement or termination year, as the case may be, and the denominator of which shall be 365, and the calculation described in Section 4.02(b) shall be made as soon as reasonably possible after the termination of this Lease, Landlord and Tenant hereby agreeing that the provisions relating to said calculation shall survive the termination of this Lease.

(c) Tenant shall pay all Rent under this Lease at the times and in the manner provided in this Lease, without demand, set-off or counterclaim. Tenant hereby acknowledges and agrees that (i) Landlord and Tenant have expressly negotiated that except as expressly provided under Section 6.01 (c) below, Tenant's covenants to pay Rent under this Lease are separate and independent from Landlord's covenant to provide services and other amenities hereunder, and (ii) had the parties not mutually agreed upon the independent nature of Tenant's covenants to pay Rent hereunder, Landlord would have required a greater amount Rent in order to enter into this Lease. All Rent shall bear interest from the date due until paid at the greater of (1) two percent (2%) above the "prime rate" per annum of JP Morgan Chase Bank or its successor ("Chase") in effect on said due date (or if the "prime rate" be discontinued, the base reference rate then being used by CBT to define the rate of interest charged to commercial borrowers) or (2) eighteen percent (18%) per annum; provided, however, in no event shall the rate of interest hereunder exceed the maximum non-usurious rate of interest (hereinafter called the "Maximum Rate") permitted by the applicable laws of the State of Texas or the United States of America, whichever shall permit the higher non-usurious rate, and as to which Tenant could not successfully assert a claim or defense of usury, and to the extent that the Maximum Rate is determined by reference to the laws of the State of Texas, the Maximum Rate shall be the indicated rate ceiling (as defined and described in Texas Revised Civil Statutes, Article 5069-1.04, as amended) at the applicable time in effect.

4.05 **Security Deposit.** The Security Deposit, if any, shall be due and payable by Tenant on the date of execution of this Lease by Tenant, to be held for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Upon the occurrence of any event of default by Tenant or breach by Tenant of Tenant's covenants or obligations under this Lease, Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrears of rent or other payments hereunder and/or damage, injury, expense or liability caused to Landlord by such event of default or breach of covenant. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to the amount thereof existing prior to such application. Any remaining balance of the Security Deposit shall be returned by Landlord to Tenant within thirty (30) days after the termination of this Lease; provided, however, Landlord shall have the right to retain and expend such remaining balance (a) to reimburse Landlord for any and all rentals or other sums due hereunder that have not been paid in full by Tenant

and/or (b) for cleaning and repairing the Leased Premises if Tenant shall fail to deliver same at the termination of this Lease in a neat and clean condition and in as good a condition as existed at the date of possession of same by Tenant, ordinary wear and tear only excepted. Tenant shall not be entitled to any interest on the Security Deposit.

5. Leasehold Improvements.

5.01 Initial Leasehold Improvements. Landlord agrees, at its sole cost and expense, to construct and complete certain improvements to the Leased Premises (the "Landlord Work") prior to the Commencement Date. The scope, design, and specifications of the Landlord Work shall be mutually agreed upon in writing by Landlord and Tenant and may be more particularly described in Exhibit B2 attached hereto and incorporated herein for all purposes.

Landlord shall use commercially reasonable efforts to cause the Landlord Work to be substantially completed on or before the Commencement Date. Substantial completion shall mean that the Leased Premises are in a condition sufficient for Tenant to legally and practically occupy and use the Leased Premises for the purposes set forth in this Lease, subject only to minor punch-list items that do not materially interfere with such use. If Landlord fails to substantially complete the Landlord Work by the Commencement Date for any reason other than Tenant delay or Force Majeure, the Commencement Date shall be postponed until the date Landlord delivers possession of the Leased Premises to Tenant in such substantially complete condition. Landlord shall coordinate all construction activities with Tenant to minimize disruption and provide Tenant with reasonable prior notice of any material milestones or access requirements. Landlord shall be solely responsible for obtaining all permits, approvals, and inspections required in connection with the Landlord Work, and for compliance with all applicable laws, regulations, and building codes. Upon completion, the Landlord Work shall be deemed part of the Leased Premises and shall be owned by Landlord.

5.02 Subsequent Leasehold Improvements. Tenant shall not make or allow to be made (except as otherwise provided in this Lease) any alterations or physical additions (including fixtures but excluding unattached, movable trade fixtures which may be installed without drilling, cutting, or otherwise defacing the Premises, which trade fixtures may be made without Landlord's prior consent) in or to the Leased Premises and/or Landlord's Equipment, or place safes, vaults or other heavy furniture or equipment within the Leased Premises, without first obtaining the written consent of Landlord. Tenant shall submit requests for consent to make alterations or physical additions together with copies of the plans and specifications for such alterations. Subsequent to obtaining Landlord's consent and prior to commencement of construction of the alterations, Tenant shall deliver to Landlord the building permit and a copy of the executed construction contract covering the alterations. Tenant shall deliver to Landlord a copy of the "as-built" plans and specifications for all alterations or physical additions so made in or to the Leased Premises, and shall reimburse Landlord for the cost incurred by Landlord to update its current architectural plans for the Building. Tenant agrees specifically that no food, soft drink or other vending machine will be installed within the Leased Premises unless such machine is for the exclusive use of Tenant, its employees and invitees.

5.03 Ownership of Improvements. Unless otherwise agreed in advance at the time of installation, all alterations, physical additions, or improvements in or to the Leased Premises (including fixtures) shall, when made, become the property of Landlord and shall be surrendered to Landlord upon termination of this Lease, whether by lapse of time or otherwise; provided, however, this clause shall not apply to moveable equipment or furniture owned by Tenant. For avoidance of doubt, Landlord's Equipment shall remain the property of Landlord and shall be surrendered to Landlord upon termination of this Lease.

~~5.04 Indemnity. Tenant shall indemnify and hold harmless Landlord from and against all costs (including attorneys' fees and costs of suit), losses, liabilities, or causes of action arising out of or relating to any alterations, additions or improvements made by or on behalf of Tenant to the Leased Premises, including but not limited to any mechanics' or materialmen's liens asserted in connection therewith.~~

~~5.05~~ Liens. Tenant shall not be deemed to be the agent or representative of Landlord in making any such alterations, physical additions or improvements to the Leased Premises, and shall have no right, power or authority to encumber any interest in the Complex in connection therewith. However, should any mechanics' or other liens be filed against any portion of the Complex or any interest therein by reason of Tenant's acts or omissions or because of a claim against Tenant or its contractors, Tenant shall cause the same to be canceled or discharged of record by bond or otherwise within ten (10) days after notice by Landlord. If Tenant shall fail to cancel or discharge said lien or liens, within said ten (10) day period, which failure shall be deemed to be a default hereunder, Landlord may, at its sole option and in addition to

Commented [TW1]: Texas law prohibits a governmental body from indemnifying private entities under these circumstances.

any other remedy of Landlord hereunder, cancel or discharge the same and upon Landlord's demand, Tenant shall promptly reimburse Landlord for all costs incurred in canceling such lien or liens.

5.065.05 Compliance with Laws. Tenant shall cause all alterations, physical additions, and improvements (including fixtures), constructed or installed in the Leased Premises by or on behalf of Tenant to comply with all applicable governmental codes, ordinances, rules, regulations and laws. Tenant acknowledges and agrees that neither Landlord's review and approval of Tenant's plans and specifications nor its observation or supervision of the construction or installation thereof shall constitute any warranty or agreement by Landlord that same comply with such codes, ordinances, rules, regulations and laws.

5.075.06 Hazardous Substances. Tenant shall comply with all applicable federal, state or local laws, regulations, orders, judgments and decrees regarding health, safety or the environment ("Environmental Laws") pertaining to or governing use and occupancy of the Leased Premises or the conduct of Tenant's business therein, including without limitation the application for and maintenance of all required permits, the submittal of all notices and reports, proper labeling, training and record keeping, and timely and appropriate response to any release or other discharge by Tenant of a substance under Environmental Laws. Tenant shall not generate, use, treat, store, handle, release, or dispose of, or permit the generation, use, treatment, storage, handling, release, or disposal of any (i) petroleum or petroleum products, natural or synthetic gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, and radon gas; (ii) any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants" or "pollutants," or words of similar import, under any applicable Environmental Law; and (iii) any other substance exposure which is regulated by any governmental authority (collectively, "Hazardous Substances") on the Leased Premises or the Complex, or transport or permit the transportation of Hazardous Substances to or from the Leased Premises or the Complex except for in limited quantities used or stored at the Leased Premises and required in connection with the routine operation and maintenance of the Leased Premises, and then only upon the written consent of Landlord and in compliance with all applicable Environmental Laws. Tenant agrees to indemnify, defend, and hold harmless Landlord and Landlord's officers, directors, shareholders, partners, employees, managers, contractors, attorneys, and agent (collectively, "Landlord's Indemnitees") from and against all obligations (including removal and remedial actions), losses, claims, suits, judgments, liabilities, penalties, damages (including consequential and punitive damages), costs and expenses (including reasonable attorneys' and consultants' fees and expenses) of any kind or nature whatsoever that may at any time be incurred by, imposed on or asserted against Landlord or Landlord's Indemnitees directly or indirectly based on, or arising or resulting from: (a) the actual or alleged presence of Hazardous Substances on the Leased Premises or the Complex which is caused or permitted by Tenant; and (b) any environmental claim relating in any way to Tenant's operation or use of the Leased Premises.

5.085.07 ADA Compliance. Landlord warrants that the Building is handicap accessible and complies with all federal, as well as any state and local, handicap discrimination law requirements, including those requirements set forth in the Americans with Disabilities Act ("ADA") as of the date of Tenant's occupancy. If the Building is found to be in non-compliance with such requirements as of the date of Tenant's occupancy, the Landlord shall, at its sole cost and expense immediately proceed to rectify such non-compliance and prosecute same to completion. Tenant shall be wholly responsible for any accommodations or alterations that are required by applicable governmental codes, ordinances, rules, regulations and laws to be made to the Leased Premises to accommodate disabled employees and customers of Tenant, including, without limitation, compliance with the American with Disabilities Act (42 U.S.C. §§ 1201 *et seq.*) ("ADA") and the Texas Architectural Barriers Act (Tex.Rev.Civ.Stat.Art 9201) ("TABAA"). As to any full floor(s) of the Building which are leased by Tenant, Tenant's responsibility under this Section 5.08 shall not apply to elevator lobbies, mechanical, electrical and rest rooms which are constructed by Landlord as provided for in Landlord's plans and specifications for the Building.

5.095.08 Building Compliance with Laws and Regulations. Landlord warrants to Tenant that the Building shall, at the time at which Tenant takes occupancy of the Leased Premises, comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Building. Landlord shall cause the Building to comply with such laws, ordinances, orders and other regulations as are hereafter enacted or amended.

6. Landlord Services.

6.01 Services.

(a) Provided that no Event of Default (as hereinafter defined) has occurred and is continuing, Landlord shall furnish Tenant while Tenant is occupying the Leased Premises:

(i) Hot and cold domestic water service to one (1) set of men's and ladies' restrooms and one (1) drinking fountain on each floor of the Building and for distribution to other plumbing fixtures installed by Tenant within the Leased Premises.

(ii) Subject to curtailment as required by governmental laws, rules or regulations, central heat and air conditioning in season, at such temperatures and in such amounts as are considered by Landlord to be standard. If Tenant's use of the Leased Premises requires additional central heat or air conditioning in excess of Building standard, the same shall be purchased and installed at Tenant's expense and Tenant shall pay all operating costs relating thereto.

(iii) If Tenant's use of the Leased Premises requires additional separate metering in excess of Building standard, the same shall be purchased and installed at Tenant's expense and Tenant shall pay all operating costs relating thereto.

(iv) Electric lighting service for exterior lights, exterior building signage, all public areas, special service areas, common areas and stairwells of the Building.

(v) Janitor service on a five (5) day week basis, exclusive of Building Standard Holidays (see Exhibit C).

(vi) Fire and burglar alarm monitoring for all public areas, special service areas, common areas and stairwells of the Building on a twenty-four (24) hours per day, seven (7) days per week basis, typical of other comparable buildings located in the South Belt area of Houston, Texas; **PROVIDED, HOWEVER, THAT LANDLORD SHALL NOT BE LIABLE FOR (I) ANY LOSSES DUE TO THEFT, BURGLARY, OR DAMAGE OR INJURY TO PERSONS OR PROPERTY CAUSED BY PERSONS GAINING ACCESS TO THE COMPLEX, THE BUILDING OR THE LEASED PREMISES, OR (II) ANY UNAUTHORIZED OR CRIMINAL ENTRY OF THIRD PARTIES INTO THE LEASED PREMISES OR COMPLEX, EVEN IF THE CLAIM IS THE RESULT OF OR IS CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OF LANDLORD OR LANDLORD'S INDEMNITEES, AND TENANT HEREBY RELEASES LANDLORD FROM ALL LIABILITY RELATING THERETO.**

(vii) All Building standard fluorescent bulb replacement in all areas and all incandescent bulb replacement in public areas, toilet and rest room areas and stairwells and exterior lighting fixtures.

(viii) Reasonably adequate, non-exclusive passenger elevator service to the Leased Premises twenty-four (24) hours per day.

(ix) Maintenance of the roof, exterior walls of the Building, interior hallway walls in the Building (except office fronts, doors, door closure devices, door frames, molding, locks and hardware and demising walls within the Leased Premises), windows, load-bearing columns, foundation, floor slabs, and other structural components, the mechanical, electrical and plumbing systems, the common areas, bathrooms, exterior lighting and the driveways and exterior landscaping of the Building (excluding Leasehold Improvements) in a good and operable condition, typical of other comparable buildings located in the South Belt area of Houston, Texas, and such repairs and replacements as may be required to maintain the Building in such condition.

(x) Pest control throughout the Building.

(xi) Landscape, grounds, paving, window and other exterior cleaning and maintenance services as are typically provided for comparable buildings in the South Belt area of Houston, Texas.

(b) To the extent any of the services or amenities required to be provided by Landlord pursuant to the terms of this Lease (the "Landlord Services") require electricity and water supplied by public utilities, Landlord's covenants hereunder shall only impose on Landlord the obligation to use its good faith efforts to cause the applicable public utilities to furnish the same. Failure by Landlord to furnish any of the Landlord Services to any extent, or any cessation thereof, resulting from causes beyond the reasonable control of Landlord, shall not render Landlord liable in any respect for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. As used herein, the phrase "causes beyond the reasonable control of Landlord" shall include any Force Majeure Event.

(c) In the event of a failure by Landlord to provide the Landlord Services resulting from the malfunction or obsolescence of the Building equipment or machinery, or from any other cause which is reasonably within the control of Landlord, Landlord covenants and agrees to use diligent good faith efforts to promptly repair or replace such equipment or machinery, or to rectify such other cause, and to restore such Landlord Services. Tenant hereby covenants and agrees that in the event of any interruption or cessation of Landlord Services described in this Section 6.01(c), Tenant shall have no claim for rebate or abatement of Rent or for damages on account thereof; provided, however, that in the event any such interruption or cessation of Landlord Services renders all or any portion of the Leased Premises untenantable, and such interruption or cessation continues for five (5) consecutive business days, Rents with respect to the untenantable portion of the Leased Premises shall be equitably abated thereafter until such Landlord Services are restored or the affected portion(s) of the Leased Premises are otherwise restored to a tenantable condition. Tenant shall have no claim for rebate or abatement of Rent or damages on account thereof, for any interruption or cessation of Landlord Services caused by a Force Majeure Event.

(d) Tenant shall pay Landlord, at the charges established by Landlord from time to time, for all supplementary services provided by Landlord or its agents to Tenant, which charges shall be payable by Tenant upon demand by Landlord. Such supplementary services shall include, without limitation, maintenance, repair, janitorial, cleaning and other services provided during hours other than ordinary business hours for the Building and/or in amounts not reasonably considered by Landlord as standard.

(e) Tenant hereby acknowledges and agrees that Landlord is obligated to provide only the Landlord Services under this Lease, and that Landlord, its agents and representatives, have made no representations whatsoever of any additional services or amenities to be provided by Landlord now or in the future under this Lease. Notwithstanding the foregoing, Tenant recognizes that Landlord may, at Landlord's sole option, elect to provide additional services or amenities for the tenants of the Complex from time to time, and hereby agrees that Landlord's discontinuance of any of same, including any of same currently provided or announced, shall not constitute a default of Landlord under this Lease nor entitle Tenant to any abatement of or reduction in Rent.

6.02 Security System Access Key Fobs and Locks. Landlord shall furnish Tenant with security access key fobs for the Building. Additional security access key fobs will be furnished by Landlord upon an order signed by Tenant and at Tenant's expense. All such access security access key fobs and/or keys shall remain the property of Landlord. No additional locks or security systems shall be allowed on any door of the Leased Premises without Landlord's permission, and Tenant shall not make or permit to be made or used any duplicate security access key fobs or keys, except those furnished by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all security access key fobs and all keys to any locks on doors entering or within the leased Premises, and give to Landlord the explanation of the combination of all locks for safes, safe cabinets and vault doors, if any, in the Leased Premises. Tenant shall have the right to connect its security system for the Leased Premises into the Building security system at no cost to Tenant other than installation costs, costs of maintenance and repair of Tenant's system and customary monitoring and response fees. Tenant shall provide to and maintain with Landlord all necessary access codes, key fobs or security cards and/or keys to any security system installed by Tenant in the Leased Premises for Landlord's access to the Leased Premises. Tenant shall have access to the Building twenty-four (24) hours per day, seven (7) days per week.

6.03 Graphics, Building Directory and Name, Outdoor Signage.

- (a) Landlord shall provide and install all initial Building Standard letters or numerals on corridor walls adjacent to the Leased Premises at Landlord's sole cost and expense; all such letters and numerals shall be in the Building standard graphics. No signs, numerals, letters or other graphics shall be used or permitted on the exterior of, or which may be visible from outside, the Leased Premises, unless approved in advance and in writing by Landlord.
- (b) Landlord shall install a Building standard strip containing a listing of Tenant's name on the Building directory board located in the main lobby of the Building.
- (c) If space is available on the Building outdoor monument sign, Tenant may request a listing in the tenant cabinet of said outdoor sign. If Landlord agrees to the Tenant's request, Landlord must approve, in writing, the design and placement of Tenant's requested outdoor sign listing. Tenant, at Tenant's sole cost and expense, must have the approved signage fabricated and installed by Landlord's sign vendor. Tenant shall also be responsible for the prompt replacement of signage damaged by any cause of loss.

6.04 Maintenance and Repairs. Landlord shall maintain the Building as specified in Section 6.01(a)(ix) in a good and operable condition, and shall make such repairs and replacements as may be required to maintain the Building in such condition. This Section 6.04 shall not apply to damages resulting from an exercise of eminent domain (as to which Section 8 shall apply). Unless otherwise expressly stipulated herein, Landlord shall not be required to make any improvements to or repairs of any kind or character to the Leased Premises or Landlord's Equipment during the term of this Lease, except such repairs to Building standard improvements as may be deemed necessary by Landlord for normal maintenance operations; provided, however, non-Building standard leasehold improvements may, at Tenant's written request, be maintained by Landlord at Tenant's expense, at a cost or charge equal to the costs incurred in such maintenance plus an additional charge of fifteen percent (15%). Notwithstanding any provisions of this Lease to the contrary, all repairs, alterations or additions to the base Building or its systems (as opposed to those involving only Tenant's leasehold improvements), and all repairs, alterations or additions to Tenant's non-Building standard leasehold improvements which affect the Building's structural components or major mechanical, electrical or plumbing systems, made by or for or on behalf of Tenant and any other tenants in the Building shall be made for or on behalf of Tenant by Landlord or its contractor only, and, in the case of Tenant, shall be paid for by Tenant in an amount equal to Landlord's costs plus fifteen percent (15%).

6.05 Landlord Alterations or Modifications. Notwithstanding anything herein to the contrary, Landlord hereby expressly reserves the right in its sole discretion to (a) temporarily or permanently change the location of, close, block or otherwise alter any entrances, corridors, doorways or walkways leading to or providing access to the Building or any part thereof or otherwise restrict the use of same provided such activities do not unreasonably impair Tenant's access to the Leased Premises, (b) improve, remodel, or otherwise alter the Building, and (c) Landlord shall have the right at any time during the Term to attach to any or all of the Complex windows a glazing, coating of film for the purpose of improving the Complex's energy efficiency. Tenant shall not remove, alter or disturb any such glazing, coating or film and the addition of such glazing, coating or film, shall in no way reduce Tenant's obligations under this Lease or impose any liability on Landlord and it is agreed that Landlord shall not incur any liability whatsoever to Tenant as a consequence thereof and such activities shall not be deemed to be a breach of any of Landlord's obligations hereunder. Landlord agrees to exercise good faith in notifying Tenant within a reasonable time in advance of any alterations, modifications or other actions of Landlord under this Section 6.05. Any diminution or shutting off of light, air or view by any structure which is now or may hereafter be effected on lands adjacent to the Complex shall in no way affect this Lease or impose any liability on Landlord. Noise, dust or vibration or other incidents to new construction of improvements on lands adjacent to the Complex, whether or not owned by Landlord, shall in no way affect this Lease or impose any liability on Landlord.

7. Care and Use of the Leased Premises.

7.01 Repairs by Tenant. Tenant shall at its own cost and expense, (i) maintain, repair, and replace the Leased Premises and Landlord's Equipment in a clean, safe, operable, attractive condition, except for repairs and replacements expressly required to be made by Landlord pursuant to this Lease, and shall not commit or allow to remain any waste or damage to any portion thereof or to the Complex, and (ii) subject to Landlord's supervision, repair or replace any damage or injury to the Complex caused by Tenant, its agents, contractors, employees, invitees, or visitors. If Tenant fails to make such repairs or replacements promptly, Landlord may, at its option, make such repairs or replacements, and Tenant shall repay the cost thereof plus a charge of fifteen percent (15%) to the Landlord on demand. Any damage or injury to the base Building or its systems (as opposed to those involving only Tenant's leasehold improvements) and (notwithstanding the foregoing) any damage or injury to Tenant's leasehold improvements which affects the Building's structural components or major mechanical, electrical or plumbing systems, caused by Tenant, its agents, contractors, employees, invitees or visitors shall be repaired or replaced by Landlord, but at Tenant's expense plus a charge of fifteen percent (15%).

7.02 Entry for Repairs and Inspection. Tenant shall permit Landlord and its contractors, agents or representatives to enter into and upon any part of the Leased Premises at all reasonable hours to inspect or clean the same, make repairs, alterations or additions thereto, show the same to prospective tenants or purchasers, to determine whether Tenant is performing its obligations hereunder for any other purpose as Landlord may deem necessary or desirable, and such entry shall not constitute a trespass or an eviction (constructive or otherwise) and Tenant shall not be entitled to any abatement or reduction of rent or claim for damages for any injury to or interference with Tenant's business, for loss of occupancy or quiet enjoyment or for consequential damages by reason thereof.

7.03 Nuisance. Tenant shall conduct its business and control its agents, employees, invitees, contractors and visitors in such manner as not to create any nuisance, or unreasonably interfere with, annoy or disturb any other tenant or Landlord in its operation of the Building.

7.04 Laws and Regulations; Rules of Building. Tenant shall comply with, and Tenant shall cause its visitors, employees, contractors, agents and invitees to comply with, all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Leased Premises, and with the rules of the Building reasonably adopted and altered by Landlord from time to time for the safety, care and cleanliness of the Leased Premises and the Building and for preservation of good order therein, all of which Building rules will be sent by Landlord to Tenant in writing and shall be thereafter carried out and observed by Tenant, its employees, contractors, agents, invitees and visitors. The current rules of the Building are attached hereto as Exhibit E.

7.05 Specifically Prohibited Uses. Tenant shall not (a) occupy or use the Leased Premises, or permit any portion of the Leased Premises to be occupied or used, for any business or purpose which is unlawful, disreputable or deemed to be hazardous on account of fire or other hazards, or permit anything to be done which would in any way increase the rate of fire or liability or any other insurance coverage on the Building and/or its contents, (b) keep, or permit to be kept, any substance in the Leased Premises which might emit offensive odors into other portions of the Building, or (c) install any food, soft drink or other vending machine in the Leased Premises, other than those for the exclusive use of Tenant and its business invitees.

7.06 Surrender of the Leased Premises. At the termination of this Lease, by lapse of time or otherwise, Tenant shall deliver up the Leased Premises and Landlord's Equipment to Landlord in as good condition as existed on the date of possession by Tenant, ordinary wear and tear only excepted. Without limiting the generality of the foregoing, on or before the termination of this Lease, Tenant shall at its sole cost and expense remove Tenant's signage, if any, from the exterior walls of the Building, and remove Tenant's sign face on the pylon sign, if any, and replace it with a new blank sign face. Tenant shall at its sole cost and expense repair any damage caused by such removal and replacement. Upon such termination of this Lease, Landlord shall have the right to re-enter and resume possession of the Leased Premises and Landlord's Equipment. If Tenant does not make all repairs that are its responsibility before moving out of the Leased Premises, then Landlord has the right to make those repairs at Tenant's cost, and Tenant's obligation to pay will survive any expiration or termination of this Lease.

7.07 Holding Over.

(a) In the event of holding over by Tenant after expiration or termination of this Lease without the prior written consent of Landlord, Tenant shall pay as liquidated damages the greater of (i) double the amount of all Rent which was payable by Tenant immediately prior to such expiration or termination, and (ii) the then current Market Base Rental Rate (defined below), for the entire holdover period. In the event of any unauthorized holding over, Tenant shall also indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Leased Premises effective upon the termination of this Lease. Any such holding over without the prior written consent of Landlord shall create a tenancy at sufferance relationship with Tenant.

(b) As used in this Lease, the term "Market Base Rental Rate" shall mean the annual rental rates then being charged in the South Belt area of Houston, Texas for space comparable to the space for which the Market Base Rental Rate is being determined (taking into consideration use, location and/or floor level within the applicable building, definition of rentable area, leasehold improvements provided, quality and location of the applicable building, rental concessions [such as abatements or lease assumptions] and the time the particular rate under consideration became effective). It is agreed that bona fide written offers to lease the relevant space made to Landlord by third parties (at arm's-length) may be used by Landlord as an indication of Market Base Rental Rate.

8. Condemnation. If all of the Complex is taken or condemned, or acquired under threat of condemnation, by or at the direction of any governmental authority (a "Taking" or "Taken", as the context requires), or if so much of the Complex is Taken that, in Landlord's opinion, the remainder cannot be restored to an economically viable, quality office building, or if the awards payable to Landlord as a result of any Taking are, in Landlord's reasonable opinion, inadequate to restore the remainder to an economically viable, quality office building, Landlord may, at its election, exercisable by the giving of written notice to Tenant within sixty (60) days after the date of the Taking, terminate this Lease as of the date of the Taking or the date Tenant is deprived of possession of the Leased Premises (whichever is later). If this Lease is not terminated as a result of a Taking, Landlord shall restore the Leased Premises remaining after the Taking to a Building standard condition. During the period of restoration, Rent shall be abated to the extent the Leased Premises are rendered untenantable and, after the period of restoration, Rent and Tenant's Proportionate Share shall be reduced in the proportion that the area of the Leased Premises Taken or otherwise rendered untenantable bears to the area of the Leased Premises just prior to the Taking. If any portion of Rent is abated under this Section 8, Landlord may elect to extend the Termination Date of the Term for the period of the abatement. All awards, proceeds, compensation or other payments from or with respect to any Taking of the Complex or any portion thereof shall belong to Landlord, Tenant hereby assigning to Landlord all of its right, title, interest and claim to same. Tenant shall have the right to assert a claim for and recover from the condemning authority, but not from Landlord, such compensation as may be awarded on account of Tenant's moving and relocation expenses, and depreciation to and loss of Tenant's movable personal property and any leasehold improvements above building standard paid for by Tenant.

9. Damages from Certain Causes. Landlord shall not be liable or responsible to Tenant for any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or any cause beyond Landlord's control, or for any damage or inconvenience which may arise through repair or alteration of any part of the Building or any Force Majeure Event.

10. Casualty. In the event of a fire or other casualty in the Leased Premises, Tenant shall promptly give notice thereof to Landlord. If the Leased Premises shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenantable in whole or in part, Rent shall abate thereafter as to the portion of the Leased Premises rendered untenantable until such time as the Leased Premises are made tenantable as reasonably determined by Landlord and Landlord agrees to commence and prosecute such repair work promptly and with reasonable diligence; provided, however, in the event such destruction (a) results in total or substantial damages to or destruction of the Building and Landlord shall elect not to rebuild or (b) results in the Leased Premises being untenantable in whole or in substantial part and the reasonable estimation of a responsible contractor selected by Landlord as to the amount of time necessary to rebuild or restore such destruction to the Leased Premises and all other portions of the Building is nine (9) months or more, then in either event Landlord may elect to terminate this Lease, and if Landlord elects to terminate this Lease, all rent owed up to the time of such destruction or termination shall be paid by Tenant and thenceforth this Lease shall cease and come to an end. Landlord shall give Tenant written notice of its decisions, estimates or elections under this Section 10 within sixty (60) days after any such damage or destruction. Notwithstanding anything contained in this Section 10, Landlord shall only be obligated to restore or rebuild the Leased Premises to a Building standard condition and in no event shall Landlord be required to expend more sums than received from the proceeds of any insurance

carried by Landlord. If any portion of rent is abated under this Section 10, Landlord may elect to extend the Termination Date of the term of this Lease for the period of the abatement.

11. Insurance.

11.01. Insurance by Landlord. Landlord shall obtain and maintain throughout the term of this Lease the following policies of insurance:

- (a) replacement cost fire and extended coverage insurance on the Building of not less than full replacement cost, excluding footings and foundations, (excluding non-Building standard leasehold improvements) and on all Building standard improvements;
- (b) flood insurance coverage on the Building and on all Building standard improvements in such limits as are available under the National Flood Insurance Program; and
- (c) commercial general liability insurance in an amount of at least \$1,000,000 each occurrence and \$2,000,000 general aggregate against claims for bodily and personal injury, death and property damage occurring in or about the Building.

Said insurance shall be maintained with an insurance company authorized to do business in Texas, subject to the foregoing requirements of this Section 11.01, in such amounts desired by Landlord and at the expense of Landlord (but with the same to be included in the operating expenses of the Building as described in Section 4.03) and payments for losses thereunder shall be made solely to Landlord. If the annual premiums to be paid by Landlord for property and casualty insurance shall exceed the standard rates because of Tenant's operations within or contents of the Leased Premises or because the improvements to the Leased Premises are above Building standard, Tenant shall promptly pay the excess amount of the premium upon request by Landlord (and if necessary, Landlord may allocate the insurance costs of the Building to give effect to this sentence).

11.02. Insurance by Tenant. Tenant shall obtain and maintain throughout the term of this Lease the following policies of insurance.

- (a) replacement cost fire and extended coverage insurance, with vandalism, malicious mischief and sprinkler leakage endorsements, on all of Tenant's personal property and non-Building standard leasehold improvements in the Leased Premises in an amount not less than the full replacement cost thereof;
- (b) flood insurance coverage on all of Tenant's personal property and non-Building standard leasehold improvements in the Leased Premises in an amount not less than the full replacement cost thereof;
- (c) commercial general liability insurance in an amount of at least \$1,000,000 each occurrence and \$2,000,000 general aggregate against claims for bodily and personal injury, death and property damage occurring in or about the Building; and
- (d) such other policy or policies of insurance as Landlord may reasonably require or as Landlord is then requiring from one or more other tenants in the Building.

Tenant shall deliver to Landlord, prior to the Commencement Date, certificates of such insurance and shall, at all times during the term of this Lease, deliver to Landlord upon request true and correct copies of said insurance policies. The policy described in clause (c) shall (i) name Landlord as an additional insured or loss payee, as applicable, (ii) provide that it will not be canceled or reduced in coverage without thirty (30) days' prior written notice to Landlord, (iii) insure performance of the indemnities of Tenant contained in this Lease, and (iv) be primary coverage, so that any insurance coverage obtained by Landlord shall be excess thereto. Tenant shall deliver to Landlord certificates of renewal at least thirty (30) days prior to the Termination Date of each such policy and copies of new policies at least thirty (30) days prior to terminating any such policies. All policies of insurance required to be obtained and maintained by Tenant shall be subject to the approval of Landlord as to terms, coverage, deductibles and issuer.

11.03 Waiver of Recovery and Subrogation Rights. Landlord and Tenant each hereby waives any and all rights of recovery, claims, actions or causes of action, against the other, its agents, servants, partners, shareholders, officers, or employees, for any loss or damage that may occur to the Leased Premises or the Building, or any improvements thereto, or any personal property of such party therein, including without limitation Landlord's Equipment, by reason of fire, flood, the elements, or any other cause which would be insured against under the terms of the insurance policies required to be maintained pursuant to Sections 11.01 and 11.02 hereof, or which is actually maintained by such other party, regardless of cause or origin, including negligence of the other party hereto, its agents, officers, partners, shareholders, servants, or employees, and covenants that no insurer shall hold any right of subrogation against such other party; provided, however, the waiver set forth in this Section 11.03 shall not apply to any deductibles on insurance policies carried by Landlord or to any coinsurance penalty which Landlord might sustain. If the respective insurer of Landlord and Tenant does not permit such a waiver without an appropriate endorsement to such party's insurance policy, then Landlord and Tenant each covenant and agree to notify its insurer of the waiver set forth herein and to secure from such insurer an appropriate endorsement to its respective policy with respect to such waiver.

11.04 Allocation of Risk. LANDLORD AND TENANT HAVE EACH BEEN REPRESENTED BY AN ATTORNEY OF THEIR OWN CHOOSING AND EACH OF THE WAIVERS, RELEASES, AND OTHER LIMITATIONS ON LIABILITY OR CLAIMS PROVIDED IN THIS LEASE (INCLUDING WITHOUT LIMITATION, LIABILITY OR CLAIMS BASED ON NEGLIGENCE OR OTHER FAULT) HAVE BEEN KNOWINGLY AND INTENTIONALLY MADE AND AGREED TO BY TENANT AND LANDLORD. THIS SECTION IS INTENDED TO SATISFY ANY REQUIREMENT OF LAW THAT A WAIVER, RELEASE OR OTHER LIMITATION OF CLAIMS OR LIABILITY BASED ON NEGLIGENCE OR OTHER FAULT BE KNOWINGLY MADE AND CONSPICUOUSLY DISCLOSED.

12. Hold Harmless. Landlord shall not be liable to Tenant, its agents, servants, employees, contractors, customers or invitees for any damage to person or property caused by any act, omission or neglect of Tenant, its agents, servants or employees, and Tenant agrees to indemnify, defend, and hold Landlord and Landlord's Indemnitees harmless from all liability and claims for any such damage and for all liability and claims arising from any claims by third parties based upon Tenant's failure to perform its obligations under this Lease or Tenant's use or occupancy of the Leased Premises and/or Landlord's Equipment, **EVEN THOUGH CAUSED OR ALLEGED TO BE CAUSED BY THE NEGLIGENCE OR FAULT OF LANDLORD OR ITS AGENTS (OTHER THAN A LOSS ARISING FROM THE GROSS NEGLIGENCE OF LANDLORD OR ITS AGENTS).** Tenant shall not be liable to Landlord, or to Landlord's agents, servants, employees, contractors, customers or invitees for any damage to person or property caused by the gross negligence or willful misconduct of Landlord or Landlord's Indemnitees, and Landlord agrees to indemnify and hold Tenant harmless from all claims for such damage. The provisions of this Section 12 shall survive the expiration or sooner termination of the Lease.

13. Enforcement of Lease.

13.01 Lien for Rent. In consideration of the mutual benefits arising under this Lease, Tenant hereby grants to Landlord a lien and security interest on all property of Tenant now or hereafter placed in or upon the Leased Premises, and such property shall be and remain subject to such lien and security interest of Landlord for payment of all rent and other sums agreed to be paid by Tenant herein. The provisions of this Section 13.01 relating to said lien and security interest shall constitute a security agreement under the Uniform Commercial Code so that Landlord shall have and may enforce a security interest on all property of Tenant now or hereafter placed in or on the Leased Premises, including but not limited to all fixtures, machinery, equipment, furnishings and other articles of personal property now or hereafter placed in or upon the Leased Premises by Tenant. Tenant agrees to execute as debtor such financing statement or statements as Landlord may now or hereafter reasonably request from time to time in order that such security interest or interests may be perfected pursuant to said Code. Landlord may at its election at any time file a copy of this Lease as a financing statement. Landlord, as secured party, shall be entitled to all of the rights and remedies afforded a secured party under said Code in addition to and cumulative of the landlord's liens and rights provided by law or by the other terms and provisions of this Lease. Any statutory lien for rent is not hereby waived, and the express contractual lien granted herein is in addition to and supplementary to the statutory lien. The Landlord's lien shall survive the expiration or earlier termination of the Lease, until all obligations of Tenant have been fully performed.

13.02 Default by Tenant. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Lease:

- (a) the failure of Tenant to pay any Rent as and when due under this Lease and the continuance of such failure for a period of five (5) days after written notice to Tenant; provided, however, that Landlord shall only be required to provide notice under this section once in any twelve (12) consecutive month period, and each subsequent failure to pay during such 12-consecutive month period shall be an automatic Event of Default.
- (b) the failure of Tenant to perform, comply with or observe any of the other covenants or conditions and the continuance of such failure for a period of thirty (30) days after written notice to Tenant; or, if such failure cannot reasonably be cured within said thirty (30) day period despite Tenant's diligent good faith efforts, the failure of Tenant to promptly commence its diligent good faith efforts to cure such failure within said thirty (30) day period and complete curative action within sixty (60) days thereafter;
- (c) the failure of Tenant to occupy the Leased Premises during the entire term of this Lease;
- (d) the filing of a petition by or against Tenant or any guarantor of Tenant's obligations under this Lease (i) naming Tenant as debtor in any bankruptcy or other insolvency proceeding, (ii) for the appointment of a liquidator or receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease, or (iii) to reorganize or modify Tenant's capital structure; and in the case of any such filing against Tenant on an involuntary basis, such filing is not dismissed within sixty (60) days;
- (e) the admission by Tenant in writing of its inability to meet its obligations as they become due or the making by Tenant of an assignment for the benefit of its creditors;
- (f) except for any sale or exchange of Tenant's stock in a public offering and the subsequent sale of Tenant's stock on a nationally recognized exchange or NASDAQ, the transfer of ownership interests in Tenant in one or more transactions, the result of which is to change the majority ownership interest and/or control of Tenant from that which existed as of the date of execution of this Lease, unless Landlord consents to such change in ownership and/or control in advance; or
- (g) the attempt by Tenant to assign this Lease or to sublet all or any part of the Leased Premises without the prior written consent of Landlord in accordance with Section 19.

13.03 **Remedies of Landlord.** Upon any Event of Default, Landlord may exercise any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

- (a) Terminate this Lease by written notice to Tenant and forthwith repossess the Leased Premises and be entitled to recover forthwith as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises (including attorneys' fees and costs of suit), (ii) the cost of removing and storing any personal property, (iii) the unpaid Rent earned at the time of termination, plus interest thereon at the rate described in Section 4.04(c), (iv) the present value (discounted at the rate of eight percent (8%) per annum) of the balance of the Rent for the remainder of the lease term less the present value (discounted at the same rate) of the fair market rental value of the Leased Premises for said period, taking into account the period of time the Leased Premises will remain vacant until a new tenant is obtained, and the cost to prepare the Leased Premises for occupancy and the other costs (such as leasing commissions and attorneys' fees) to be incurred by Landlord in connection therewith, and (v) any other sum of money and damages owed by Tenant to Landlord under this Lease.
- (b) Elect to receive liquidated damages in an amount equal to the monthly Rent payable hereunder for the month during which this Lease is terminated times eighteen (18), which amount shall be in lieu of the payment of damages Landlord may suffer by reason of such termination, but which shall not be in lieu of or reduce in any way any amount due from Tenant (including accrued Rent) or damages incurred by Landlord due to breach by Tenant of any covenant or other obligation herein (whether or not liquidated) which accrued prior to the termination of this Lease. Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in any proceedings to enforce Landlord's rights hereunder, including without limitation, any proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings

in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

(c) Terminate Tenant's right of possession (but not this Lease) and may repossess the Leased Premises by forcible entry and detainer suit or otherwise, without thereby releasing Tenant from any liability hereunder and without demand or notice of any kind to Tenant and without terminating this Lease. Landlord shall use reasonable efforts under the circumstances to relet the Leased Premises on such terms and conditions as Landlord in its sole discretion may determine (including a term different than the term of this Lease, rental concessions, alterations and repair of the Leased Premises); provided, however, Landlord hereby reserves the right (i) to lease any other comparable space available in the Building or in any adjacent building owned by Landlord prior to offering the Leased Premises for lease, and (ii) to refuse to lease the Leased Premises to any potential tenant which does not meet Landlord's standards and criteria for leasing other comparable space in the Building. Landlord shall not be liable, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure or refusal to relet the Leased Premises or collect rent due in respect of such reletting. For the purpose of such reletting Landlord shall have the right to decorate or to make any repairs, changes, alterations or additions in or to Leased Premises as may be reasonably necessary or desirable. In the event that (i) Landlord shall fail or refuse to relet the Leased Premises, or (ii) the Leased Premises are relet and a sufficient sum shall not be realized from such reletting (after first deducting therefrom, for retention by Landlord, the unpaid rent due hereunder earned but unpaid at the time of reletting plus interest thereon at the rate specified in Section 4.04(c), the cost of recovering possession (including attorneys' fees and costs of suit), all of the costs and expenses of such decorations, repairs, changes, alterations and additions, the expense of such reletting and the cost of collection of the rent accruing therefrom) to satisfy the Rent, then Tenant shall pay to Landlord as damages a sum equal to the amount of such deficiency. Any such payments due Landlord shall be made upon demand therefor from time to time and Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Section 13.03(c) from time to time. No delivery to or recovery by Landlord of any portion due Landlord hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord, nor shall such reletting be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention be given to Tenant by Landlord. Notwithstanding any such termination of Tenant's right of possession of the Leased Premises, Landlord may at any time thereafter elect to terminate this Lease. In any proceedings to enforce this Lease under this Section 13.03(c), Landlord shall be presumed to have used its reasonable efforts to relet the Leased Premises, and Tenant shall bear the burden of proof to establish that such reasonable efforts were not used.

(d) Alter any and all locks and other security devices at the Leased Premises, and if it does so Landlord shall not be required to provide a new key or other access right to Tenant unless Tenant has cured all Events of Default; provided, however, that in any such instance, during Landlord's normal business hours and at the convenience of Landlord, and upon the written request of Tenant accompanied by such written waivers and releases as Landlord may require, Landlord will escort Tenant or its authorized personnel to the Leased Premises to retrieve any personal belongings or other property of Tenant not subject to Landlord's lien or security interest described in Section 13.01. The provisions of this Section 13.03(d) are intended to override and control any conflicting provisions of the Texas Property Code.

13.04 Non-Waiver. No action by the Landlord or Tenant shall be deemed to imply or constitute a waiver by them of any of their rights under this Lease unless such waiver is in writing and signed by Landlord or Tenant and acknowledges that such action taken by Landlord or Tenant is an express waiver of Landlord's or Tenant's rights. Furthermore, any such writing shall not be deemed to be a continuing waiver of Landlord's or Tenant's rights and shall be expressly limited to actions recited in any such waiver. Landlord shall have the right to declare any default under the Lease not waived in writing at any time and take such action as might be lawful or authorized hereunder, either in law or in equity.

13.05 Rent Computation. For purposes of computing unpaid rent which would have accrued and become payable under this Lease, unpaid rent shall consist of the sum of the total Rent for the balance of the Term.

13.06 Landlord's Right to Cure Defaults. All agreements and provisions to be performed by Tenant under any of the terms of this Lease shall be at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to cure any default and such failure shall continue for ten (10) days after notice thereof by Landlord, then Landlord may, but shall not be obligated

so to do, and without waiving or releasing Tenant from any obligations, make any such payment or perform any such act on Tenant's part. All sums so paid by Landlord and all costs incurred by Landlord in taking such action shall be deemed additional rent hereunder and shall be paid to Landlord on demand, and Landlord shall have (in addition to all other rights and remedies of Landlord) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

14. Attorneys' Fees. In the event either party defaults in the performance of any of the terms, agreements or conditions contained in this Lease and the other party places the enforcement of this Lease, or any part thereof, or the collection of any rent due or to become due hereunder, or recovery of the possession of the Leased Premises, in the hands of an attorney who files suit upon the same, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs incurred in connection with such proceeding.

15. Subordination. Tenant covenants and agrees with Landlord that this Lease is subject and subordinate to any mortgage, deed of trust, ground lease and/or security agreement which may now or hereafter encumber the Building or the Land or any interest of Landlord therein and/or the contents of the Building, and to any advances made on the security thereof and to any and all increases, renewals, modifications, consolidations, replacements and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be required by any owner or holder of any such ground lease, mortgage, deed of trust or security agreement. In confirmation of such subordination, however, at Landlord's request Tenant shall execute promptly any appropriate certificate or instrument that Landlord may request. Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such certificate or instrument for and on behalf of Tenant. In the event of the enforcement by the ground lessor, the trustee, the beneficiary or the secured party under any such ground lease, mortgage, deed of trust or security agreement of the remedies provided for by law or by such ground lease, mortgage, deed of trust or security agreement, Tenant, upon request of the ground lessor or any person or party succeeding to the interest of Landlord as a result of such enforcement, will automatically become the Tenant of such ground lessor or successor in interest without any change in the terms or other provisions of this Lease; provided, however, that such ground lessor or successor in interest shall not be bound by (a) any payment of Rent for more than one month in advance except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease, or (b) any amendment or modification of this Lease made without the written consent of such ground lessor or such successor in interest. Upon request by such ground lessor or successor in interest, whether before or after the enforcement of its remedies, Tenant shall execute and deliver an instrument or instruments confirming and evidencing the attornment herein set forth, and Tenant hereby irrevocably appoints Landlord as Tenant's agent and attorney-in-fact for the purpose of executing, acknowledging and delivering any such instruments and certificates; provided, however, that Landlord shall not exercise this power of attorney unless Tenant fails to execute and deliver such instruments or certificates within five (5) days after being requested by Landlord to do so. Notwithstanding anything contained in this Lease to the contrary, in the event of any default by Landlord in performing its covenants or obligations hereunder which would give Tenant the right to terminate this Lease, Tenant shall not exercise such right unless and until (a) Tenant gives written notice of such default (which notice shall specify the exact nature of said default and how the same may be cured) to the lessor under any such land or ground lease and the holder(s) of any such mortgage or deed of trust or security agreement who has theretofore notified Tenant in writing of its interest and the address to which notices are to be sent, and (b) said lessor and holder(s) fail to cure or cause to be cured said default within thirty (30) days from the receipt of such notice from Tenant. This Lease is further subject to and subordinate to all matters of record in Harris County, Texas.

Notwithstanding anything to the contrary set forth above, any beneficiary under any deed of trust may at any time subordinate its deed of trust to this Lease in whole or in part, without any need to obtain Tenant's consent, by execution of a written document subordinating such deed of trust to the Lease to the extent set forth in such document and thereupon the Lease shall be deemed prior to such deed of trust to the extent set forth in such document without regard to their respective dates of execution, delivery and/or recording. In that event, to the extent set forth in such document, such deed of trust shall have the same rights with respect to this Lease as would have existed if this Lease had been executed, and a memorandum thereof, recorded prior to the execution, delivery and recording of the deed of trust.

16. Estoppel Certificate. Tenant agrees periodically to furnish within ten (10) days after so requested by Landlord, ground lessor or the holder of any deed of trust, mortgage or security agreement covering the Building, the Land, or any interest of Landlord therein, a certificate signed by a Tenant certifying (a) that this Lease is in full force and effect and unmodified (or if there have been modifications, that the same is in full force and effect as modified and stating the modification), (b) as to the Commencement Date and the date through which Rent has been paid, (c) that Tenant has accepted possession of the Leased Premises and that any improvements required by the terms of this Lease to be made by Landlord have been completed to the satisfaction of Tenant, (d) that except as stated in the certificate no Rent has been paid more than thirty (30) days in advance of

its due date, (e) that the address for notices to be sent to Tenant is as set forth in this Lease (or has been changed by notice duly given and is as set forth in the certificate), (f) that except as stated in the certificate, Tenant, as of the date of such certificate, has no charge, lien, or claim of offset against Rent due or to become due, (g) that except as stated in the certificate, Landlord is not then in default under this Lease, (h) as to the amount of Rentable Area then occupied by Tenant, (i) that there are no renewal or extension options, purchase options, rights of first refusal or the like in favor of Tenant except as set forth in this Lease, (j) with reasonable particularity, evidence of Tenant's financial condition and standing, and (k) as to such other matters as may be requested by Landlord or ground lessor or the holder of any such deed of trust, mortgage or security agreement. Any such certificate may be relied upon by any ground lessor, prospective purchaser, secured party, mortgagee or any beneficiary under any mortgage, deed of trust on the Building or the Land or any part thereof or interest of Landlord therein.

17. Relocation. Landlord shall have the option to relocate the Tenant to alternate space in the Building, which alternate space shall be of comparable size to or larger than the Leased Premises, in accordance with this Section 17. Landlord shall give Tenant not less than ninety (90) days prior written notice of such relocation, which notice shall include the date on which the Tenant shall be required to relocate or move and a description of the space to which Tenant will be relocated. Landlord shall pay all out-of-pocket costs and expenses of relocating Tenant (including the cost of preparing such comparable space for occupancy). In the event of such relocation, such alternate space shall for all purposes be deemed the Leased Premises hereunder and this Lease shall continue in full force and effect without any change in the other terms or conditions hereof.

18. Name Change. Landlord and Tenant mutually covenant and agree that Landlord hereby reserves and shall have the right at any time and from time to time to change the name of the Building as Landlord may deem advisable, and Landlord shall not incur any liability whatsoever to Tenant as a consequence thereof.

19. Assignment or Subletting by Tenant.

19.01 **General.** Tenant shall not, without the prior written consent of Landlord, assign, transfer, or encumber the Lease or sublease the Leased Premises or any portion thereof, whether by operation of law or otherwise. In the event Tenant should desire to assign this Lease or sublet the Leased Premises or any part thereof or allow same to be used or occupied by others, Tenant shall give Landlord written notice (which shall specify the duration of said desired sublease or assignment, the date same is to occur, the exact location of the space affected thereby, the name of, current financial statements for, and the nature of the business of, the prospective subtenant/assignee and the proposed rentals on a square foot basis chargeable thereunder) of such desire at least thirty (30) days in advance of the date on which Tenant desires to make such assignment or sublease or allow such a use or occupancy. Landlord shall then have a period of fifteen (15) days following receipt of such notice within which to notify Tenant in writing that Landlord elects:

- (a) to refuse to permit Tenant to assign this Lease or sublet such space, and in such case this Lease shall continue in full force and effect in accordance with the terms and conditions hereof; or
- (b) to terminate this Lease (in the event of a proposed assignment) or recapture (in the event of a proposed sublease) the space so affected as of the date so specified by Tenant in which event Tenant shall be relieved of all obligations hereunder as to such space arising from and after such date, or
- (c) to suspend this Lease as to the space so affected as of the date and for the duration so specified by Tenant in its notice, in which event Tenant will be relieved of all obligations hereunder as to such space during said suspension, including a suspension of the Rent in proportion to the portion of the Leased Premises affected thereby (but after said suspension, if the suspension is not for the full term hereof, Tenant shall once again become liable hereunder as to the applicable space), or
- (d) to permit Tenant to assign this Lease or sublet such space for the duration specified in such notice, subject to Landlord's subsequent written approval of the proposed assignee or sublessee, which approval shall not be unreasonably withheld if (i) the proposed assignee or sublessee is a respectable party of substantial financial worth (as determined solely by Landlord) and Tenant shall have provided Landlord with proof thereof, (ii) the nature and character of the proposed assignee or sublessee, its business and activities and intended use of the Leased Premises are in Landlord's reasonable judgment consistent with the standards of the Building and the floor or floors on which the Leased Premises are located, (iii) neither the proposed assignee or sublessee (nor any party which, directly or indirectly, controls or is controlled by or is under common control with the proposed assignee or sublessee) is then an occupant of any part of the Building or a party with whom Landlord

is then negotiating to lease space in the Building or in any adjacent Building owned by Landlord, (iv) the form and substance of the proposed sublease or instrument of assignment is acceptable to Landlord (which acceptance by Landlord shall not be unreasonably withheld) and is expressly subject to all of the terms and provisions of this Lease and to any matters to which this Lease is subject, (v) the proposed occupancy would not increase the office cleaning requirements or impose an extra burden upon the services to be supplied by Landlord to Tenant hereunder, (vi) Tenant enters into a written agreement with Landlord whereby it is agreed that any profit realized by Tenant as a result of said sublease or assignment and any and all sums and other considerations of whatsoever nature paid to Tenant by the assignee or sublessee for or by reason of such assignment or sublease, including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property (that is, after deducting and giving Tenant credit for Tenant's reasonable costs directly associated therewith, including reasonable brokerage fees and the reasonable cost of remodeling or otherwise improving the Leased Premises for said assignee or sublessee but excluding any free rentals or the like offered to any such sublessee or assignee) shall be payable to Landlord as it accrues as additional rent hereunder, and (vii) the granting of such consent will not constitute a default under any other agreement to which Landlord is a party or by which Landlord is bound.

19.02 Agreements with Landlord. No assignment or subletting by Tenant shall be effective unless Tenant shall execute, have acknowledged and deliver to Landlord, and cause each sublessee or assignee to execute, have acknowledged and deliver to Landlord, an instrument in form and substance acceptable to Landlord in which (i) such sublessee or assignee adopts this Lease and assumes and agrees to perform jointly and severally with Tenant, all of the obligations of Tenant under this Lease, as to the space transferred to it, (ii) such sublessee or assignee grants Landlord an express first and prior contract lien and security interest in its personal property brought into the transferred space to secure its obligations to Landlord thereunder, (iii) Tenant subordinates to Landlord's statutory lien, contract lien and security interest any liens, security interests or other rights which Tenant may claim with respect to any property of such sublessee or assignee, (iv) Tenant and such sublessee or assignee agree to provide to Landlord, at their expense, direct access from a public corridor in the Building to the transferred space, (v) such sublessee or assignee agrees to use and occupy the transferred space solely for the purpose specified in Section 3 and otherwise in strict accordance with this Lease and (vi) Tenant acknowledges and agrees that, notwithstanding such subletting or assignment, Tenant remains directly and primarily liable for the performance of all the obligations of Tenant hereunder (including, without limitation, the obligation to pay Rent), and Landlord shall be permitted to enforce this Lease against Tenant or such sublessee or assignee, or both, without prior demand upon or proceeding in any way against any other persons.

19.03 Effect of Transfer. No consent by Landlord to an assignment or sublease shall be deemed in any manner to be a consent to a use not permitted under Section 3. Any consent by Landlord to a particular assignment or sublease shall not constitute Landlord's consent to any other or subsequent assignment or sublease, and any proposed sublease or assignment by any assignee or sublessee shall be subject to the provisions of this Section 19 as if it were a proposed sublease or assignment by Tenant. The prohibition against an assignment or sublease described in this Section 19 shall be deemed to include a prohibition against Tenant's mortgaging or otherwise encumbering its leasehold estate, as well as against an assignment or sublease which may occur by operation of law, each of which shall be ineffective and void and shall constitute an event of default under this Lease unless consented to by Landlord in writing in advance.

19.04 Delivery to Landlord. In any situation in which Landlord consents to an assignment or sublease hereunder, Tenant shall promptly deliver to Landlord a fully executed copy of the final sublease agreement or assignment instrument and all ancillary agreements relating thereto.

20. Assignment by Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Complex, and in such event and upon such transfer (any such transferee to have the benefit of, and be subject to, the provisions of Sections 21 and 22 hereof) no further liability or obligation shall thereafter accrue against Landlord hereunder.

21. Peaceful Enjoyment. Landlord covenants that Tenant shall and may peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Tenant pays the rental and other sums herein recited to be paid by Tenant and performs all of Tenant's covenants and agreements herein contained. It is understood and agreed that this covenant and any and all other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its and their respective ownership of the Landlord's interest hereunder.

22. Limitation of Landlord's Personal Liability. Tenant specifically agrees to look solely to Landlord's interest in the Complex for the recovery of any judgment against Landlord, it being agreed that Landlord, its officers, directors, agents and employees shall never be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest or collection of amounts which may become owing or payable under or payable under or on account of insurance maintained by Landlord.

23. Notices. Any notice or other communications to Landlord or Tenant required or permitted to be given under this Lease (and copies of the same to be given to the parties as below described) must be in writing and shall be effectively given if delivered by courier service to such party at its address for notice set forth in Section 1.01 above, or if sent by United States mail, certified or registered, return receipt requested, to said address, or if sent by electronic mail with electronic confirmation of delivery with a hard copy of such notice delivered by courier service or United States mail, certified or registered, return receipt requested, within one (1) business day. Any notice mailed shall be deemed to have been given on the regular business day next following the date of deposit of such item in a depository of the United States Postal Service in Houston, Texas. Notice effected other than by mail shall be deemed to have been given at the time of actual delivery. Either party shall have the right to change its address to which notices shall thereafter be sent by giving the other written notice thereof. Additionally, Tenant shall send copies of all notices required or permitted to be given to Landlord to each lessor under any ground or land lease covering all or part of the Land and each holder of a mortgage or deed of trust encumbering the Complex who notifies Tenant in writing of its interest and the address to which notices are to be sent.

24. Bankruptcy. If a petition is filed by or against Tenant for relief under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), and Tenant (including for purposes of this Section Tenant's successor in bankruptcy, whether a trustee or Tenant as debtor in possession) assumes and proposes to assign, or proposes to assume and assign, this Lease pursuant to the provisions of the Bankruptcy Code to any person or entity who has made or accepted a bona fide offer to accept an assignment of this Lease on terms acceptable to Tenant, then notice of the proposed assignment setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the offer and proposed assignment, and (c) the adequate assurance to be furnished by the proposed assignee of its future performance under the Lease, shall be given to Landlord by Tenant no later than twenty (20) days after Tenant has made or received such offer, but in no event later than ten (10) days prior to the date on which Tenant applies to a court of competent jurisdiction for authority and approval to enter into the proposed assignment. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the date on which the court order authorizing such assignment becomes final and non-appealable, to receive an assignment of this Lease upon the same terms and conditions, and for the same consideration, if any, as the proposed assignee, less any brokerage commissions which may otherwise be payable out of the consideration to be paid by the proposed assignee for the assignment of this Lease. If this Lease is assigned pursuant to the provisions of the Bankruptcy Code, Landlord: (i) may require from the assignee a deposit or other security for the performance of its obligations under the Lease in an amount substantially the same as would have been required by Landlord upon the initial leasing to a tenant similar to the assignee; and (ii) shall receive, as additional rent, the sums and economic consideration described in Section 19.01(c)(vi). Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed, without further act or documentation, to have assumed all of the Tenant's obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption. No provision of this Lease shall be deemed a waiver of Landlord's rights or remedies under the Bankruptcy Code to oppose any assumption and/or assignment of this Lease, to require a timely performance of Tenant's obligations under this Lease, or to regain possession of the Premises if this Lease has neither been assumed on or rejected within sixty (60) days after the date of the order for relief or within such additional time as a court of competent jurisdiction may have fixed. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

25. Miscellaneous.

25.01 Waiver of Lien by Tenant. Tenant shall have no right, and Tenant hereby waives and relinquishes all rights which Tenant might otherwise have, to claim any nature of lien against the Building or to withhold, deduct from or offset against any Rent or other sums to be paid to Landlord by Tenant.

25.02 Successor and Assigns. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord, and shall be binding upon and inure to the benefit of Tenant, its successors, and, to the extent assignment may be approved by Landlord hereunder, Tenant's assigns.

25.03 Number and Gender. The pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

25.04 Remedies Cumulative; Applicable Law. All rights and remedies of Landlord under this Lease shall be cumulative and none shall exclude any other rights or remedies allowed by law; and this Lease is declared to be a Texas contract, and all of the terms thereof shall be construed according to the laws of the State of Texas.

25.05 Amendment. This Lease may not be altered, changed or amended, except by an instrument in writing executed by all parties hereto.

25.06 Entire Agreement. The terms and provisions of all Exhibits described herein and attached hereto are hereby made a part hereof for all purposes. This Lease constitutes the entire agreement of the parties with respect to the subject matter hereof, and all prior correspondence, memoranda, agreements or understandings (written or oral) with respect hereto are merged into and superseded by this Lease.

25.07 Authority of Tenant. If Tenant is a corporation, partnership or other entity, Tenant warrants and represents unto Landlord that (a) Tenant is a duly organized and existing legal entity, in good standing in the State of Texas, (b) Tenant has full right and authority to execute, deliver and perform this Lease, (c) the person executing this Lease was authorized to do so and (d) upon request of Landlord, such person will deliver to Landlord satisfactory evidence of his or her authority to execute this Lease on behalf of Tenant.

25.08 Good Faith Efforts. Whenever in this Lease there is imposed upon Landlord the obligation to use its good faith efforts, reasonable efforts or diligence, Landlord shall be required to do so only to the extent the same is economically feasible and otherwise will not impose upon Landlord extreme financial or other business burdens. Further, the time required or provided for Landlord to perform any covenant or other obligation under this Lease shall be extended for a period of time equal to the continuance of any Force Majeure Event.

25.09 Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

25.10 Brokerage Commissions. Landlord agrees to pay to Landlord's Broker a real estate brokerage commission as set forth in a separate commission agreement between Landlord and Landlord's Broker. Texas C.R.E.S. LLC represents the Tenant in this transaction and shall be paid by Landlord a real estate brokerage commission pursuant to a separate commission agreement between Landlord and Texas C.R.E.S. LLC. This agreement provides for a commission equal to four percent (4%) of the gross term rent for the initial twenty-four (24) month lease.

Tenant represents and warrants to Landlord that, other than Texas C.R.E.S. LLC, Tenant has not employed any other agents, brokers, or similar parties in connection with this Lease. Tenant agrees to indemnify, defend, and hold Landlord harmless from and against any and all claims made by any other agents, brokers, or other such parties claiming by, through, or under Tenant.

25.11 No Recording. Neither this Lease (including any Exhibits hereto) nor any memorandum hereof shall be recorded without the prior written consent of Landlord.

25.12 Joint and Several Tenancy. If more than one person executes this Lease as Tenant, their obligations hereunder are joint and several, and any act or notice of or to, or refund to, or the signature of, any one or more of them, in relation to the renewal or termination of this Lease, or under or with respect to any of the terms hereof shall be fully binding on each and all of the persons executing this Lease as a Tenant.

25.13 Exhibits. All Exhibits referenced in this Lease are incorporated herein for all purposes as if fully set forth within the text of this Lease.

25.13 25.14

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No bullets or numbering, Tab stops: Not at 0.7" + 1.2"

26 Government Non-appropriations: Funds for payment of this Agreement have been provided through the County budget approved by Commissioners Court for this fiscal year only, and through the State of Texas Biennium. State of Texas law prohibits the obligations and expenditures of public funds beyond the fiscal year or biennium for which a budget has been approved. However, the performance of this contract may extend beyond the current fiscal year or biennium. It is the expectation of Tenant that funding will be available to pay for the expenditures related to this Contract. Notwithstanding anything to the contrary within this contract, if at any time during the term of this contract the Commissioners Court of County, Texas or the State of Texas (1) fails to provide funding for this contract during the following fiscal year of Smith County, Texas, or State of Texas Biennium; (2) does not adopt a budget for expenditures; (3) or is only able to partially fund the expenditures required by this contract, then Tenant may, upon giving thirty (30) days written notice of such failure to fund and termination, terminate this contract, or part thereof, without any further liability, effective (30) days after Tenant notifies Landlord in writing of such failure to fund and termination. Tenant shall pay a prorated rent for the days tenant occupied the premises until the date of termination. There shall be no recourse for the landlord as to sums beyond those for work performed to that date, including no recovery allowed for consequential damages, interruption of business, or lost profits anticipated being made hereunder.

Exhibit A - Legal Description of Land
Exhibit B1&B2 - Floor Plan of Leased Premises Before and After Build out
Exhibit C - Building Standard Holidays
Exhibit D - Building Rules and Regulations

25.1426.10 Acknowledgment of Non-Applicability of DTPA. It is the understanding and intention of the parties that Tenant's rights and remedies with respect to the transactions provided for and contemplated in this Lease (collectively, this "Transaction") and with respect to all acts or practices of Landlord, past, present, or future, in connection with this Transaction, are and shall be governed by legal principles other than the Texas Deceptive Trade Practices - Consumer Protection Act (the "DTPA"). Accordingly, Tenant hereby (a) agrees that under Section 17.49(f) and (g) of the DTPA this Transaction is not governed by the DTPA and (b) certifies, represents and warrants to Landlord that (i) Tenant has been represented by legal counsel in connection with this Transaction who has not been directly or indirectly identified, suggested or selected by the Landlord or any agent of Landlord and Tenant has conferred with Tenant's counsel concerning all elements of this Lease (including, without limitation, this Section 25.15) and this Transaction and (ii) the Leased Premises will not be occupied by Tenant as Tenant's family residence. Tenant expressly recognizes that the total consideration as agreed to by Landlord has been predicated upon the inapplicability of the DTPA to this Transaction and that Landlord, in determining to proceed with the entering into of this Lease, has expressly relied on the inapplicability of the DTPA to this Transaction. **TENANT WAIVES ITS RIGHTS UNDER THE DTPA. TENANT REPRESENTS TO LANDLORD THAT TENANT HAS DISCUSSED THIS LEASE AND THE FOREGOING WAIVER OF CONSUMER RIGHTS WITH AN ATTORNEY OF TENANT'S OWN SELECTION, AND THAT TENANT HAS KNOWINGLY AND VOLUNTARILY WAIVED ITS CONSUMER RIGHTS.**

IN TESTIMONY WHEREOF, the parties hereto have executed this Lease as of the date aforesaid.

LANDLORD:

Apple Realty Investments, LLC – Series 8511 S. Sam Houston E, a
Texas Limited Liability Company

By: _____

Name: Michael W. Scully

Title: Manager

Date: _____

TENANT:

TX FCIC/Smith County

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
LEGAL DESCRIPTION OF LAND

ROBERT CAMERON
ABSTRACT NO. 211
HARRIS COUNTY, TEXAS

TRACT 1
64,935 SQ. FT. ~ 1.4907 ACRES
PAGE 1 OF 2

DESCRIPTION

BEING 1.4907 ACRES OF LAND OUT OF AND PART OF THE REMAINDER OF A 20.3941 ACRE TRACT OF LAND SITUATED IN THE EAST HALF OF THE ROBERT CAMERON SURVEY, ABSTRACT 211, SOUTH OF THE HALL ROAD (60 FOOT WIDE) SOUTH RIGHT-OF-WAY LINE. SAID 20.3941 ACRE TRACT CONVEYED TO PARKSTONE BUILDING COMPANY, A TEXAS CORPORATION, RECORDED UNDER H.C.C.F. NO. F325059, FILM CODE NO. 177-07-0122 OF THE REAL PROPERTY RECORDS OF HARRIS COUNTY TEXAS. SAID 1.4907 ACRE TRACT TAKEN OUT OF THE REMAINDER OF THE SAID 20.3941 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND 3/4" IRON ROD ON THE NORTHERLY LINE OF HALL ROAD, 60 FEET WIDE, MARKING THE SOUTHWEST CORNER OF THE 77.8514 ACRE TRACT ALSO CONVEYED TO PARKSTONE BUILDING COMPANY, A TEXAS CORPORATION RECORDED UNDER H.C.C.F. NO. F325059, FILM CODE NO. 177-07-0122 OF THE REAL PROPERTY RECORDS OF HARRIS COUNTY TEXAS. SAID 77.8514 ACRE TRACT OF LAND IS SITUATED IN THE EAST HALF OF THE SAID ROBERT CAMERON SURVEY. NORTH OF SAID HALL ROAD. SAID FOUND 3/4" IRON ROD ALSO BEING THE INTERSECTION OF THE WEST LINE OF THE EAST HALF OF THE SAID ROBERT CAMERON SURVEY, AND SAID NORTHERLY LINE OF SAID HALL ROAD;

THENCE SOUTH 2° 34', 50" EAST ALONG THE WEST LINE OF THE EAST HALF OF THE SAID ROBERT CAMERON SURVEY A DISTANCE OF 60.00 FEET TO A SET 5/8" IRON ROD WITH CAP FOR THE POINT OF BEGINNING OF THE HEREIN DESCRIBED 1.4907 ACRE TRACT, ALSO BEING THE NORTHWEST CORNER OF SAID 20.3941 ACRE TRACT. SAID POINT OF BEGINNING ALSO BEING THE INTERSECTION OF THE SOUTHERLY LINE OF SAID HALL ROAD AND THE WEST LINE OF THE EAST HALF OF THE ROBERT CAMERON SURVEY;

THENCE NORTH 87° 25' 10" EAST ALONG THE SOUTHERLY LINE OF SAID HALL ROAD A DISTANCE OF 236.00 FEET TO A SET 5/8" IRON ROD WITH CAP FOR THE NORTHEAST CORNER OF HEREIN DESCRIBED TRACT ON THE NORTHERLY LINE OF SAID 20.3941 ACRE TRACT;

THENCE SOUTH 02° 34' 50" EAST A DISTANCE OF 274.13 FEET TO A SET 5/8" IRON ROD WITH CAP FOR THE SOUTHEAST CORNER OF THE HEREIN

EXHIBIT A
LEGAL DESCRIPTION OF LAND - CONTINUED

DESCRIBED TRACT, ALSO BEING A POINT ON THE NORTHERLY LINE OF BELTWAY 8, 350 FEET WIDE, AND ON THE SOUTHERLY LINE OF THE REMAINDER OF SAID 20.3941 ACRE TRACT;

THENCE SOUTH 86° 55' 22" WEST ALONG THE COMMON NORTHERLY LINE OF BELTWAY 8, 350 FEET WIDE, AND THE SOUTHERLY LINE OF REMAINDER OF SAID 20.3941 ACRE TRACT, A DISTANCE OF 236.01 FEET TO A SET 5/8" IRON ROD WITH CAP FOR CORNER. SAID CORNER BEING THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT AND THE SOUTHWEST CORNER OF THE REMAINDER OF SAID 20.3941 ACRE TRACT;

THENCE NORTH 02° 34' 50" WEST ALONG THE COMMON WESTERLY LINE OF THE EAST HALF OF SAID ROBERT CAMERON SURVEY, AND THE WESTERLY LINE OF THE SAID 20.3941 ACRE TRACT, A DISTANCE OF 276.17 FEET TO THE POINT OF BEGINNING.

BASIS OF BEARINGS IS THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD 83.

A SURVEY PLAT HAS BEEN PREPARED IN ASSOCIATION WITH THIS FIELD NOTE DESCRIPTION.

KUO & ASSOCIATES, INC.

Bahong Kuo 12-16-2004
BAHONG KUO Date



EXHIBIT B-1
FLOOR PLAN OF LEASED PREMISES

Current Condition / Pre Build out

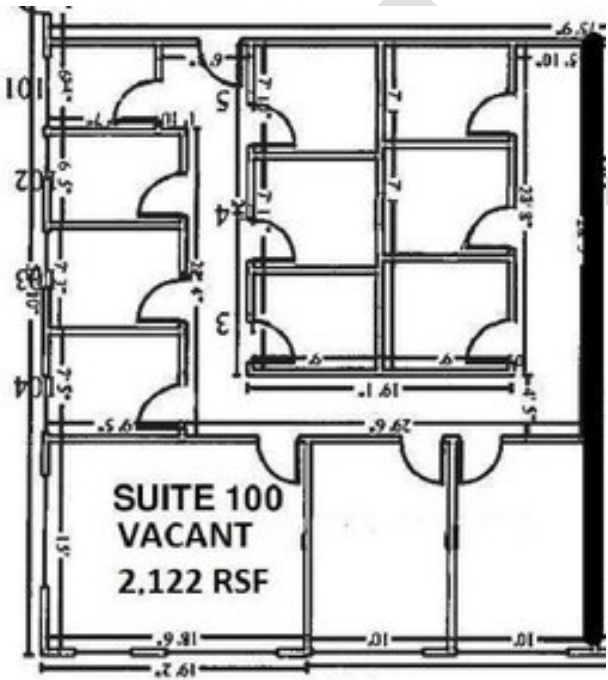


EXHIBIT B-2
FLOOR PLAN OF LEASED PREMISES

Post Build out

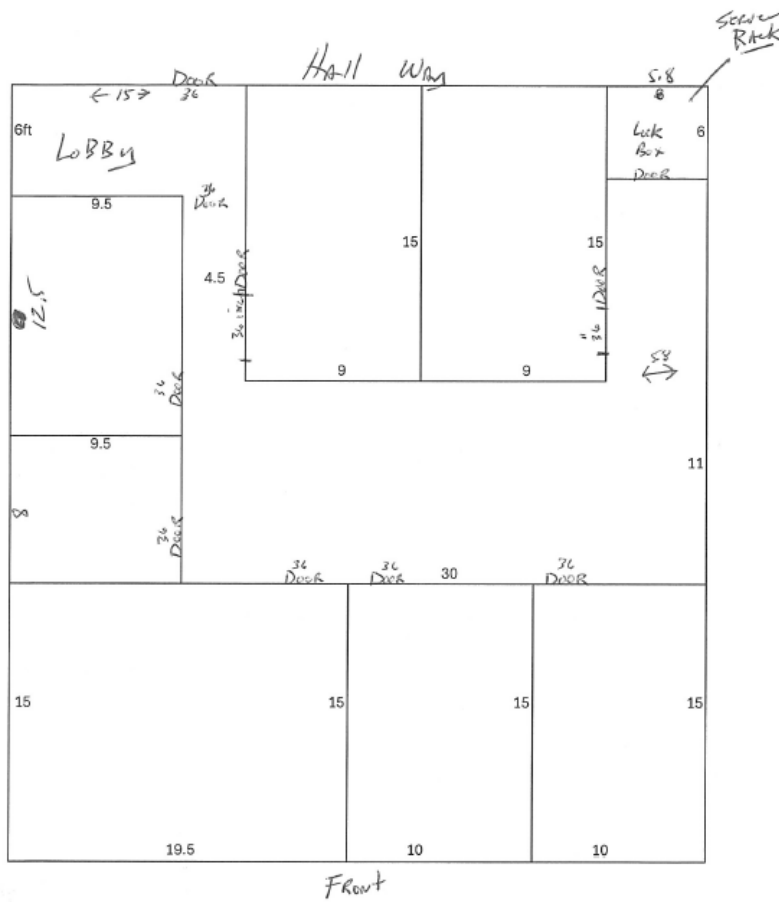


EXHIBIT C
BUILDING STANDARD HOLIDAYS

Subject to the provisions of Section 6, Landlord will furnish Building standard heating, ventilating and air conditioning to all public areas, special service areas, common areas and stairwells of the Building during normal business hours of the Building in effect from time to time. The current normal business hours of the Building are 7:00 a.m. and 6:00 p.m. on weekdays (from Monday through Friday, inclusive), exclusive of Holidays (defined below). Landlord will furnish air conditioning and heating to all public areas, special service areas, common areas and stairwells of the Building at other times (that is, at times other than the times specified above), upon request of Tenant made in accordance with the rules and regulations for the Building, in which event Tenant shall reimburse Landlord for furnishing such services at the Building's standard charge for after hours HVAC which shall be \$25.00 per hour. After hours service shall be available to Tenant in two (2) hour increments.

The following dates shall constitute "Holidays" as said term is used in this Lease:

- (1) New Year's Day
- (2) Memorial Day
- (3) Independence Day
- (4) Labor Day
- (5) Thanksgiving Day
- (6) Christmas Day

If in the event that any Holiday shall be observed on a day other than the actual day on which such Holiday occurs, then the day which such Holiday is observed shall constitute the Holiday under this Lease.

EXHIBIT D
BUILDING RULES AND REGULATIONS

- 1 Sidewalks, doorways, vestibules, halls, stairways, elevators and other similar areas shall not be obstructed by tenants, or be used by tenants for any purpose other than entrance to and exit from the Leased Premises and for going from one part of the Building to another part of the Building. The disposal of trash or placement or storage of mats or other articles or materials in the hallways, elevator lobbies, stairways and other common areas of the Building is prohibited. Corridor doors, when not in use, shall be kept closed.
- 2 Signs, advertisements, or notices visible in or from public corridors or from outside the Building shall be subject to Landlord's prior written approval. Tenant shall not mark, paint, drill into or deface any part of the shell or core of the Building. Tenant shall not solicit business in the common or public areas of the Complex, nor distribute or display any handbills or other advertising matters or devices in such common or public areas.
- 3 Landlord will provide and maintain a building directory board for all tenants in the first floor (main lobby) of the Building and no other directory shall be permitted unless previously consented to by Landlord in writing.
- 4 With respect to work being performed by tenants in any leased premises with the approval of Landlord, all tenants will refer all contractors, contractors' representatives and installation technicians rendering any service to them to Landlord for Landlord's supervision and approval before the performance of any contractual services. This provision shall apply to all work performed in the Building, including, but not limited to, installations of telephones or other communications equipment, computer cabling and equipment, electrical devices and attachments, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the Building.
- 5 Movement in or out of the Building of furniture, office equipment, or any other bulky or heavy materials shall be restricted to such hours as Landlord designates. Landlord will determine the method and routing of said items so as to ensure the safety of all persons and property concerned. Advance written notice of intent to move such items must be made to the Building management office. Building management shall have the authority to prescribe the weight and manner in which heavy furniture, safes and equipment are positioned on each floor.
- 6 All deliveries of furniture, office equipment or bulk freight shall be coordinated in advance with Landlord, and shall be performed subject to Landlord's supervision and direction by use only of an elevator designated by Landlord.
- 7 Each tenant shall cooperate with Landlord's cleaning and maintenance personnel in keeping its Leased Premises neat and clean. Tenants shall not employ any person for the purpose of such cleaning other than the Building's cleaning and maintenance personnel. Landlord shall be in no way responsible to the tenants, their agents, employees or invitees for any lost or stolen property, money or jewelry from the Leased Premises or public areas or for any damages to any property thereon from any cause whatsoever.
- 8 Plumbing fixtures shall be used only for the purposes for which they are designated, and no sweepings, rubbish, rags or other unsuitable materials shall be disposed into them. Damage resulting to any such fixtures from misuse by a tenant shall be the liability of said tenant.
- 9 Tenant shall not make or permit any improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.
- 10 Tenant shall not permit any drapes, binds, shades or screens to be attached to, hung in or used in connection with any window or door relating to the Leased Premises without the prior written consent of Landlord.
- 11 No portion of Tenant's Leased Premises shall at any time be used or occupied as sleeping or lodging quarters, or for any unlawful or immoral purposes.
- 12 Except for prepackaged household cleaning and office supplies, no flammable or explosive fluids or materials shall be kept or used within the Building except in areas approved by Landlord, and Tenant shall comply with all applicable building and fire codes relating thereto.
- 13 Except for those assisting disabled persons, no animals, birds or fish shall be brought into or kept in, on or about the Building.
- 14 Tenant will comply with any and all security procedures established by Landlord from time to time.
- 15 Tenant shall provide adequate security within the Leased Premises for Tenant's employees, agents, licensees, invitees, assignees, subtenants, concessionaries, customers, clients, family members or guests.

16. Tenant shall not tamper with or attempt to adjust temperature control thermostats in public areas, special service areas, common areas and stairwells of the Building. Landlord shall adjust thermostats as required to maintain the Building standard temperature in public areas, special service areas, common areas and stairwells of the Building.
17. Tenant shall not affix any floor covering to any floor of the Leased Premises with adhesive of any kind without obtaining Landlord's written consent.
18. Tenant shall not enter upon or use the roof of the Building.
19. Tenants shall lock all office doors leading to corridors and turn out all lights at the close of their working day.
20. All requests for overtime air conditioning or heating in public areas, special service areas, common areas and stairwells of the Building must be submitted in writing to the Building management office by 2:00 p.m. on the day desired for weekday requests, by 2:00 p.m. Friday for weekend requests and by 2:00 p.m. on the preceding business day for holiday requests.
21. The Building is designated a non-smoking building. Smoking is permitted only in designated areas outside of the Building.
22. Tenant shall not cook in the Building (with exception of microwave cooking) or permit any cooking in the Leased Premises without obtaining Landlord's prior written consent (and not cause or permit any odor to emanate from the Leased Premises in connection therewith if consent is given).
23. Tenant shall not bring any bicycles, motor scooters or other vehicles into the Building.
24. Tenant shall not allow live or artificial Christmas trees in the Leased Premises. Artificial trees may be permitted by Landlord, and if any lighting thereon is approved by Landlord, said lighting must be turned off at the end of each business day.

Landlord reserves the right to rescind any of these rules and regulations and to make such other and further rules and regulations as in its reasonable judgment shall, from time to time, be required for the safety, protection, care and cleanliness of the Building, and the operation thereof, the preservation of good order therein and the protection and comfort of the tenants and their agents, employees and invitees. Such rules and regulations, when made and written notice thereof is given to a tenant, shall be binding upon it in like manner as if originally herein prescribed.

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SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 8/4/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Commissioners Court
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Investment Amendments	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to approve a Resolution Changing Authorize Representative for Local Government Investment Cooperative (LOGIC), and an Amended TexStar Resolution, approving Treasurer Atonia Rawlings and Assistant Treasurer Dylan Simmons as Participant's Authorized Representative.	
Background: This action will allow Mrs. Rawlings and Mr. Simmons to be Authorized Representative for TexStar Short Term Asset Reserve Fund, and Local Government Investment Cooperative (LOGIC). Both TexStar and LOGIC are a part of the County's Investment strategy/plan as approved securities dealers pursuant to the County Investment Plan approved by the Commissioners Court on June 4, 2024	
Financial and Operational Impact:	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name: A Rawlings	Email: arawlings@smith-county.com
Name: J Bell	Email: jbell2@smith-county.com
Name: T Wilson	Email: twilson@smith-county.com
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____



AMENDING RESOLUTION

WHEREAS, SMITH COUNTY

(the "Government Entity") by authority of the Application for Participation in TexSTAR (the "Application") has entered into an Interlocal Agreement (the "Agreement") and has become a participant in the public funds investment pool created there under known as TexSTAR Short Term Asset Reserve Fund ("TexSTAR");

WHEREAS, the Application designated on one or more "Authorized Representatives" within the meaning of the Agreement;

WHEREAS, the Government Entity now wishes to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement;

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. The following officers, officials or employees of the Government Entity specified in this document are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to open accounts, to deposit and withdraw funds, to agree to the terms for use of the website for online transactions, to designate other authorized representatives, and to take all other action required or permitted by Government Entity under the Agreement created by the application, all in the name and on behalf of the Government Entity.

SECTION 2. This document supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement

SECTION 3. This resolution will continue in full force and effect until amended or revoked by Government Entity and written notice of the amendment or revocation is delivered to the TexSTAR Board.

SECTION 4. Terms used in this resolution have the meanings given to them by the Application.

Authorized Representatives. Each of the following Participant officials is designated as Participant's Authorized Representative authorized to give notices and instructions to the Board in accordance with the Agreement, the Bylaws, the Investment Policy, and the Operating Procedures:

1. Name: ATONIA RAWLINGS Title: TREASURER
Signature: _____ Phone: 903-590-4731
Email: arawlings@smith-county.com
2. Name: DYLAN SIMMONS Title: ASSISTANT TREASURER
Signature: _____ Phone: 903-590-4732
Email: dsimmons@smith-county.com
3. Name: _____ Title: _____
Signature: _____ Phone: _____
Email: _____
4. Name: _____ Title: _____
Signature: _____ Phone: _____
Email: _____

{REQUIRED} PRIMARY CONTACT: List the name of the Authorized Representative **listed above** that will be designated as the Primary Contact and will receive all TexSTAR correspondence including transaction confirmations and monthly statements

Name: Atonia Rawlings

{OPTIONAL} INQUIRY ONLY CONTACT: In addition, the following additional Participant representative (**not listed above**) is designated as an ***Inquiry Only*** Representative authorized to obtain account information:

Name: _____ Title: _____
Signature: _____ Phone: _____
Email: _____

Participant may designate other authorized representatives by written instrument signed by an existing Participant Authorized Representative or Participant's chief executive officer.

DATED _____

REQUIRED
PLACE OFFICIAL SEAL OF ENTITY HERE

(NAME OF PARTICIPANT)

SIGNED BY: _____
(Signature of official)

NEAL FRANKLIN, COUNTY JUDGE

(Printed name and title)

ATTESTED BY: _____
(Signature of official)

KAREN PHILLIPS, COUNTY CLERK

(Printed name and title)

FOR INTERNAL USE ONLY

APPROVED AND ACCEPTED: TEXAS SHORT TERM ASSET RESERVE FUND

.....
AUTHORIZED SIGNER

**RESOLUTION CHANGING AUTHORIZED REPRESENTATIVES FOR LOCAL
GOVERNMENT INVESTMENT COOPERATIVE**

WHEREAS, **SMITH COUNTY**

(the "Government Entity") by authority of that certain Local Government Investment Cooperative Resolution Investment Policy (the "Resolution") entered into that certain Interlocal Agreement, as amended pursuant to its terms and subsequently designated Participation Agreement and Trust Instrument (the "Agreement") and has become a participant in the public funds investment pool created thereunder known as Local Government Investment Cooperative ("LOGIC");

WHEREAS, the Resolution designated on one or more "Authorized Representatives" within the meaning of the Agreement;

WHEREAS, the Government Entity now wishes to update and designate the following persons as the "Authorized Representatives" within the meaning of the Agreement;

NOW, THEREFORE, BE IT RESOLVED:

The following officers, officials or employees of the Government Entity are hereby designated as "Authorized Representatives" within the meaning of the Agreement, with full power and authority to: deposit money to and withdraw money from the Government Entity's LOGIC account or accounts from time to time in accordance with the Agreement and the Information Statement describing the Agreement and to take all other actions deemed necessary or appropriate for the investment of funds of the Government Entity in LOGIC:

1. Name: **ATONIA RAWLINGS** Title: **TREASURER**
Signature: _____ Phone: **903-590-4731**
Email: **arawlings@smith-county.com**
2. Name: **DYLAN SIMMONS** Title: **Asst. Treasurer**
Signature: _____ Phone: **903-590-4732**
Email: **dsimmons@smith-county.com**
3. Name: _____ Title: _____
Signature: _____ Phone: _____
Email: _____
4. Name: _____ Title: _____
Signature: _____ Phone: _____
Email: _____

{REQUIRED} PRIMARY CONTACT: List the name of the Authorized Representative listed above that will be designated as the Primary Contact and will receive all LOGIC correspondence including transaction confirmations and monthly statements

Name: Atonia Rawlings

{OPTIONAL} INQUIRY ONLY CONTACT: In addition, the following additional Participant representative (not listed above) is designated as an ***Inquiry Only*** Representative authorized to obtain account information:

Name: _____ Title: _____

Signature: _____ Phone: _____

Email: m

Applicant may designate other authorized representatives by written instrument signed by an existing Applicant Authorized Representative or Applicant's chief executive officer.

The foregoing supersedes and replaces the Government Entity's previous designation of officers, officials or employees of the Government Entity as Authorized Representatives under the Agreement pursuant to paragraph 4 of the Resolution. Except as hereby modified, the Resolution shall remain in full force and effect.

PASSED AND APPROVED this _____ day of _____, 20____.

(NAME OF ENTITY/APPLICANT)

SIGNED BY: _____
(Signature of official)

NEAL FRANKLIN, COUNTY JUDGE
(Printed name and title)

ATTESTED BY: _____
(Signature of official)

KAREN PHILLIPS, COUNTY CLERK
(Printed name and title)

OFFICIAL SEAL OF PARTICIPANT (REQUIRED)



INVESTMENT POLICY

2024

INVESTMENT POLICY

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INVESTMENT POLICY

This investment policy applies to the investment activities of the Government of the County of Smith. This policy serves to satisfy the statutory requirement of Tx. Govt. Code Title 10, Chapter 2256.005(d) (THE PUBLIC FUNDS INVESTMENT ACT) and to adopt a formal investment policy and to amend the original policy that was approved in December, 1995. This policy must be reviewed and adopted by the governing body once a year, even if there are no changes. In the event any portion of this Policy conflicts with state statutes, the Public Funds Investment Act will govern.

PRIMARY OBJECTIVES

Safety

The primary objective of the County's investment activity is the preservation of capital in the overall portfolio. Each investment transaction will seek first to ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.

Liquidity

The County's investment portfolio will remain sufficiently liquid to enable the County to meet operating requirements that might be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets.

Yield

The County's cash management portfolio will be designed with the objective of regularly exceeding the average rate of return on three month U.S. Treasury Bills. The investment program will seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment principles.

Funds held for future capital projects will be invested in securities that reasonably can be expected to produce enough income to offset inflationary construction cost increases. However, such funds will never be unduly exposed to market price risks or default risks that would jeopardize the assets available to accomplish their stated objective, or be invested in a manner inconsistent with applicable federal and state regulations.

RISK OF LOSS

All participants in the investment process will seek to act responsibly as custodians of the public trust. They will avoid any transactions that might impair public confidence in the County's ability to govern effectively.

INVESTMENT STRATEGY

The funds that shall be invested outside of the County depository bank shall be any funds/accounts deemed appropriate by the County Auditor and the County Treasurer.

The Debt Service Fund and Facility Improvement Funds are made up of several sub-funds. Each of these sub-funds, along with the other funds listed, will be invested, by matching the maturity of investments with the liabilities. The investments of these sub-funds will be made with the intention of holding to maturity, but with the ability to liquidate should funds be needed at any time. This strategy is achieved by utilizing highly liquid short term investments with a stated Final maturity of one year or less or in an approved Pool.

RESPONSIBILITY AND CONTROL

Investment Officer

The Treasurer of Smith County shall serve as the Investment Officer for the County. Management responsibility for the investment program is hereby delegated to the Treasurer.

The Investment Officer must attend a training class concerning responsibilities in accordance with the Public Funds Investment Act (Govt. Code, Title 10, Section 2256.008) within twelve (12) months of taking office. Training must be provided within twelve (12) months of the effective date of this act. The Investment Officer is required to have ten (10) hours of training once every two years. Training shall be provided by an independent source approved by the governing body or investment committee.

Investment Committee

In addition to the Treasurer, the Auditor, County Judge and Tax Collector will serve on the Investment Committee and will act as advisors to assist the County Treasurer with implementing this Investment Policy. In addition, two disinterested parties in the financial field may serve on the Committee.

The disinterested parties from the financial field may be appointed by the Commissioner's Court for a term no longer than two years. If any member of the committee is unable to attend a scheduled meeting, that individual may designate an associate to attend in their stead.

CONFLICTS OF INTEREST

The members making up the Investment Advisory Committee involved directly or indirectly in the investment process shall refrain from personal business activity that could conflict with proper execution of the County's investment program or which could impair their ability to make impartial investment decisions. Former members of the Committee shall not be entitled to do business with Smith County for a period of at least one (1) year from the last date served.

MONTHLY REPORTS

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the Treasurer/Auditor will submit monthly, an investment report that summarizes the Investment portfolio. The report will explain the month's total investment return and include an appendix that discloses all transactions during the past month.

ANNUAL REPORTS

In accordance with Texas Government Code, Title 10, Sec. 2256.023, the Treasurer shall present a comprehensive annual report of the investment program and investment activity.

MATURITY OF INVESTMENTS

Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest return of interest. When the county has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The maximum allowable stated maturity of any individual investment owned by the county is two (2) years or less. An investment can be put into an authorized Pool for an unlimited period of time.

PRUDENCE

Investments shall be made with the exercise of due care, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their own capital as well as the probable income to be derived.

INVESTMENTS INSTRUMENTS

Active Portfolio Management

Smith County intends to pursue active versus a passive portfolio management philosophy. That is, securities may be sold before they mature if market conditions present an opportunity for the County to benefit from the trade transactions during the past month. This report will give the market value of each investment at the time of the report. The benchmark used for comparison will be the 90-day Treasury Bill.

ELIGIBLE INVESTMENTS

Bank Investments

Fully collateralized Time Deposits

Fully collateralized Certificates of Deposit
Fully collateralized interest-bearing Checking Accounts
Collateralized Savings Accounts
Money Market Mutual Funds

Direct Investments

Obligations of the United States of America, its agencies and instrumentalities. 1)
Agencies limited to: Federal National Mortgage Association, Fannie Maes; Federal Home Loan Banks, Freddie Macs but not to exceed 30% of the total County portfolio at the time of investment.

Government National Mortgage Association. Ginnie Maes are unlimited.

Obligations of States, agencies thereof, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment quality by a nationally recognized investment rating firm and having received a rating of no less than "A" or its equivalent.

Fully collateralized direct repurchase agreements with a defined termination date secured by obligations described in the first paragraph, with a market value of not less than the amount of the funds disbursed and pledged with a third party other than an agent for the pledgee. Repurchase Agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas.

Investments in the Treasury Direct Account at the Federal Reserve Bank (Dallas).

Investments made through Texas Treasury Safekeeping Trust Company (TEXPOOL), Local Government Investment Cooperative (LOGIC), TEXSTAR, Texas Class, PFM or other Pool approved by the Advisory Committee and Commissioners Court.

Investments made through the Depository by nightly sweeping of certain accounts on deposit with said Depository.

DIVERSIFICATION

In establishing specific diversifications strategies, the following general policies and constraints shall apply:

Portfolio maturities shall be staggered in a way that protects interest income from the volatility of interest rates and that avoids undue concentration or assets in a specific maturity sector. Securities shall be selected which provide for stability of income and reasonable liquidity.

SELECTION OF BANKS AND DEALERS

Bidding Process

Banks shall be selected for Smith County Depository through the County's banking services procurement process which shall include a formal request for proposal issued every two (2) to six (6) years. Referring to V.C.T.A., Texas Local Government Code, Chapter 117 competitive bids are solicited from at least three (3) banks as provided by this section. The bids may be solicited orally. Smith County must attempt to solicit bids initially from banks available for the investments within its boundaries. If there are not three banks available for the investments within the County, the County may solicit bids from any bank within Texas in addition to those banks, if any, that are located within the boundaries of the County.

Insurability

Banks and Savings & Loan Associations seeking to establish eligibility for the County's competitive Certificate of Deposit purchase program, shall submit financial statements, evidence of Federal Insurance, and other information as required by the Treasurer and Auditor.

Primary Dealers & Approved List

For brokers and dealers of government securities, the Advisory Committee shall select only those dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as the "Primary Government Securities Dealers" unless a comprehensive credit and capitalization analysis reveals that other firms are adequately financed to conduct public business. All brokers and dealers must be authorized by the Treasurer, Auditor, County Judge and Commissioners. The Investment Officer will maintain information files on the brokerage firms and the brokers with which Smith County deals. The files will contain financial statements for the firms and NASD reports for the brokers and firms. These files will be updated annually and will include written verification of rating status. A list of approved brokers and firms will be maintained and Commissioners Court will approve changes. Entities doing business with Smith County in the area of investments shall have the registered principle of the firm sign an acknowledgment that they have read and understand the investment policy of Smith County and that they have taken reasonable procedures to preclude any imprudent investments being sold to Smith County.

SAFEKEEPING AGREEMENT

All safekeeping arrangements shall be in accordance with a Safekeeping agreement approved by the Treasurer, Auditor, County Judge and Commissioners which clearly defines the procedural steps for gaining access to the collateral should the County of Smith determine that the County's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of the County of Smith, the firm pledging the collateral, and the Trustee.

PLEDGED COLLATERAL DEFINED

The County of Smith shall accept only the following securities as collateral:

FDIC insurance coverage

United States Treasuries, Agencies, and Instrumentalities

Federal Home Loan Bank Letters of Credit

Ginnie Mae Securities

Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States of America.

Obligations of State of Texas, agencies thereof, counties, cities, and other political subdivisions of the State of Texas having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of no less than "A" or its equivalent with a remaining maturity of ten (10) years or less.

Other securities as approved by the Treasurer, Auditor, County Judge and Commissioners.

DELIVERY VERSUS PAYMENT

Treasury Bills, Notes, Bonds and Government Agencies' securities shall be purchased using the delivery vs. payment method. That is, funds shall not be wired or paid until verification has been made that the correct security was received by the Trustee. The security shall be held in the name of the County or held on behalf of the County's or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the County Treasurer.

INVESTMENT POLICY REVIEW AND AMENDMENT

Review Procedures

The Smith County Commissioners Court shall review its investment policy and investment strategies not less than annually.

Changes To Investment Strategy or Investment Policy

The County Treasurer and the Investment Advisory Committee must review investments not less than yearly. The Smith County Investment Policy must be reviewed annually. Recommended changes to investment strategy and/or The Investment Policy must be presented to Commissioners Court.

MANAGEMENT AND INTERNAL CONTROLS

The Treasurer, Auditor, County Judge and Commissioners shall establish a system of internal controls which shall be reviewed by an independent auditor in accordance with Government Code, Chapter 2256 - Public Funds Investment Act. The annual compliance audit shall be performed to test the management controls and adherence to the investment policy. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees.

Control of collusion,

Separation of duties,

Separation of transaction authority from accounting and record keeping,

Custodian safekeeping receipts records management,

Avoidance of bearer-form securities,

Clear delegation of authority,

Documentation of investment bidding events,

Written confirmation of telephone transactions,

Reconcilements and comparisons of security receipts with the investment subsidiary records,

Compliance with investment policies,

Accurate and timely reports,

Validation of investment maturity decisions with supporting cash flow data,

Adequate training and development of the persons responsible for investments,

Verification of all interest income and security purchase and sell computations,

Review of financial condition of all brokers, dealers, and depository institutions,

Staying informed about market conditions, changes, and trends that require adjustments in investment strategies,

EXHIBIT B
CERTIFICATION FORM

CERTIFICATION

I hereby certify that I have personally read and understand the investment policies of Smith County, and have implemented reasonable procedures and controls designed to fulfill those objectives and conditions. Transactions between this firm/banking institution and Smith County will be directed towards precluding imprudent investment activities and protecting the County from credit risk.

All the personnel of this firm/banking institution dealing with Smith County's account have been informed and will be routinely informed of the County's investment horizons, limitations, strategy and risk constraints, whenever we are so informed.

This firm/banking institution pledges due diligence in informing the County of foreseeable risks associated with financial transactions connected to this entity.

Firm/Bank

(Primary Representative)

Name

Title

Registration or Dealer Number

Signature of Primary Representative

Date

EXHIBIT C

APPROVING ORDER

ORDER APPROVING SMITH COUNTY
INVESTMENT POLICY AND PROCEDURES

Upon motion of Commissioner John Moore, seconded by
Commissioner Pam Frederick, and unanimously adopted, the
following policies and procedures be and the same are hereby approved, received and ordered
filed.

ORDERED this 4 day of June, 2024.



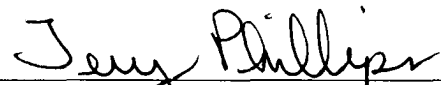
Neal Franklin, Smith County Judge




Commissioner Pam Frederick, Pct. # 1



Commissioner John Moore Pct. # 2



Commissioner Terry Phillips, Pct. # 3



Commissioner Ralph Caraway, Pct. # 4

Attest:

Karen Phillips, Smith County Clerk

By: 

~~Deputy~~ County Clerk

EXHIBIT D
SECURITIES DEALERS
LIST

SECURITIES DEALERS LIST
SMITH COUNTY

<p>TEXPOOL C/O Federated Investors 1001 Texas Avenue Houston, Texas 77002 (866) 839-7665 – Jerry Landrum</p> <p>LOGIC (Local Government Investment Cooperative) 325 N. St Paul St Dallas, Texas 75201 (800) 893-7827 Mica Owens</p>	<p>TEXSTAR (Texas Short Term Asset Reserve Fund) 325 N. St. Paul St. Dallas, TX 75201 (800) 839-7827 – Mica Owens</p> <p>Texas Term C/O PFM Asset Management 221 W. 6th Street, Suite 1900 Austin, TX 78701 (512) 472-7194 – Barry Baughier</p> <p>Texas CLASS C/O Cutwater Asset Management 815 – A Brazos Street, #345 Austin, TX 78701 (800) 707-62742 – Danny King</p>
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EXHIBIT E

SECURITY BROKER DEALER QUESTIONNAIRE

SECURITY BROKER/DEALER QUESTIONNAIRE

- 1) Name of firm _____
- 2) Primary Representative _____ Account Executive _____
- Name _____ Name _____
- Title _____ Title _____
- Tele. _____ Tele. _____
- 3) Does your firm have primary dealer status? ☐ yes ☐ no
- 4) Is your firm registered with the Texas Securities Commission? ☐ yes ☐ no
Is your firm NASD certified? ☐ yes ☐ no
Please provide a photocopy of your certificate.
- 5) Does your firm conform to the Uniform Net Capital Rule, Rule 15c3-1?
☐ yes ☐ no
- 6) What was your firm's total volume in US treasuries/agencies last year? (Not necessary to complete if primary dealer)
- | | | | |
|--------------|----------|----------------|-------|
| Firm wide | \$ _____ | # Transactions | _____ |
| Local Office | \$ _____ | # Transactions | _____ |
- 7) Which instruments are traded regularly by the local desk?
- | | |
|--|--------------------------------|
| <input type="checkbox"/> Treasuries | <input type="checkbox"/> Other |
| <input type="checkbox"/> Agencies | _____ |
| <input type="checkbox"/> Mortgage Backed | _____ |
- 8) Please identify your most directly comparable public sector clients.
- | | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
- 9) Has your firm, or a primary partner/owner, ever been subject to a regulatory or state/federal agency investigation for alleged improper, fraudulent, disreputable, or unfair activities related to the sale of securities? ☐ yes ☐ no
- If yes, please explain fully on a separate sheet.
- 10) Please submit your trading authorization form, if available.
- 11) Does your firm agree to comply with the Federal Reserves capital adequacy requirements on a continuous basis? ☐ yes ☐ no
- 12) What is your firm's investment rating?

APPENDIX A

GOVERNMENT CODE TITLE 10. CHAPTER 2256
PUBLIC FUNDS INVESTMENT ACT

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision,

authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

- (1) a public retirement system as defined by Section 802.001;
- (2) state funds invested as authorized by Section 404.024;
- (3) an institution of higher education having total endowments of at least \$95 million in book value on May 1, 1995;

(4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;

(5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or

(6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

(1) be written;

(2) primarily emphasize safety of principal and liquidity;

(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds; and

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

- (1) orally;
- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

- (1) understanding of the suitability of the investment to the financial requirements of the entity;
- (2) preservation and safety of principal;
- (3) liquidity;
- (4) marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of

the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the

governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. For purposes of this subsection, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity;
and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a person who has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment

of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal;
- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS. (a) Except as provided by Subsections (b) and (e), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) except as provided by Subsections (b) and (e), attend an investment training session not less than once in a two-year period and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the

individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and

(6) bonds issued, assumed, or guaranteed by the State of Israel.

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;

(4) the depository institution selected by the investing entity under Subdivision (1) acts as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity; and

(5) at the same time that the funds are deposited and the certificates of deposit are issued for the account of the investing entity, the depository institution selected by the investing entity under Subdivision (1) receives an amount of deposits from customers of other federally insured depository institutions, wherever located, that is equal to or greater than the amount of the funds invested by the investing entity through the depository institution selected under Subdivision (1).

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 128, Sec. 1, eff. September 1, 2005.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

- (1) has a defined termination date;
- (2) is secured by obligations described by Section 2256.009(a)(1); and
- (3) requires the securities being purchased by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and
- (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the

funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM.

(a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section 2256.009;

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies; or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS. (a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);

(3) has a dollar-weighted average stated maturity of 90 days or fewer; and

(4) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years;

(3) is invested exclusively in obligations approved by this subchapter;

(4) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

(5) conforms to the requirements set forth in Sections 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

(c) An entity is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

- (1) the types of investments in which money is allowed to be invested;
- (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
- (3) the maximum stated maturity date any investment security within the portfolio has;
- (4) the objectives of the pool;
- (5) the size of the pool;
- (6) the names of the members of the advisory board of the pool and the dates their terms expire;
- (7) the custodian bank that will safekeep the pool's assets;
- (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
- (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
- (10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to

function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.

Sec. 2256.017. EXISTING INVESTMENTS. An entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7, Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371, Sec. 1, eff. September 1, 2009.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the

public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121, Sec. 1, eff. September 1, 2005.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) additions and changes to the market value during the period;

(C) ending market value for the period; and

(D) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b), this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter 392, Local Government Code; or

(3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

7

SMITH COUNTY COMMISSIONERS COURT AGENDA ITEM REQUEST FORM

Submission Date: 8/15/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Elections
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Interlocal Agreement with Wood County - Surplus Property	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to approve an interlocal agreement between Smith County and Wood County for the sale of surplus property (supply bags) and authorize the county judge to sign all related documentation.	
Background: Wood County is in need to the supply bags that are no longer needed by Smith County Elections. Smith County current has 28 bags it can no longer use. Similar bags are being sold for a price of \$210-250 per bag, not including shipping and handling. This interlocal Agreement would allow Smith County to sale the bags to Wood County for use by Wood County Elections at a cost of \$150 per bag, totaling \$4,200.00.	
Financial and Operational Impact:	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name: T Wilson	Email: twilson@smith-county.com
Name: M Allcon	Email: mallcon@smith-county.com
Name: j Bell	Email: jbell2@smith-county.com
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____

STATE OF TEXAS §

SMITH COUNTY §

**INTERLOCAL AGREEMENT
SALE OF SURPLUS PROPERTY
BETWEEN
SMITH COUNTY, TEXAS
AND
WOOD COUNTY, TEXAS**

This Agreement is entered into by and between Smith County, Texas (hereinafter “SMITH”), a political subdivision of the State of Texas, with the authorization of its governing body, and Wood County, Texas (hereinafter “WOOD”), a political subdivision of the State of Texas, with the authorization of its governing body.

WITNESSETH

WHEREAS, the parties hereto are authorized to enter into this Interlocal Agreement pursuant to Section 791 of the Texas Government Code, also known as the Interlocal Cooperation Act,

WHEREAS, Smith County Elections is in possession equipment bags that are not salvage property, not currently needed by SMITH, will not be needed by SMITH for the foreseeable future, and that still retain a useful purpose for their original intent, and

WHEREAS, SMITH pursuant to Texas Local Government Code, § 263.152(1) desires to sale said property to WOOD subject to the foregoing terms and conditions, and

WHEREAS, SMITH and WOOD agree that entering into this agreement serves a public

purpose and is in the best interest of the public.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Sale of Goods: SMITH agrees to sale, as is, the following items listed and described in Exhibit A to WOOD.
2. Consideration: WOOD agrees to purchase the items described in Exhibit A, for a total amount of \$4,200.00.
3. Payment Terms: Pursuant to the Texas Prompt Payment Act, Texas Government Code, Chapter 2251, and utilizing this agreement as the invoice, WOOD shall make payment for the goods within 30 day after taking possession of the goods. Payment by check must be made payable to SMITH COUNTY, with delivery to Smith County Elections, 304 E. Ferguson St., Tyler, TX 75702, unless otherwise mutually agreed upon by the parties.
4. Delivery: WOOD agrees, at its own expense, to arrange for the transfer of the equipment bags at a mutually agreed upon date and location.
5. Entire Agreement: The Parties agree that this Agreement constitutes the sole and only Agreement of the Parties hereto respecting the subject matter covered by this Agreement and supersedes any prior understandings or written or oral agreements between the parties. No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing and dated subsequent to the date hereof and duly executed by the parties hereto.

IN WITNESS WHEREOF, SMITH and WOOD have caused this agreement to be duly executed this the ____ day of _____, 2025.

FOR WOOD COUNTY:

Wood County Judge

FOR SMITH COUNTY:

Neal Franklin
Smith County Judge

Approved:

Thomas Wilson
Assistant District Attorney

ATTEST:

Karen Phillips
Smith County Clerk

Exhibit A
(Itemized List and Description)

8

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/6/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: County Clerk
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: Comm Court Minutes - July 2025	
Agenda Category: <input type="radio"/> Briefing Session <input checked="" type="radio"/> Recurring Business <input type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take the necessary action to approve the Commissioners Court minutes for July 2025.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Tuesday at 5:00pm a week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____



THE FOREGOING COMMISSIONERS COURT MINUTES
FOR THE MONTH OF JULY 2025 A.D. ACCEPTED THE
19TH DAY OF AUGUST 2025 A.D.

Neal Franklin
County Judge

Christina Drewry
Commissioner, Precinct 1

John Moore
Commissioner, Precinct 2

J Scott Herod
Commissioner, Precinct 3

Ralph Caraway, Sr.
Commissioner, Precinct 4



25-25
**COMMISSIONERS COURT
MINUTES
July 1, 2025**

On Tuesday, July 1, 2025, the Honorable Commissioners Court of Smith County, Texas, met in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Present
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

**IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES
AND THE STATE OF TEXAS**

Commissioner John Moore

V. PUBLIC COMMENT

OPEN SESSION: 9:30 AM

COURT ORDERS

COMMISSIONERS COURT

1. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner John Moore – Precinct 2 to approve the reappointment of Judge Neal Franklin to the Smith County Tax Abatement Committee for a two-year term from October 1, 2024, to September 30, 2026, and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (1-County Judge Neal Franklin); Absent: (None).

2. Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner Christina Drewry – Precinct 1 to approve the reappointment of Commissioner Ralph Caraway, Sr. to the City of Tyler Reinvestment Zone #1 TIF Board for a two-year term from January 1, 2025, to January 1, 2027, and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (1-Commissioner Ralph Caraway, Sr. -Precinct 4); Absent: (None).

SHERIFF'S OFFICE

3. Motion made by Commissioner Christina Drewry – Precinct 1 and seconded by Commissioner J Scott Herod – Precinct 3 to approve a Memorandum of Understanding between Health Plan Freedom, Inc. ("HPF") and Smith County for administration of a Pre-Trial Inmate Insurance Program and authorize the county judge to sign all related documentation.

Passed 5-0; Abstain: (None); Absent: (None).

RECURRING BUSINESS

ROAD AND BRIDGE

4. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to authorize the county judge to sign the Final Plat for Timber Ridge At 271, Precinct 3.

Passed 5-0; Abstain: (None); Absent: (None).

5. Receive pipe and/or utility line installation request (notice only):

- a. County Road 2335, CenterPoint Energy, install line for service, Precinct 2,
- b. County Road 376, CenterPoint Energy, install line for service, Precinct 4; and
- c. County Road 378,380,384,3135,3144,3149,3175, Metronet, install fiber optic cable, Precinct 3.

No Action Necessary.

AUDITOR'S OFFICE

6. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner John Moore – Precinct 2 to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.

Passed 5-0; Abstain: (None); Absent: (None).

SHERIFF'S OFFICE

7. Receive report on status of Smith County jail operations, inmate population, employee overtime, and employee vacancies.

No Action Necessary.

Commissioners Court recessed Open Session at 9:41AM and went into Executive Session.

EXECUTIVE SESSION: For purposes permitted by Texas Government Code, Chapter 551, entitled Open Meetings, Sections 551.071, 551.072, 551.073, 551.074, 551.0745, 551.075, and 551.076. The Commissioners Court reserves the right to exercise its discretion and may convene in executive session as authorized by the Texas Government Code, Section 551.071, et seq., on any of the items listed on its formal or briefing agendas.

551.072 – DELIBERATION REGARDING REAL PROPERTY

8. Deliberation and consultation regarding the exchange, lease, or value of real property located in Smith County and the downtown area.

Commissioners Court closed Executive Session at 10:11AM and reconvened Open Session.

ADJOURN: 10:11AM


Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: 
County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 1, 2025.


KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25
Date





26-25
**COMMISSIONERS COURT
MINUTES
July 8, 2025**

On Tuesday, July 8, 2025, the Honorable Commissioners Court of Smith County, Texas, met in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Present
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

**IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES
AND THE STATE OF TEXAS**

Commissioner J Scott Herod - Precinct 3

V. PUBLIC COMMENT

Delila Reynoso #10

OPEN SESSION: 9:30 AM

PRESENTATIONS

1. Receive Public Service Agency Presentations for FY 2026 Funding.
 , No Action Necessary.

COURT ORDERS

ROAD AND BRIDGE

2. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to accept Change Order No. 3 in the amount of \$6,634.00, to the construction contract with SCI Construction for the Road & Bridge Fuel Facility and authorize the county judge to sign all related documentation.
Passed 5-0; Abstain: (None); Absent: (None).

SHERIFF'S OFFICE

3. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner John Moore – Precinct 2 to approve the renewal of Salvage and Junk Yard Licenses for the year 2025-2026 for the following:
 - a. K & L Recycling LLC,
 - b. AESOP AutoParts- Southwest DBA RCS,
 - c. DG Auto Salvage,
 - d. Auto Parts Warehouse, and
 - e. Locos Gringos Pick 'N Pull LLC.*Passed 5-0; Abstain: (None); Absent: (None).*

FCIC

4. Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner J Scott Herod – Precinct 3 to approve updated lease agreements between Smith County and Commercial Vehicle Leasing, L.L.C., d/b/a D&M Leasing for two Financial Crimes Intelligence Center (FCIC) vehicles and authorize the county judge to sign all related documentation.
Passed 5-0; Abstain: (None); Absent: (None).

RECURRING BUSINESS

COMMISSIONERS COURT

5. Receive monthly reports from Smith County departments.
No Action Necessary.

ROAD AND BRIDGE

6. Receive pipe and/or utility line installation request (notice only):
 - a. County Road 2169, Reklaw Natural Gas, install gas line for service, Precinct 2,
 - b. County Road 334,344, Conterra Ultra Broadband LLC, road bore for installation of fiber optic cable, precinct 3, and
 - c. County Road 4118, Lindale Rural Water Supply Company, install water line for service, Precinct 3.*No Action Necessary.*

AUDITOR'S OFFICE

7. Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.
Passed 5-0; Abstain: (None); Absent: (None).

Commissioners Court recessed Open Session at 11:15AM and went into Executive Session.

EXECUTIVE SESSION: For purposes permitted by Texas Government Code, Chapter 551, entitled Open Meetings, Sections 551.071, 551.072, 551.073, 551.074, 551.0745, 551.075, and 551.076. The Commissioners Court reserves the right to exercise its discretion and may convene in executive session as authorized by the Texas Government Code, Section 551.071, et seq., on any of the items listed on its formal or briefing agendas.

551.071 – CONSULTATION WITH ATTORNEY

551.072 – DELIBERATION REGARDING REAL PROPERTY

8. Deliberation and consultation with attorney regarding Hughes et al v. Smith County, Cause No. 6:23-CV-0034.
9. Deliberation and consultation regarding the exchange, lease, or value of real property located in Smith County and the downtown area.

Commissioners Court closed Executive Session at 12:23PM and reconvened Open Session.

OPEN SESSION: 12:23PM

10. Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve a settlement agreement in Hughes et al v. Smith County, Cause No. 6:23-CV-0034, and authorize the county judge to sign all related documentation.

Passed 5-0; Abstain: (None); Absent: (None).

ADJOURN: 12:28PM

Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: _____

Neal Franklin

County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 8, 2025.

Karen Phillips
by Dawn Delasalle

KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25

Date





27-25
**COMMISSIONERS COURT MINUTES
SPECIAL CALLED JOINT MEETING
July 8, 2025**

On Tuesday, July 8, 2025, the Honorable Commissioners Court of Smith County, Texas, and Tyler City Council met for a special-called joint meeting in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Present
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

City of Tyler Mayor Donald Warren called the meeting to order with members present:

City Mayor: Donald Warren	Presiding
Councilman: District 1 Stuart Hene	Present
Councilwoman: District 2 Petra Hawkins	Present
Councilman: District 3 Shonda Marsh	Present
Councilman: District 4 James Wynne	Present
Councilman: District 5 Lloyd Nichols	Present
Councilman: District 6 Brad Curtis	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

**IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES
AND THE STATE OF TEXAS**

Commissioner Ralph Caraway, Sr – Precinct 4

V. PUBLIC COMMENT

Thomas Fabry #1

OPEN SESSION: 2:00PM

PRESENTATIONS

1. Request that the Tyler City Council and Smith County Commissioners Court jointly receive a presentation from Fitzpatrick Architects, Halff, and City of Tyler staff on the Downtown Infrastructure Improvement Project for Downtown Tyler, Texas.
No Action Necessary.

COURT ORDERS

2. Request that both the Tyler City Council and the Smith County Commissioners Court each consider possible action and vote to accept the Downtown Tyler Public Square Lease agreement between the City of Tyler and Smith County.

Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4
Passed 5-0; Abstain: (None); Absent: (None).

Motion made by Councilman Stuart Hene – District 1 and seconded by Councilman Lloyd Nichols – District 5
Passed 7-0; Abstain: (None); Absent: (None).

3. Request that both the Tyler City Council and the Smith County Commissioners Court each consider possible action and vote to accept the Downtown Tyler Public Square Use Agreement between the City of Tyler and Smith County.

Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner J Scott Herod – Precinct 3
Passed 5-0; Abstain: (None); Absent: (None).

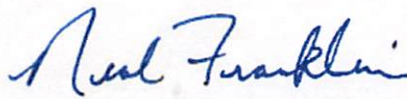
Motion made by Councilman Stuart Hene – District 1 and seconded by Councilman James Wynne – District 4
Passed 7-0; Abstain: (None); Absent: (None).

4. Motion made by Councilman Lloyd Nichols – District 5 and seconded by Councilman Stuart Hene – District 1 to authorize the City Manager to execute a Capital Improvements Project contract with The Fain Group for the construction of the Downtown Tyler Infrastructure Improvement Project in the amount of \$25,616,485.00.
Passed 7-0; Abstain: (None); Absent: (None).

ADJOURN: 2:50PM

Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: 
County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 8, 2025.

Karen Phillips
by Dawn Colclasure
KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25
Date





28-25
**COMMISSIONERS COURT
MINUTES
July 15, 2025**

On Tuesday, July 15, 2025, the Honorable Commissioners Court of Smith County, Texas, met in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Present
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

**IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES
AND THE STATE OF TEXAS**

County Judge Neal Franklin

V. PUBLIC COMMENT

OPEN SESSION: 9:30 AM

RESOLUTION

1. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner J Scott Herod – Precinct 3 to adopt a resolution proclaiming June 17, 2025, as "Senior Bishop Lawrence L. Reddick III Day" in Smith County.
Passed 5-0; Abstain: (None); Absent: (None).

PRESENTATION

2. Receive presentation from the Road and Bridge Department regarding the Smith County Road Bond Program.
No Action Necessary.

COURT ORDERS

COMMISSIONERS COURT

3. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner John Moore – Precinct 2 to approve the proposed Fiscal Year 2025-2026 District Operating Budget of the Smith County 9-1-1 Emergency Communications District and authorize the county judge to sign all related documentation.
Passed 5-0; Abstain: (None); Absent: (None).
4. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner John Moore – Precinct 2 to adopt a resolution supporting the efforts of Visit Tyler to bid and have the 2027 North and East Texas County Commissioners Association Annual Conference in Tyler.
Passed 5-0; Abstain: (None); Absent: (None).

TAX OFFICE

5. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Christina Drewry – Precinct 1 to approve tax refunds in excess of \$2,500, pursuant to Texas Tax Code 31.11, and authorize the county judge to sign all related documentation.
Passed 5-0; Abstain: (None); Absent: (None).

RECURRING BUSINESS

COUNTY CLERK

6. Motion made by Commissioner John Moore – Precinct 2 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve the Commissioners Court minutes for June 2025.
Passed 5-0; Abstain: (None); Absent: (None).
7. Receive Commissioners Court recordings for June 2025.
No Action Necessary.

ROAD AND BRIDGE

8. Motion made by Commissioner Christina Drewry – Precinct 1 and seconded by Commissioner John Moore – Precinct 2 to authorize the county judge to sign the:
 - a. Final Plat for Lakeview Grove, Lots 1 and 2, Precinct 1,
 - b. Final Plat for the Landrum Subdivision, Precinct 2, and
 - c. Re-Plat for Red Rock Estates, Lot 7, Precinct 1.*Passed 5-0; Abstain: (None); Absent: (None).*
9. Receive pipe and/or utility line installation request (notice only):
 - a. County Road 389, Cherokee County Electric, install line for service, Precinct 3, and
 - b. County Road 2115, Charter-Spectrum, install underground conduit, new power supply and new pole, Precinct 2.*No Action Necessary.*

AUDITOR'S OFFICE

10. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.
Passed 5-0; Abstain: (None); Absent: (None).

ADJOURN: 10:32AM

Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: _____

Neal Franklin

County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 15, 2025.

Karen Phillips
by Dawn Caldwell

KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25

Date





29-25
COMMISSIONERS COURT
MINUTES
July 22, 2025

On Tuesday, July 22, 2025, the Honorable Commissioners Court of Smith County, Texas, met in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Absent
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES AND THE STATE OF TEXAS

Pastor Sam DeVille

V. PUBLIC COMMENT

OPEN SESSION: 9:30 AM

COURT ORDERS

COMMISSIONERS COURT

1. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner Christina Drewry – Precinct 1 to approve a bond for appointed Smith County Treasurer Atonia Rawlings, effective August 1, 2025, through December 31, 2026, and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

2. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner J Scott Herod – Precinct 3 to approve a two-year bond for the Smith County Assistant Treasurer Dylan Simmons, beginning August 1, 2025, and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

TAX OFFICE

3. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Christina Drewry – Precinct 1 to approve the proposed Automated Clearing House (ACH) Processing Services agreement with Accelerated Card Company LLC., DBA Certified Payments and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

INFORMATION TECHNOLOGY

4. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve an interlocal agreement between Smith County 9-1-1 Emergency Services District and Smith County for Geographic Information System (GIS) Consortium Services for a total annual cost of \$35,000 and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

5. Motion made by Commissioner Christina Drewry – Precinct 1 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve a contract with Civic Plus for Social Media Archiving utilizing the General Services Administration (GSA) contract #GS-35F-0124U, with an initial cost of \$10,998 for Year 1 and \$9,998 for all following years and authorize the county judge to sign all related documentation.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

6. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Christina Drewry – Precinct 1 to approve a contract with Civic Plus for a Chatbot Website Subscription utilizing the General Services Administration (GSA) contract #GS-35F-0124U for an initial prorated cost of \$3,250.79 with a recurring annual cost of \$9,950 and authorize the county judge to sign all related paperwork.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

7. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner J Scott Herod – Precinct 3 to approve a contract with Johnson Control for a Building Automation System Upgrade through the Sourcewell Cooperative Contract #080824 JHN for a total cost of \$36,720 and authorize the county judge to sign all related paperwork.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

8. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve a contract with Johnson Control for a Building Automation System Maintenance Support Contract through the Sourcewell Cooperative Contract #080824 JHN for a recurring annual cost of \$26,630 and authorize the county judge to sign all related paperwork.

Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).

9. Motion made by Commissioner Christina Drewry – Precinct 1 and seconded by Commissioner J Scott Herod – Precinct 3 to approve an agreement between Smith County and CSC Holdings, LLC on behalf of Cequel Communications, LLC DBA Optimum/Optimum Business, formerly known as Suddenlink Communications, for a monthly cost of \$350 and authorize the county judge to sign all related documentation. *Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).*

SHERIFF'S OFFICE

10. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner J Scott Herod – Precinct 3 to approve an agreement between Smith County and Tech Friends for services at Smith County Jail facilities and authorize the county judge to sign all necessary documentation. *Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).*

RECURRING BUSINESS

ROAD AND BRIDGE

11. Receive pipe and/or utility line installation request (notice only):
- a. County Road 46, CenterPoint Energy, install service line, Precinct 4,
 - b. County Road 313 E, Leidos, install service line, Precinct 3,
 - c. County Road 47, Kaufman Development & Construction, LLC, install water line, Precinct 4,
 - d. County Road 178, Benchmark Design Group, install sewer main and water line, Precinct 1; and
 - e. County Road 178, Benchmark Design Group, install storm pipe, headwall and metal beam guard fence, Precinct 1.
- No Action Necessary.*

AUDITOR'S OFFICE

12. Receive monthly Auditor report and Executive Summary for June 2025. *No Action Necessary.*
13. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims. *Passed 4-0; Abstain: (None); Absent: (1- Commissioner John Moore Precinct 2).*

ADJOURN: 10:04AM

Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: _____



County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 22, 2025.

Karen Phillips
by Dawn Colclasure

KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25
Date





30-25
**COMMISSIONERS COURT
MINUTES
July 29, 2025**

On Tuesday, July 29, 2025, the Honorable Commissioners Court of Smith County, Texas, met in the Smith County Commissioners Courtroom at the Smith County Courthouse Annex, 200 East Ferguson, in the City of Tyler, Texas.

I. CALL TO ORDER: 9:30 a.m.

County Judge Neal Franklin called the meeting to order with members present:

County Judge: Neal Franklin	Presiding
Commissioner: Precinct 1 Christina Drewry	Present
Commissioner: Precinct 2 John Moore	Present
Commissioner: Precinct 3 J Scott Herod	Present
Commissioner: Precinct 4 Ralph Caraway, Sr.	Present

II. DECLARE A QUORUM PRESENT

III. DECLARE LEGAL NOTICES POSTED AND COURT DULY CALLED

**IV. INVOCATION, PLEDGE OF ALLEGIANCE TO THE UNITED STATES
AND THE STATE OF TEXAS**

Pastor Charles Hill of Mt. Carmel Baptist Church

V. PUBLIC COMMENT

Jessica Saxton #8, Tanawah Downing #8

OPEN SESSION: 9:30 AM

PRESENTATIONS

1. Presentation of employee recognition, longevity certificates, and service pins.
No Action Necessary.
2. Receive update from Specialized Public Finance, Inc. on the financing plan for the issuance of bonds.
No Action Necessary.

COURT ORDERS

ROAD AND BRIDGE

3. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Christina Drewry – Precinct 1 to approve the Advance Funding Agreement and a Resolution requesting participation in the Texas Department of Transportation Waiver of Local Match Fund Participation Requirement on Federal Off-System Bridge Program, for the in-kind equivalent for the scheduled replacement of the bridge located at CR 363 at Simpson Creek and authorize the county judge to sign all related documentation.

Passed 5-0; Abstain: (None); Absent: (None).

4. Discuss ongoing utility installations in the county rights of way.

No Action Necessary.

FCIC

5. Motion made by Commissioner Christina Drewry – Precinct 1 and seconded by Commissioner J Scott Herod – Precinct 3 to approve an amendment to the lease agreement with Commercial Vehicle Leasing, L.L.C d/b/a D&M Commercial Leasing for a 2025 Chevrolet Tahoe in the amount of \$6,020.15 and authorized the county judge to sign all related documentation.

Passed 5-0; Abstain: (None); Absent: (None).

RECURRING BUSINESS

ROAD AND BRIDGE

6. Motion made by Commissioner J Scott Herod – Precinct 3 and seconded by Commissioner Ralph Caraway, Sr. – Precinct 4 to authorize the county judge to sign the Final Plat for the Whiddon Addition, Precinct 3.

Passed 5-0; Abstain: (None); Absent: (None).

AUDITOR'S OFFICE

7. Motion made by Commissioner Ralph Caraway, Sr. – Precinct 4 and seconded by Commissioner John Moore – Precinct 2 to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.

Passed 5-0; Abstain: (None); Absent: (None).

FY2026 BUDGET WORKSHOP

8. Consider and discuss FY2026 recommended Budget.

No Action Necessary.

ADJOURN: 11:50AM


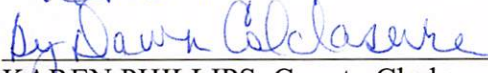
Meeting adjourned by County Judge Neal Franklin.

Date: 8/14/2025

Approved: 
County Judge Neal Franklin

The State of Texas §
County of Smith §

I, Karen Phillips, Smith County Clerk attest that the foregoing is a true and accurate accounting of the Commissioners Court's authorized proceedings for July 29, 2025.



KAREN PHILLIPS, County Clerk
Clerk of Commissioners Court
Smith County, Texas

8/15/25
Date



9

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/6/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: County Clerk
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: Comm Court Recordings - July 2025	
Agenda Category: <input type="radio"/> Briefing Session <input checked="" type="radio"/> Recurring Business <input type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Receive Commissioners Court recordings for July 2025.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Tuesday at 5:00pm a week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____

10

SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 08/12/2025	Submitted by: KAREN NELSON
Meeting Date: 08/19/2025	Department: ROAD & BRIDGE
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: UTILITY PERMIT	
Agenda Category: <input checked="" type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Receive pipe and/or utility line installation request (notice only): a. County Road 135, CenterPoint Energy, install gas line for service, Precinct 1, b. County Roads 261, 2110, 2113, 2115, 2116, 2342, 2166, 4621, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2, c. County Roads 2112, 2153, 2160, 2163, 2300, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2; and d. County Roads 2180, 2181, 2177, 2178, 2179, 2303, 2138, 2184, 3802, Charter-Spectrum, install underground and aerial fiber optic cable with vaults and pedestals, Precinct 2	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____



APPLICATION FOR PERMIT FOR THE INSTALLATION
PIPE AND/OR UTILITY LINES WITHIN A COUNTY MAINTAINED
RIGHT OF WAY OR EASEMENT

Smith County Road & Bridge Department

P.O.Box 990

Tyler, Texas 75710

1. Applicant: Andrea Pickens Date: 4/15/2025
Company Name (if different): CenterPoint Energy Phone: 713-207-4246
Address: 1111 Louisiana St, Ste 1060 Fax: _____
Houston Texas Zip: 77002
24/7 Contact Name: Zain Seed Phone: _____
Contractor: _____ Phone: _____
Bonding Company: _____ Phone: _____
2. Franchise Holder: _____ Phone: _____
3. Franchise Contact: _____ Phone: _____
4. Location (if applicable, length of installation in feet): 10274 CR 135
Propose to install 100' of 1" IP Pla Svc gas see drawing
5. Type of work, location, and description of the proposed line and appurtenances is shown by 3
copies of drawings attached to this application. The line will be constructed and maintained on the
County right-of-way as directed by the Road Administrator/Engineer in accordance with SMITH
COUNTY specifications.
6. Describe all traffic controls or warning devices anticipated for this project: _____

7. Proposed start date: 5/13/2025 Completion date: 8/13/2025

It is expressly understood that the SMITH COUNTY Commissioners Court does not purport, hereby, to grant and right, claim, title, or easement in or upon this county road; and it is further understood that in the future should for any reason SMITH COUNTY should need to work, improve, relocate, widen, increase, add to or in any manner change the structure of this right-of-way, this line, if affected, will be moved under the direction of the SMITH COUNTY Road Administrator/Engineer and shall be relocated at the complete expense of the owner.

All work on the county right-of-way shall be performed in accordance with the Road Administrator/Engineer's instructions. The installation shall not damage any part of the road way.

Specific instructions and conditions are as follows:

1. All underground lines are to be installed a minimum of 36 inches below flow line of the adjacent drainage or borrow ditch.
2. All buried lines carrying an electrical current, or electronic or optical signal shall have yellow plastic tape at least two inches in width, buried a minimum of twelve inches above such lines.
3. Lines crossing under surfaced roads and under surfaced cross roads with in the right-of-way shall be placed by boring. Boring shall extend from crown line to crown line.
4. All lines under roads carrying pressure in excess of 50psi shall be enclosed in satisfactory casing extending from right-of-way line to right-of-way line. Pipe used for casing may be any type approved by the Road Administrator and shall be capable of supporting the roadbed and traffic loads and shall be constructed such that there is no leakage through the casing, carrier pipe, joints or couplings. (Lines installed 48 inches or greater below flow line encasement is not required.)

25.001

5. No lines are to be installed under or within 50 ft. of either end of a bridge. No lines shall be placed in a culvert or within 10 ft. of the closest point of same.
6. Parallel lines will be installed as near the right-of-way as is possible and no parallel line will be installed in the roadbed or between the drainage ditch and roadbed without special permission of the Road Administrator/Engineer.
7. Overhead lines will have a minimum clearance of 18 ft. above the road surface at point of crossing.
8. The cost of any repairs to road surface, roadbed, structures or other right-of-way features as a result of this installation will be borne by the owner of this line.
9. At least one half of the traveled portion of the road must be open to traffic at all times.
10. This permit is permissive, is subject to the public right of travel on and access to the right-of-way, and may not be assigned.
11. The applicant shall secure all other necessary or required permits, licenses, or approvals before starting work.
12. Signs and traffic controls shall comply with the current edition of the Manual on Uniform Traffic Control Devices, as approved by the Texas Department of Transportation.
13. All work shall conform to the design standards and specifications of the County.
14. Restoration of the right-of-way is required and shall be completed within 30 days of the completed work within the right-of-way.
15. Right-of-Way surfaces shall be cleaned before the end of each day's work. All catch basins, culverts or other improvements affected by any deposits of dirt, mud, rock, debris, or other material shall be cleaned daily or as specified by the County.
16. The applicant shall provide proof of Insurance.
17. The applicant shall be responsible for all utility locates.
18. All residents or businesses affected by any scheduled maintenance causing road closure, or interruption of any utility service shall be notified forty-eight (48) hours prior to any work. Emergency situations are exempt.
19. Petrochemical or other hydrocarbon pipelines: Does this pipeline fall under the Texas Rail Road Commission (flowlines). Yes_____ No__x_____

20. Final Inspection: All permits must have a final inspection once work is complete. Please call (903)590-4801 to schedule a final inspection.

Indemnification: By accepting this permit, the Applicant shall assume all risks and hazards incidental to its use of County right-of-way under this permit and hold harmless the County of SMITH, its officers, employees and agents from any claim arising out of applicants' performance under this permit.

Applicants Signature: Andrea Pickens Date: 6/26/2025

Approved: 
Smith County Road Administrator/Engineer



RUSH PRIORITY

PRIORITY 1 ☐
PRIORITY 2 ☐
NORMAL ☒

GAS SERVICE COORDINATOR:

COORDINATE SERVICE LOCATION WITH ADAM FORBES AT
406-265-7679

PERMITS REQUIRED FOR CONSTRUCTION

☐ NO PERMITS REQUIRED
☐ TXDOT
☐ CITY:
☒ COUNTY: SMITH
☐ FLOODCONTROL/DRAINAGE:
☐ RAILROAD:

GENERAL NOTES:

1. FIELD VERIFY & LOCATE ALL EXISTING FEEDS, MAINS & SERVICES.
2. MAINTAIN A MINIMUM DEPTH OF 3' UNLESS OTHERWISE NOTED.
3. USE GAUGES TO MONITOR & MAINTAIN FEEDS & PRESSURE.
4. CONTACT DESIGNER (CONRIL CAPACHO AT 713-267-4928) WITH ANY NECESSARY FIELD CHANGES.
5. THIS PROJECT IS SUBJECT TO SEWER LATERAL INSPECTION TO VERIFY CLEARANCE, PER THE OPTIONS STATED IN THE CONSTRUCTION AND SERVICE MANUAL. ENGINEERING WAS UNABLE TO VERIFY THE CLEARANCE WITH MAPS AND RECORDS.
6. TAKE NECESSARY PRECAUTIONS WHEN CUT, CAP & REMOVING STEEL MATERIAL. ASSUME ALL THE WREP PIPE CONTAINS ASBESTOS AND FOLLOW CONSTRUCTION AND SERVICE MANUAL PROCEDURES (SECTION CS-6-1-J30) FOR REMOVAL OF PIPE AND GASOLTS WITH ASBESTOS CONTAINING MATERIAL OR PRESUMED ASBESTOS-CONTAINING MATERIAL.
7. FOR IP PIPE TEST PRESSURE AT 100 PSIG IN ACCORDANCE WITH SECTION CS-6-1.220 OF THE CONSTRUCTION & SERVICE MANUAL. IP LINE TEST PRESSURE AND DURATION ARE AS NOTED.
8. ALL SERVICE LINES MUST HAVE AN EPV OR CURB VALVE INSTALLED IN ACCORDANCE WITH SECTION CS-FORM 1.150 OF THE CONSTRUCTION AND SERVICE MANUAL AND EPV SIZING CHART.
9. CONTACT ENGINEERS FOR ADDITIONAL SIZING RECOMMENDATIONS.
10. COORDINATE CATHODIC PROTECTION WITH THE CORROSION DEPARTMENT (VINCENT PACHECO AT 713-467-7886) AND ENSURE CP DEPARTMENT IS ON SITE DURING CONSTRUCTION TO HAVE BONDS.
11. DIMENSIONS OF ALL TIE-IN LOCATIONS FROM ESTABLISHED RIGHT OF WAYS.
12. CRITERIA TO BE USED FOR TRACER WIRE SELECTION WHEN INSTALLING PLASTIC GAS LINES:
A. USE #14 TRACER WIRE FOR ALL RESIDENTIAL SERVICE LINES.
B. USE #14 TRACER WIRE FOR SHORT BORES UP TO 300' AND ALL OTHER NON-BORE INSTALLATIONS.
C. USE #10 TRACER WIRE WITH ALL BORES LONGER THAN 300'.
D. USE #8 TRACER WIRE AS NEEDED FOR LARGE BAYOU CROSSINGS AND OTHER EXTRAORDINARY SITUATIONS AND COMPLEX BORES. INSPECTOR APPROVAL REQUIRED PRIOR TO WORK.

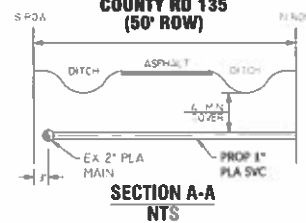
COUNTY RD 135
(50' ROW)

EX 2" IP PLA

10274 COUNTY RD 135
PROP 100' OF 1" IP PLA SVC

SMITH COUNTY PERMIT

COUNTY RD 135
(50' ROW)



VICINITY MAP

LEGEND

EXISTING MAIN
PROP MAG ANODE
PROP TRANS STATION
PROP TEST POINT
PROP LOCATION POINT
PROP 50' ZINC ANODE
PROP MARKER BALL
PROP LINE MARKER
PROP 1" IP PLA SVC

DRAFTER: FRV 4/14/25
CKR:
ENGR:

PIPE SUMMARY GENERIC

PIPE REQUIRED	
100'	1" PLA SERVICE IP - Intermediate Pressure
100' TOTAL PIPE	
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00
ESTIMATED COST	\$1,200.00

10274 CR 135
FLINT, TEXAS

EB2-2500855



APPLICATION FOR PERMIT FOR THE INSTALLATION PIPE AND/OR UTILITY LINES WITHIN A COUNTY MAINTAINED RIGHT OF WAY OR EASEMENT

Smith County Road & Bridge Department

P.O.Box 990

Tyler, Texas 75710

1. Applicant: Charter - Spectrum Date: 06/09/2025
 Company Name (if different): _____ Phone: (214) 500-7559
 Address: 4520 Stonewall St. Fax: _____
Greenville, Texas 75401 Zip: _____
 24/7 Contact Name: Glenn Valentine Phone: _____
 Contractor: Mastec North America - Juan Jaramillo Phone: (214) 542-9484
 Bonding Company: _____ Phone: _____
 2. Franchise Holder: Charter - Spectrum Phone: _____
 3. Franchise Contact: Glenn Valentine Phone: (214) 500-7559

4. Location (if applicable, length of installation in feet): Charter-Spectrum is proposing to install approx. 39,859' of 2-2" H.D.P.E. underground conduit and 3,310' of aerial strand. Install approx. 66 vaults, 22 pedestals and 12 existing pole within the ROW of CR261, CR2110, CR2113, CR2115, CR2116, CR2342, CR2166, CR4621.

5. Type of work, location, and description of the proposed line and appurtenances is shown by 3 copies of drawings attached to this application. The line will be constructed and maintained on the County right-of-way as directed by the Road Administrator/Engineer in accordance with SMITH COUNTY specifications.

6. Describe all traffic controls or warning devices anticipated for this project: _____

Traffic control plans to be used are the TxDOT Traffic Operations Division Standard:

Traffic Control Plan One Lane Tow Way Traffic Control - TCP (1-2)18, Traffic Control Plan Conventional Road Shoulder Work - TCP (1-1)18, and Temporary Rumble Strips - WZ (RS)-22

7. Proposed start date: 08/1/2025 Completion date: 8/1/2026

It is expressly understood that the SMITH COUNTY Commissioners Court does not purport, hereby, to grant and right, claim, title, or easement in or upon this county road; and it is further understood that in the future should for any reason SMITH COUNTY should need to work, improve, relocate, widen, increase, add to or in any manner change the structure of this right-of-way, this line, if affected, will be moved under the direction of the SMITH COUNTY Road Administrator/Engineer and shall be relocated at the complete expense of the owner.

All work on the county right-of-way shall be performed in accordance with the Road Administrator/Engineer's instructions. The installation shall not damage any part of the road way.

Specific instructions and conditions are as follows:

1. All underground lines are to be installed a minimum of 36 inches below flow line of the adjacent drainage or borrow ditch.
2. All buried lines carrying an electrical current, or electronic or optical signal shall have yellow plastic tape at least two inches in width, buried a minimum of twelve inches above such lines.
3. Lines crossing under surfaced roads and under surfaced cross roads with in the right-of-way shall be placed by boring. Boring shall extend from crown line to crown line.
4. All lines under roads carrying pressure in excess of 50psi shall be enclosed in satisfactory casing extending from right-of-way line to right-of-way line. Pipe used for casing may be any type approved by the Road Administrator and shall be capable of supporting the roadbed and traffic loads and shall be constructed such that there is no leakage through the casing, carrier pipe, joints or couplings. (Lines installed 48 inches or greater below flow line encasement is not required.)

25.004

5. No lines are to be installed under or within 50 ft. of either end of a bridge. No lines shall be placed in a culvert or within 10 ft. of the closest point of same.
6. Parallel lines will be installed as near the right-of-way as is possible and no parallel line will be installed in the roadbed or between the drainage ditch and roadbed without special permission of the Road Administrator/Engineer.
7. Overhead lines will have a minimum clearance of 18 ft. above the road surface at point of crossing.
8. The cost of any repairs to road surface, roadbed, structures or other right-of-way features as a result of this instillation will be borne by the owner of this line.
9. At least one half of the traveled portion of the road must be open to traffic at all times.
10. This permit is permissive, is subject to the public right of travel on and access to the right-of-way, and may not be assigned.
11. The applicant shall secure all other necessary or required permits, licenses, or approvals before starting work.
12. Signs and traffic controls shall comply with the current edition of the Manual on Uniform Traffic Control Devices, as approved by the Texas Department of Transportation.
13. All work shall conform to the design standards and specifications of the County.
14. Restoration of the right-of-way is required and shall be completed within 30 days of the completed work within the right-of-way.
15. Right-of-Way surfaces shall be cleaned before the end of each day's work. All catch basins, culverts or other improvements affected by any deposits of dirt, mud, rock, debris, or other material shall be cleaned daily or as specified by the County.
16. The applicant shall provide proof of Insurance.
17. The applicant shall be responsible for all utility locates.
18. All residents or businesses affected by any scheduled maintenance causing road closure, or interruption of any utility service shall be notified forty-eight (48) hours prior to any work. Emergency situations are exempt.
19. Petrochemical or other hydrocarbon pipelines: Does this pipeline fall under the Texas Rail Road Commission (flowlines). Yes _____ No X

20. Final Inspection: All permits must have a final inspection once work is complete. Please call (903)590-4801 to schedule a final inspection.

Indemnification: By accepting this permit, the Applicant shall assume all risks and hazards incidental to it use of County right-of-way under this permit and hold harmless the County of SMITH, its officers, employees and agents from any claim arising out of applicants' performance under this permit.

Applicants Signature: Marwah Altaie Date: 08/07/2025

Approved: 
Smith County Road Administrator/Engineer

SHEET NO. 20
1. COVER SHEET
2. GENERAL NOTE
3. 20 SHEET NO. 20

PROJECT INFORMATION

CONTACT CHARTER SPECTRUM
CONTACT GLENN VALENTINE
PHONE (214) 500-7559
EMAIL Glenn.Valentine@charter.com

CONTACT
KEN BAILEY, SR. PROJECT MANAGER
LIA ENGINEERING INC
2150 S CENTRAL EXPY SUITE 300
MCKINNEY TX 75070
KBAILEY@LIA.COM
214.424.7800

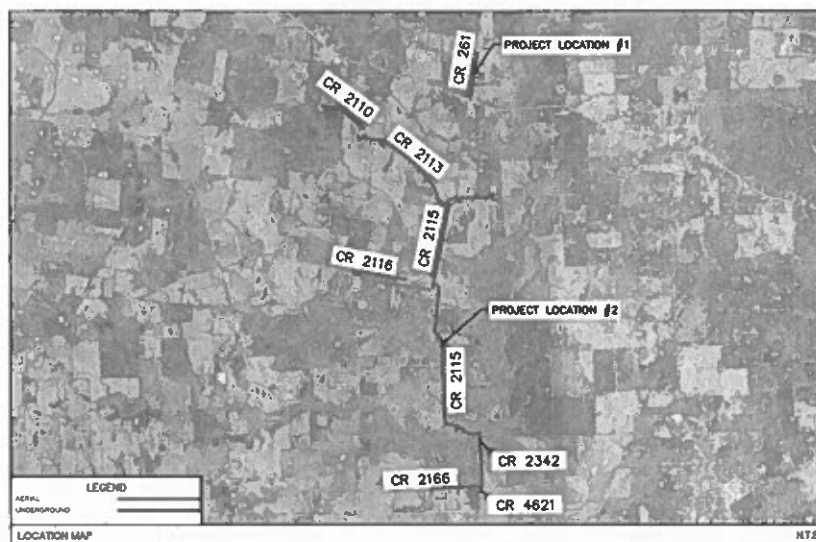


RDOF_TX_CLUSTER_2_TBD_TE36E (3811048)
COUNTY ROAD
TROUP, TX 75789
SMITH COUNTY
JUNE 2, 2025

SCOPE OF WORK

CHARTER COMMUNICATIONS PROPOSES TO INSTALL FIBER OPTIC CABLE ALONG COUNTY ROAD COUNTY ROAD 361, COUNTY ROAD 2110, COUNTY ROAD 2113, COUNTY ROAD 2115, COUNTY ROAD 2116, COUNTY ROAD 2342, COUNTY ROAD 3106, COUNTY ROAD 4621

DESCRIPTION	UNIT	QUANTITY
DIRECTIONAL BORE	LF	38856
TRENCH	LF	
PULL EXISTING CONDUIT	EA	
BORE PITS	EA	
NEW VAULTS	EA	88
NEW PEDESTALS	EA	32
POWER SUPPLY	EA	
AERIAL RISER	EA	
NEW STRAND	LF	3310
ANCHORS	EA	
NEW POLES	EA	
EXISTING POLES	EA	12
TOTAL PROJECT FOOTAGE	LF	43168



414

ESSENTIAL PREPARED BY

LJA
LJA TELECOM

©2000 FL Control Experiments, Suite 400
Dallas, TX 75204
800-671-6710
FAX: 972-308-1800 F-2388

CONTACT:
STUART CONELL
FINGER
802-438-4797

SUBMITTED FOR APPROVAL, (DATE) _____
SIGNED BY _____

NOT
THE RIGHT OF ANY OTHER PERSON OR
BASED ON PUBLICLY AVAILABLE INFORMATION
AND IS NOT EXACT IN THE CONTRACTOR'S
RESPONSIBILITY FOR ENSURING THAT ALL
FACTS ARE CORRECTLY STATED IN THE
OR A COMMUNICATIONS STATEMENT
THE CONTRACTOR SHALL NOTIFY THE AGENCY AND
THE OTHER PARTY TO THE CONTRACT

LOCATION OF EXISTING UNDERGROUND AND OVERHEAD UTILITIES AND APPROXIMATE LOCATIONS OF THE CONTRACT SHALL BE FORMED BY THE LOCATION OF ALL EXISTING UTILITIES PRIOR TO BEGINNING WORK. THE CONTRACTOR SHALL BE FULLY RESPONSIBLE FOR ANY AND ALL DAMAGES WHICH MAY BE



Know what's below.
Call before you dig.



APPLICATION FOR PERMIT FOR THE INSTALLATION PIPE AND/OR UTILITY LINES WITHIN A COUNTY MAINTAINED RIGHT OF WAY OR EASEMENT

Smith County Road & Bridge Department

P.O.Box 990

Tyler, Texas 75710

1. Applicant: Charter - Spectrum Date: 06/26/2025
 Company Name (if different): _____ Phone: (214) 500-7559
 Address: 4520 Stonewall St. Fax: _____
Greenville, Texas 75401 Zip: _____
 24/7 Contact Name: Glenn Valentine Phone: _____
 Contractor: Future Infrastructure Holdings- Jerry Ringo Phone: 469-260-3947
 Bonding Company: _____ Phone: _____
 2. Franchise Holder: Charter - Spectrum Phone: _____
 3. Franchise Contact: Glenn Valentine Phone: (214) 500-7559
 4. Location (if applicable, length of installation in feet): Charter-Spectrum is proposing to install approx. 12,887' of
underground conduits e/w fiber optic cable, approx. 1' Vault, and approx. 35 pedestals within the ROW of CR 2112, CR 2153,
CR 2160, CR 2163 & CR 2300.

5. Type of work, location, and description of the proposed line and appurtenances is shown by 3 copies of drawings attached to this application. The line will be constructed and maintained on the County right-of-way as directed by the Road Administrator/Engineer in accordance with SMITH COUNTY specifications.

6. Describe all traffic controls or warning devices anticipated for this project: _____

Traffic control plans to be used are the TxDOT Traffic Operations Division Standard: _____

Traffic Control Plan One Lane Tow Way Traffic Control - TCP (1-2)18, Traffic Control Plan
Conventional Road Shoulder Work - TCP (1-1)18, and Temporary Rumble Strips - WZ (RS)-22

7. Proposed start date: 07/03/2025 Completion date: 07/03/2026

It is expressly understood that the SMITH COUNTY Commissioners Court does not purport, hereby, to grant and right, claim, title, or easement in or upon this county road; and it is further understood that in the future should for any reason SMITH COUNTY should need to work, improve, relocate, widen, increase, add to or in any manner change the structure of this right-of-way, this line, if affected, will be moved under the direction of the SMITH COUNTY Road Administrator/Engineer and shall be relocated at the complete expense of the owner.

All work on the county right-of-way shall be performed in accordance with the Road Administrator/Engineer's instructions. The installation shall not damage any part of the road way.

Specific instructions and conditions are as follows:

1. All underground lines are to be installed a minimum of 36 inches below flow line of the adjacent drainage or borrow ditch.
2. All buried lines carrying an electrical current, or electronic or optical signal shall have yellow plastic tape at least two inches in width, buried a minimum of twelve inches above such lines.
3. Lines crossing under surfaced roads and under surfaced cross roads within the right-of-way shall be placed by boring. Boring shall extend from crown line to crown line.
4. All lines under roads carrying pressure in excess of 50psi shall be enclosed in satisfactory casing extending from right-of-way line to right-of-way line. Pipe used for casing may be any type approved by the Road Administrator and shall be capable of supporting the roadbed and traffic loads and shall be constructed such that there is no leakage through the casing, carrier pipe, joints or couplings. (Lines installed 48 inches or greater below flow line encasement is not required.)

25.009

5. No lines are to be installed under or within 50 ft. of either end of a bridge. No lines shall be placed in a culvert or within 10 ft. of the closest point of same.
6. Parallel lines will be installed as near the right-of-way as is possible and no parallel line will be installed in the roadbed or between the drainage ditch and roadbed without special permission of the Road Administrator/Engineer.
7. Overhead lines will have a minimum clearance of 18 ft. above the road surface at point of crossing.
8. The cost of any repairs to road surface, roadbed, structures or other right-of-way features as a result of this installation will be borne by the owner of this line.
9. At least one half of the traveled portion of the road must be open to traffic at all times.
10. This permit is permissive, is subject to the public right of travel on and access to the right-of-way, and may not be assigned.
11. The applicant shall secure all other necessary or required permits, licenses, or approvals before starting work.
12. Signs and traffic controls shall comply with the current edition of the Manual on Uniform Traffic Control Devices, as approved by the Texas Department of Transportation.
13. All work shall conform to the design standards and specifications of the County.
14. Restoration of the right-of-way is required and shall be completed within 30 days of the completed work within the right-of-way.
15. Right-of-Way surfaces shall be cleaned before the end of each day's work. All catch basins, culverts or other improvements affected by any deposits of dirt, mud, rock, debris, or other material shall be cleaned daily or as specified by the County.
16. The applicant shall provide proof of Insurance.
17. The applicant shall be responsible for all utility locates.
18. All residents or businesses affected by any scheduled maintenance causing road closure, or interruption of any utility service shall be notified forty-eight (48) hours prior to any work. Emergency situations are exempt.
19. Petrochemical or other hydrocarbon pipelines: Does this pipeline fall under the Texas Rail Road Commission (flowlines). Yes_____ No_____

20. **Final Inspection: All permits must have a final inspection once work is complete. Please call (903)590-4801 to schedule a final inspection.**

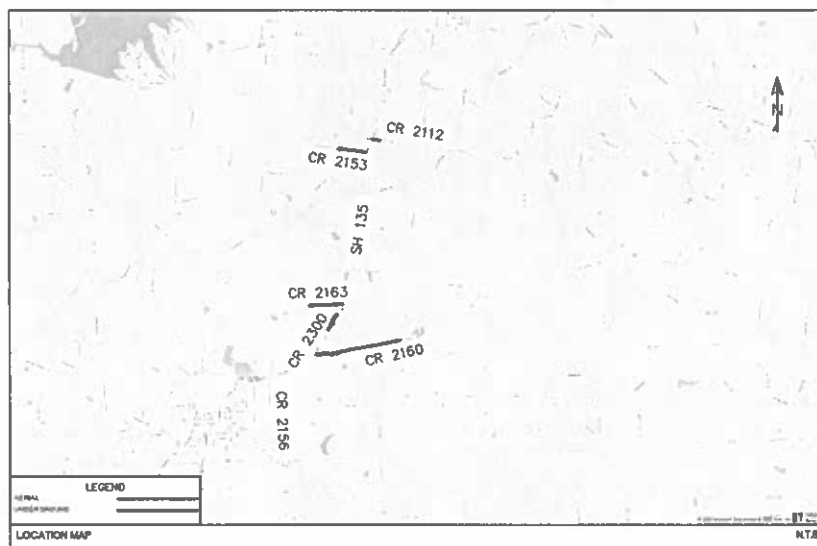
Indemnification: By accepting this permit, the Applicant shall assume all risks and hazards incidental to its use of County right-of-way under this permit and hold harmless the County of SMITH, its officers, employees and agents from any claim arising out of applicants' performance under this permit.

Applicants Signature: Erica Villegas Date: 06/26/2025

Approved: _____
Smith County Road Administrator/Engineer

1. COVER SHEET
2. GENERAL NOTES
- 3-14. CIP PLAN

DESCRIPTION	UNIT	QUANTITY
DIRECTIONAL BORE	LF	12887
WRENCH	EA	
PULL EXISTING CONDUIT	EA	
BORE PITS	EA	
NEW VALVES	EA	1
NEW HOLES/ALS	EA	35
POWER SUPPLY	EA	
AIRFALL BORE	EA	
NEW STRAND	LF	
ANCHORS	EA	
NEW HOLES	EA	
EXISTING PIPES	EA	
TOTAL PROJECT PRICING:	EA	12887





APPLICATION FOR PERMIT FOR THE INSTALLATION PIPE AND/OR UTILITY LINES WITHIN A COUNTY MAINTAINED RIGHT OF WAY OR EASEMENT

Smith County Road & Bridge Department

P.O.Box 990

Tyler, Texas 75710

1. Applicant: Charter - Spectrum Date: 06/18/2025
 Company Name (if different): _____ Phone: (214) 500-7559
 Address: 4520 Stonewall St. Fax: _____
Greenville, Texas 75401 Zip: _____
 24/7 Contact Name: Oscar Soto Phone: _____
 Contractor: Mastec North America - Juan Jaramillo Phone: (214) 542-9484
 Bonding Company: _____ Phone: _____
 2. Franchise Holder: Charter - Spectrum Phone: _____
 3. Franchise Contact: Oscar Soto Phone: (469) 503-6112

4. Location (if applicable, length of installation in feet): Charter-Spectrum is proposing to install approx. 58,336' of 2" H.D.P.E. underground conduit and 6,064' of aerial strand. Install approx. 27 vaults, 86 pedestals and 28 existing pole within the ROW of CR2180, CR2181, CR2177, CR2178, CR2179, CR2303, CR2138, CR2184, CR3802.

5. Type of work, location, and description of the proposed line and appurtenances is shown by 3 copies of drawings attached to this application. The line will be constructed and maintained on the County right-of-way as directed by the Road Administrator/Engineer in accordance with SMITH COUNTY specifications.

6. Describe all traffic controls or warning devices anticipated for this project: _____

Traffic control plans to be used are the TxDOT Traffic Operations Division Standard:

Traffic Control Plan One Lane Tow Way Traffic Control - TCP (1-2)18, Traffic Control Plan Conventional Road Shoulder Work - TCP (1-1)18, and Temporary Rumble Strips - WZ (RS)-22

7. Proposed start date: 6/30/2025 Completion date: 6/30/2026

It is expressly understood that the SMITH COUNTY Commissioners Court does not purport, hereby, to grant and right, claim, title, or easement in or upon this county road; and it is further understood that in the future should for any reason SMITH COUNTY should need to work, improve, relocate, widen, increase, add to or in any manner change the structure of this right-of-way, this line, if affected, will be moved under the direction of the SMITH COUNTY Road Administrator/Engineer and shall be relocated at the complete expense of the owner.

All work on the county right-of-way shall be performed in accordance with the Road Administrator/Engineer's instructions. The installation shall not damage any part of the road way.

Specific instructions and conditions are as follows:

1. All underground lines are to be installed a minimum of 36 inches below flow line of the adjacent drainage or borrow ditch.
2. All buried lines carrying an electrical current, or electronic or optical signal shall have yellow plastic tape at least two inches in width, buried a minimum of twelve inches above such lines.
3. Lines crossing under surfaced roads and under surfaced cross roads with in the right-of-way shall be placed by boring. Boring shall extend from crown line to crown line.
4. All lines under roads carrying pressure in excess of 50psi shall be enclosed in satisfactory casing extending from right-of-way line to right-of-way line. Pipe used for casing may be any type approved by the Road Administrator and shall be capable of supporting the roadbed and traffic loads and shall be constructed such that there is no leakage through the casing, carrier pipe, joints or couplings. (Lines installed 48 inches or greater below flow line encasement is not required.)

25.002

5. No lines are to be installed under or within 50 ft. of either end of a bridge. No lines shall be placed in a culvert or within 10 ft. of the closest point of same.
6. Parallel lines will be installed as near the right-of-way as is possible and no parallel line will be installed in the roadbed or between the drainage ditch and roadbed without special permission of the Road Administrator/Engineer.
7. Overhead lines will have a minimum clearance of 18 ft. above the road surface at point of crossing.
8. The cost of any repairs to road surface, roadbed, structures or other right-of-way features as a result of this instillation will be borne by the owner of this line.
9. At least one half of the traveled portion of the road must be open to traffic at all times.
10. This permit is permissive, is subject to the public right of travel on and access to the right-of-way, and may not be assigned.
11. The applicant shall secure all other necessary or required permits, licenses, or approvals before starting work.
12. Signs and traffic controls shall comply with the current edition of the Manual on Uniform Traffic Control Devices, as approved by the Texas Department of Transportation.
13. All work shall conform to the design standards and specifications of the County.
14. Restoration of the right-of-way is required and shall be completed within 30 days of the completed work within the right-of-way.
15. Right-of-Way surfaces shall be cleaned before the end of each day's work. All catch basins, culverts or other improvements affected by any deposits of dirt, mud, rock, debris, or other material shall be cleaned daily or as specified by the County.
16. The applicant shall provide proof of Insurance.
17. The applicant shall be responsible for all utility locates.
18. All residents or businesses affected by any scheduled maintenance causing road closure, or interruption of any utility service shall be notified forty-eight (48) hours prior to any work. Emergency situations are exempt.
19. Petrochemical or other hydrocarbon pipelines: Does this pipeline fall under the Texas Rail Road Commission (flowlines). Yes _____ No X

20. Final Inspection: All permits must have a final inspection once work is complete. Please call (903)590-4801 to schedule a final inspection.

Indemnification: By accepting this permit, the Applicant shall assume all risks and hazards incidental to it use of County right-of-way under this permit and hold harmless the County of SMITH, its officers, employees and agents from any claim arising out of applicants' performance under this permit.

Applicants Signature: Fabiola Guerrero Date: 08/7/2025

Approved: 
Smith County Road Administrator/Engineer

1.	COVER SHEET
2.	GENERAL NOTES
3-23	DSP PLAN

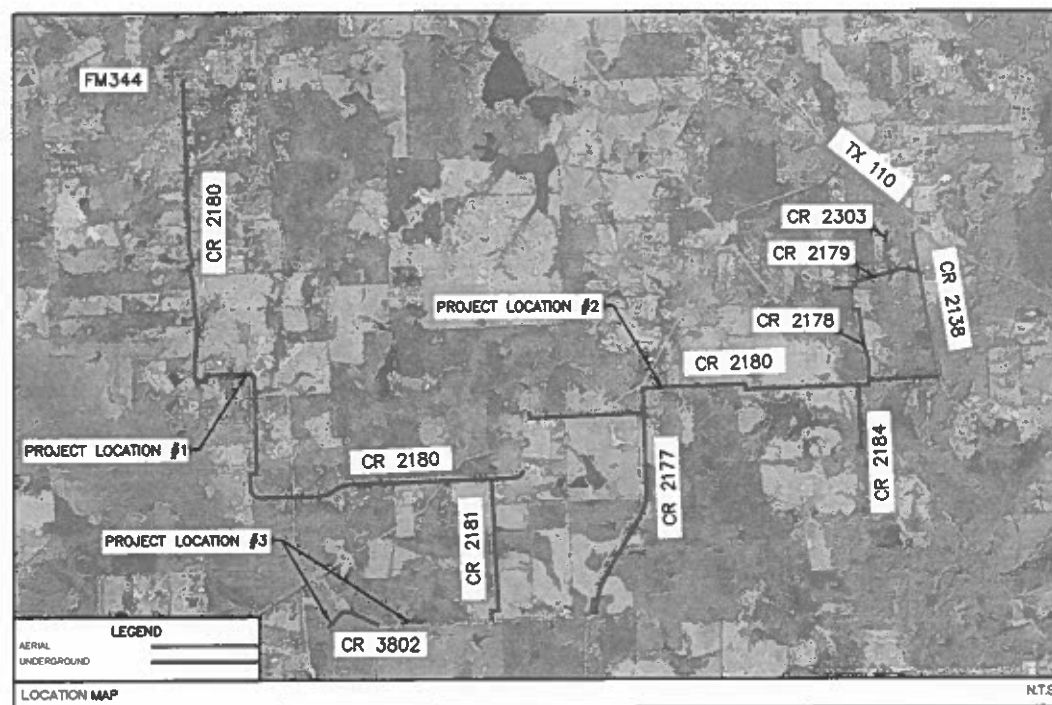
CONTACT: CHARTER-SPECTRUM
CONTACT: OSCAR SOTO
PHONE: 489-503-8112
EMAIL: oscar.soto@charter.com

CONTACT:
KEN BAILEY, SR. PROJECT MANAGER
LJA ENGINEERING, INC.
2150 S CENTRAL EXPY., SUITE 300
MCKINNEY, TX 75070
KBAILEY@LJA.COM
214-624-2800

2605-24-N210 - RDOF_TX_CLUSTER_2_TBD_TE41E (3810841)
WHITEHOUSE, TX 75791
SMITH COUNTY
JUNE 5, 2025

CHARTER COMMUNICATIONS PROPOSES TO INSTALL FIBER OPTIC CABLE ALONG COUNTY ROAD 2180, COUNTY ROAD 2181, COUNTY ROAD 2177, COUNTY ROAD 2178, COUNTY ROAD 2179, COUNTY ROAD 2303, COUNTY ROAD 2138, COUNTY ROAD 2184, COUNTY ROAD 3802

DESCRIPTION	UNIT	QUANTITY
DIRECTIONAL BORE	LF	\$2272
TRENCH	LF	
PULL EXISTING CONDUIT		
BORE PITS	EA	
NEW VAULTS	EA	27
NEW PEDESTALS	EA	86
POWER SUPPLY	EA	
AERIAL RISER	EA	5
NEW STRAND	LF	6064
ANCHORS	EA	
NEW POLES	EA	
EXISTING POLES	EA	23
TOTAL PROJECT FOOTAGE	LF	58336



LJA
LJA TELECOM

6080 N. Central Expressway, Suite 400
Dallas, TX 75206
409-821-0710
TYPE FROM REGISTRATION: F-1386

CONTACT:
STUART CORWELL
PHONE:
312-439-4717

SUBMITTED FOR APPROVAL BY:
NAME OF RECORD

NOTE
THE RIGHT-OF-WAY (ROW) SHOWN ON THESE PLANS IS BASED ON PUBLICLY AVAILABLE INFORMATION AND IS NOT EXACT. IT IS THE CONTRACTOR'S RESPONSIBILITY FOR ENSURING THAT ALL FACILITIES ARE CONSTRUCTED WITHIN THE ROW OF A COMMUNICATION EASEMENT. THE CONTRACTOR SHALL NOTIFY THE ENGINEER AND THE OWNER PRIOR TO CONSTRUCTION IF THERE ARE ANY CONCERNS REGARDING THE ROW.

LOCATION OF EXISTING UNDERGROUND AND OVERHEAD UTILITIES ARE APPROXIMATE LOCATIONS ONLY. THE CONTRACTOR SHALL DETERMINE THE EXACT LOCATION OF ALL EXISTING UTILITIES PRIOR TO BEGINNING WORK AND SHALL BE FULLY RESPONSIBLE FOR ANY AND ALL DAMAGES WHICH MIGHT OCCUR.



Know what's below.
Call before you dig.

11

SMITH COUNTY COMMISSIONERS COURT AGENDA ITEM REQUEST FORM

Submission Date:	Submitted by: Jennafer Bell
Meeting Date: Weekly	Department: Auditor
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: Weekly Bill Pay	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action to approve and/or ratify payment of accounts, bills, payroll, transfer of funds, amendments, and health claims.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input type="checkbox"/>
Does Document Require Signature? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Tuesday at 5:00pm a week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____



Smith County

Budget Transfer Request

Submit to Auditor's Office -- Requests received after 12:00 (noon) on Tuesday of any week will be held until the following week's Commissioners Court meeting (if court action is necessary).

DEPARTMENT:

ROAD & BRIDGE

TRANSFER FROM:

Account Name	Account Number	Amount
Road Oil	75.614.4300.363	\$ 45,000

TRANSFER TO:

Account Name	Account Number	Amount
Salary – Temp Help	75.614.4100.108	\$ 21,000
Culverts	75.614.4300.361	\$ 9,000
Sign Material	75.614.4300.369	\$ 5,000
Oil & Grease	75.615.4300.338	\$ 5,000
Vehicle Expense	75.615.4400.477	\$ 5,000

BRIEF EXPLANATION FOR REQUEST:

Continuation of Temporary Help for mowing operations
Additional culverts for replacements
Sign materials
Oil and grease for equipment and vehicles
Additional funds to augment insurance payment for dump truck repair.

Department Head:

Auditor's Office



Signature

8/15/25

Date

Signature

Date

FRANK DAVIS

Name (Please Print)

Approved by Commissioners Court

Date

ACCOUNTS PAYABLE SYSTEM
08/13/2025 15:51:51 Schedule of Bills by (Fnd/Dpt) SMITH COUNTY, TX
GL050S-V08.22 COVERPAGE
GL540R

Report Selection:

RUN GROUP... IHC COMMENT... COURT APPROVAL LIST

DATA-JE-ID DATA COMMENT

W-08192025-887 COURT APPROVAL LIST

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01			Y	S	6	066	10			

Schedule of Bills by (Fnd/Dpt)
BY FUND & DPT (DET APPV ST)A/P

VENDOR NAME DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
1287494 GENERAL FUND	*****								
PUBLIC SERVICE							
INTEGRATED PRESCRIPTION									
IHC JUL 2025	48.08	INDIGENT HEALTH CARE	10.515.4500.514	479574	JUL25IHC		P	887	00001
IHC JUL 2025 NETWORK FEE	50.00	INDIGENT HEALTH CARE	10.515.4500.514	479574	JUL25IHC		P	887	00002
	98.08	*VENDOR TOTAL							
MOTHER FRANCES HOSPITAL									
IHC JUL 2025	10,710.75	INDIGENT HEALTH CARE	10.515.4500.514	479575	JUL25IHC		P	887	00003
TRINITY CLINIC									
IHC JUL 2025	67.53	INDIGENT HEALTH CARE	10.515.4500.514	479576	JUL25IHC		P	887	00004
TYLER FAMILY CIRCLE OF C									
IHC JUL 2025	47.68	INDIGENT HEALTH CARE	10.515.4500.514	479577	JUL25IHC		P	887	00005
	10,924.04							
1287494 GENERAL FUND	10,924.04	*****							

Schedule of Bills by (Fnd/Dpt)
BY FUND & DPT (DET APPV ST)A/P

VENDOR NAME									
DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
REPORT TOTALS:	10,924.04								

RECORDS PRINTED - 000005

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
----	-----	
10	1287494 GENERAL FUND	10,924.04
TOTAL ALL FUNDS		10,924.04

BANK RECAP:

BANK	NAME	DISBURSEMENTS
----	-----	
TB&T	1287494 GENERAL FUND	10,924.04
TOTAL ALL BANKS		10,924.04

DATE APPROVED BY
.....
.....

WE HAVE EXAMINED THE CLAIMS LISTED ON THE FOREGOING REGISTER OF CLAIMS,
CONSISTING OF ____ PAGES, AND EXCEPT FOR CLAIMS NOT ALLOWED AS SHOWN ON THE
REGISTER SUCH CLAIMS ARE HEREBY ALLOWED IN THE TOTAL AMOUNT OF _____.
DATED THIS ____ DAY OF _____, 20__.

ACCOUNTS PAYABLE SYSTEM
08/13/2025 15:56:18 Schedule of Bills by (Fnd/Dpt) SMITH COUNTY, TX
GL050S-V08.22 COVERPAGE
GL540R

Report Selection:

RUN GROUP... JIHC COMMENT... COURT APPROVAL LIST

DATA-JE-ID DATA COMMENT

W-08192025-889 COURT APPROVAL LIST

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01			Y	S	6	066	10			

Schedule of Bills by (Fnd/Dpt)
BY FUND & DPT (DET APPV ST)A/P

VENDOR NAME DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
1287494 GENERAL FUND	*****								
JAIL							
ANDREWS CENTER JIHC JUL 2025	246.35	MEDICAL SERVICES	10.561.4600.609	479578	JUL25JIHC		P	889	00001
AUSTIN PATHOLOGY ASSOC. JIHC JUL 2025	123.23	MEDICAL SERVICES	10.561.4600.609	479579	JUL25JIHC		P	889	00002
EAST TEXAS OMFS TRAUMA JIHC JUL 2025	81.24	MEDICAL SERVICES	10.561.4600.609	479580	JUL25JIHC		P	889	00003
ENT ASSOCIATES OF EAST T JIHC JUL 2025	25.00	MEDICAL SERVICES	10.561.4600.609	479581	JUL25JIHC		P	889	00004
MOTHER FRANCES HOSPITAL JIHC JUL 2025	164,746.62	MEDICAL SERVICES	10.561.4600.609	479583	JUL25JIHC		P	889	00005
NEURO IR OF EAST TEXAS, JIHC JUL 2025	178.82	MEDICAL SERVICES	10.561.4600.609	479584	JUL25JIHC		P	889	00006
NORTH TEXAS PHYSICIAN SE JIHC JUL 2025	2,891.75	MEDICAL SERVICES	10.561.4600.609	479585	JUL25JIHC		P	889	00007
NORTHEAST TEXAS EMERGENC JIHC JUL 2025	5,720.37	MEDICAL SERVICES	10.561.4600.609	479586	JUL25JIHC		P	889	00008
NORTHEAST TEXAS INTENSIV JIHC JUL 2025	169.11	MEDICAL SERVICES	10.561.4600.609	479587	JUL25JIHC		P	889	00009
OBHG TEXAS, PC JIHC JUL 2025	204.72	MEDICAL SERVICES	10.561.4600.609	479588	JUL25JIHC		P	889	00010
ORTHOLONESTAR, PLLC JIHC JUL 2025	398.88	MEDICAL SERVICES	10.561.4600.609	479589	JUL25JIHC		P	889	00011
PINEY WOODS PERINATAL CE JIHC JUL 2025	555.02	MEDICAL SERVICES	10.561.4600.609	479582	JUL25JIHC		P	889	00012
PROPATH SERVICES, LLP JIHC JUL 2025	193.00	MEDICAL SERVICES	10.561.4600.609	479590	JUL25JIHC		P	889	00013
RADIOLOGY ASSOCIATES OF JIHC JUL 2025	2,757.21	MEDICAL SERVICES	10.561.4600.609	479591	JUL25JIHC		P	889	00014
SPECIAL HEALTH RESOURCES JIHC JUL 2025	226.91	MEDICAL SERVICES	10.561.4600.609	479592	JUL25JIHC		P	889	00015

Schedule of Bills by (Fnd/Dpt)
BY FUND & DPT (DET APPV ST)A/P

VENDOR NAME DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID	LINE
1287494 GENERAL FUND	*****								
JAIL							
TEXAS ONCOLOGY PA JIHC JUL 2025	542.25	MEDICAL SERVICES	10.561.4600.609	479593	JUL25JIHC		P	889	00016
THE CENTERS FOR KIDNEY C JIHC JUL 2025	749.05	MEDICAL SERVICES	10.561.4600.609	479597	JUL25JIHC		P	889	00017
TRINICARE, INC JIHC JUL 2025	506.79	MEDICAL SERVICES	10.561.4600.609	479594	JUL25JIHC		P	889	00018
TRINITY CLINIC JIHC JUL 2025	4,744.64	MEDICAL SERVICES	10.561.4600.609	479595	JUL25JIHC		P	889	00019
TYLER FAMILY CIRCLE OF C JIHC JUL 2025	742.83	MEDICAL SERVICES	10.561.4600.609	479596	JUL25JIHC		P	889	00020
U.S. DERMATOLOGY PARTNER JIHC JUL 2025	91.55	MEDICAL SERVICES	10.561.4600.609	479598	JUL25JIHC		P	889	00021
UT HEALTH EAST TEXAS EMS JIHC JUL 2025	3,542.66	MEDICAL SERVICES	10.561.4600.609	479599	JUL25JIHC		P	889	00022
	189,438.00							
1287494 GENERAL FUND	189,438.00	*****							

Schedule of Bills by (Fnd/Dpt)
BY FUND & DPT (DET APPV ST)A/P

VENDOR NAME								
DESCRIPTION	AMOUNT	ACCOUNT NAME	FUND & ACCOUNT	CLAIM	INVOICE	PO#	F/P	ID LINE
REPORT TOTALS:	189,438.00							

RECORDS PRINTED - 000022

Schedule of Bills by (Fnd/Dpt)

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
----	-----	
10	1287494 GENERAL FUND	189,438.00
TOTAL ALL FUNDS		189,438.00

BANK RECAP:

BANK	NAME	DISBURSEMENTS
----	-----	
TB&T	1287494 GENERAL FUND	189,438.00
TOTAL ALL BANKS		189,438.00

DATE APPROVED BY
.....
.....

WE HAVE EXAMINED THE CLAIMS LISTED ON THE FOREGOING REGISTER OF CLAIMS,
CONSISTING OF ____ PAGES, AND EXCEPT FOR CLAIMS NOT ALLOWED AS SHOWN ON THE
REGISTER SUCH CLAIMS ARE HEREBY ALLOWED IN THE TOTAL AMOUNT OF _____.
DATED THIS ____ DAY OF _____, 20__.

12

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/13/2025	Submitted by: K. Perkins
Meeting Date: 8/19/2025	Department: Budget
Item Requested is: <input type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: FY 2026 Proposed Budget Presentation	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: FY 2026 Proposed Budget Presentation	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Tuesday at 5:00pm a week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____

13

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/14/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Commissioners Court
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: Section 551.072. Deliberations about Real Property	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input checked="" type="radio"/> Executive Session	
Agenda Wording: Section 551.072. Deliberations about Real Property Deliberation and consultation regarding the purchase, exchange, lease, or value of real property located in Smith County and the downtown area.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

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SUBMIT

Office Use Only
Agenda Item # _____

14

**SMITH COUNTY COMMISSIONERS COURT
AGENDA ITEM REQUEST FORM**

Submission Date: 8/14/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Commissioners Court
Item Requested is: <input type="checkbox"/> For Action/Consideration <input checked="" type="checkbox"/> For Discussion/Report	
Title: Section 551.074. Personnel Matters/Section 551.071 Consultation with Attorney	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input checked="" type="radio"/> Executive Session	
Agenda Wording: Section 551.074. Personnel Matters/Section 551.071 Consultation with Attorney Deliberation and consultation regarding the appointment, employment, evaluation, duties, and discipline of an employee supervised by the Smith County Commissioner Court.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____

15

SMITH COUNTY COMMISSIONERS COURT

AGENDA ITEM REQUEST FORM

Submission Date: 8/15/2025	Submitted by: Jennafer Bell
Meeting Date: 8/19/2025	Department: Commissioners Court
Item Requested is: <input checked="" type="checkbox"/> For Action/Consideration <input type="checkbox"/> For Discussion/Report	
Title: Smith County Animal Control and Shelter	
Agenda Category: <input type="radio"/> Briefing Session <input type="radio"/> Recurring Business <input checked="" type="radio"/> Court Orders <input type="radio"/> Resolution <input type="radio"/> Presentation <input type="radio"/> Executive Session	
Agenda Wording: Consider and take necessary action regarding the employment, evaluation, and duties of the Smith County Animal Control and Shelter.	
Background:	
Financial and Operational Impact:	
Attachments: Yes <input type="checkbox"/> No <input type="checkbox"/>	Is a Budget Amendment Necessary? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Does Document Require Signature? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Return Signed Documents to the following:	
Name:	Email:
Name:	Email:
Name:	Email:
Name:	Email:

Note: This is the only form required for agenda requests, with the exception of backup materials or attachments. This form should be completed and emailed to Agenda@smith-county.com and include any necessary attachments. **Deadline is Wednesday at 5:00pm the week before the next scheduled Commissioners Court meeting. Please make sure the requested agenda item has been proactively vetted with the appropriate reviewing individuals and obtained their signature as reviewed.** Regular Court Meetings are at 9:30am on Tuesdays each week.

SUBMIT

Office Use Only
Agenda Item # _____