

FILE COPY



BancorpSouth
Equipment Finance

October 22, 2007

Sent via: Email - margie.ainsworth@co.polk.tx.us

Polk County, Texas
Livingston, TX 77351

It is a pleasure to submit for your consideration the following proposal to provide lease-purchase financing based on the terms and conditions set forth below:

1. Lessor: BancorpSouth Equipment Finance, a division of BancorpSouth Bank
2. Lessee: Polk County, Texas
3. Equipment Description: 2008 Mack CHU613 Dump Truck
4. Equipment Cost: \$97,617.00
5. Lease Term: 13 months
6. Lease Payments: (These are approximate payment amounts. The actual payment will be determined at funding date.)

1 payment in 13 months of \$102,583.98
Payment in Arrears
7. Lease Rate: 4.59%
8. Funding Date: This proposal is contingent upon the equipment being delivered and the lease funded prior to 12/31/2007. If the equipment is not delivered and the lease funded prior to 12/31/2007, this proposal is null and void. Any extension of the funding date must be in writing.
9. Purchase Option: Title is passed to Lessee at lease expiration for no further consideration.
10. Non-appropriation/Termination: The lease provides that Lessee is to make reasonable efforts to obtain funds to satisfy the obligation in each fiscal year. However, the lease may be terminated without penalty in the event of non-appropriation. In such event, the Lessee agrees to provide an attorney's opinion confirming the events of non-appropriation and Lessee's exercise of diligence to obtain funds.
11. Bank Qualification: **NOT BANK QUALIFIED.**

100311A

53-1877

12. Tax Status: This proposal is subject to the Lessee being qualified as a governmental entity or "political subdivision" within the meaning of Section 103(a) of the Internal Revenue Code of 1954 as amended, within the meaning of said Section. Lessee agrees to cooperate with Lessor in providing evidence as deemed necessary or desirable by Lessor to substantiate such tax status.

13. Net Lease: This will be a net lease transaction whereby maintenance, insurance, taxes (if applicable), compliance with laws and similar expenses shall be borne by Lessee.

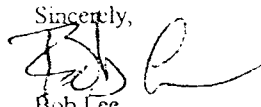
14. Financial Statements: Complete and current financial statements must be submitted to Lessor for review and approval of Lessee creditworthiness.


15. Lease Documentation: This equipment lease-purchase package is subject to the mutual acceptance of lease-purchase documentation within a reasonable time period, otherwise payments will be subject to market change.

If the foregoing is acceptable, please so indicate by signing this letter in the space provided below and returning it to BancorpSouth Equipment Finance. **The proposal is subject to approval by BancorpSouth Equipment Finance's Credit Committee and to mutually acceptable terms, conditions and documentation.**

This proposal expires as of the close of business on 12/31/2007. Extensions must be approved by the undersigned.

Any concerns or questions should be directed to Bob Lee at 1-800-222-1610.

Sincerely,

Bob Lee
Municipal Finance Manager

ACCEPTANCE
Polk County, Texas
By:  Date: 11/13/07

SPECIAL STIPULATIONS

LESSOR: BancorpSouth Equipment Finance,
a division of BancorpSouth Bank
P. O. Box 15097
302 Second Avenue
Hattiesburg, MS 39404-5097

By: _____
Title: _____
Date: _____

LESSEE: Polk County, Texas
516 W. Church Street
Livingston, TX 77351

By: *John B. Scarpie*
Title: County Judge
Date: 11-13-07

Under this Equipment Lease-Purchase Agreement Section 1 (b), first paragraph only and Section 1 (b) (iv) and (v), any reference to qualified tax-exempt obligations does not apply. This applies only to Schedule No. 12 of this Equipment Lease-Purchase Agreement. Previous And future schedules under this agreement may be bank qualified and all sections of the Equipment Lease-Purchase Agreement shall apply if qualifications are met.

EXHIBIT A



WILLIAM LEE HON
CRIMINAL DISTRICT ATTORNEY

TEL: (936) 327-6868

POLK COUNTY, TEXAS
POST OFFICE BOX 1717 • LIVINGSTON, TEXAS 77351
POLK COUNTY COURTHOUSE

FAX: (936) 327-6875 - FELONY DIVISION
FAX: (936) 327-6862 - MISDEMEANOR DIVISION

November 19, 2007

BancorpSouth Equipment Finance,
A division of BancorpSouth Bank
P.O. Box 15097
Hattiesburg, MS 39404-5097

Re: Equipment Lease – Purchase Agreement dated November 12, 2003 and Delivery Order No. 10 thereto, dated November 13, 2007, by and between BancorpSouth Equipment Finance, a division of BancorpSouth Bank, as Lessor, and Polk County, Texas, as Lessee

Ladies and Gentlemen:

I am the attorney for Polk County, Texas (the “Lessee”) and pursuant to the above-referenced transaction, I am familiar with the above-referenced Equipment Lease – Purchase Agreement (the “Agreement”).

Based on the examination of the Agreement and such other documents, records and papers as I deemed to be relevant and necessary as the basis for my opinion set forth below, it is my opinion that:

1. Either the Lessee is a state, territory, a possession of the United States, the District of Columbia, or a political subdivision thereof (as such terms are defined in section 103 of the Internal Revenue Code and the Regulations thereunder) or the Lessee is a constituted authority (as such term is defined in section 103 of the Internal Revenue Code and the Regulations thereunder) empowered to issue obligations on behalf of one of the foregoing entities, and the Lessee is authorized by the Constitution and laws of the State of Texas to enter into the transactions contemplated by the Agreement and to carry out its obligations thereunder.

2. The Agreement has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding obligation of the Lessee enforceable in accordance with its terms.

3. No further approval, consent or withholding of objections is required from any federal, state or local governmental authority with respect to the entering into or performance by the Lessee of the Agreement and the transactions contemplated thereby.

4. The entering into and performance of the Agreement and other related documents will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Lessee or the leased equipment pursuant to, any indenture, mortgage, deed of trust, bank loan, credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound.

5. There are no actions, suits or proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee in any court or before any governmental commission, board or authority which if adversely determined, will have a material adverse effect on the ability of the Lessee to perform its obligations under the Agreement.

6. The equipment subject to the Agreement is personal property and, when subjected to use by the Lessee, will not be or become fixtures under the laws of the State of Texas.

7. All required public bidding procedures regarding the award of the Agreement have been followed by the Lessee.

Sincerely,



William Lee Hon
Criminal District Attorney
Polk County, T E X A S

DELIVERY ORDER NO: 12

Dated as of: 11/13/07

To Agreement No: 7319

THIS DELIVERY ORDER is issued pursuant to an Equipment Lease - Purchase Agreement dated as of November 12, 2003 (the "Agreement"), between the parties to the Agreement to authorize installation of the Equipment listed herein. All terms used herein have the meanings ascribed to them in the Agreement.

A. PAYMENTS, TERM, TRANSPORTATION AND DELIVERY COSTS.

The Payments required under the Agreement for the Equipment designated on this Delivery Order are "See Schedule A". A portion of each Payment is paid as and represents payment of interest as set forth in Schedule A hereto. Payments shall be due as follows: "See Schedule A". Lessee shall pay transportation and/or delivery costs, if any, as set forth in Schedule B hereto.

B. LATE PAYMENTS.

There will be a charge of N/A per month based on the amount of any Payments which remain unpaid for ten (10) days after the due date.

C. FISCAL YEAR.

Lessee's fiscal year period is from 2007 to 2008.

D. CONCLUDING PAYMENT.

Lessee shall have the option to purchase the Equipment described herein in accordance with Section 14 of the Agreement upon payment of the Concluding Payment Amount set forth in Schedule A hereto plus the payment then due.

E. EQUIPMENT DESCRIPTION.

The Equipment as defined in the Agreement includes the following:
2008 Mack CHU613 Dump Truck, VIN: 1M2AN09Y48N002424

EXHIBIT C

F. LOCATION.

R+B # 2 yard

THE TERMS GOVERNING THIS DELIVERY ORDER ARE CONTAINED IN THE AGREEMENT REFERENCED ABOVE AND APPLY WITH THE SAME FORCE AND EFFECT AS IF SET FORTH FULLY HEREIN.

Lessor shall not be bound by this Agreement until it is executed by an authorized officer of Lessor at Lessor's principal place of business.

DATED as of the day and year first above stated on this Delivery Order.


LESSOR:

BancorpSouth Equipment Finance, a division of BancorpSouth Bank
P. O. Box 15097
Hattiesburg, MS 39404-5097

LESSEE:

By: _____

Title: _____

By:  _____

Title: County Judge

EQUIPMENT ACCEPTANCE NOTICE

TO: BancorpSouth Equipment Finance, a division of BancorpSouth Bank

RE: Agreement No. 7319

This is to acknowledge that the delivery and/or installation of the Equipment, described in Delivery Order No. 12 dated as of 11/13/07 has been completed in accordance with the terms of the above-referenced Agreement and that Lessee has duly delivered to and received in proper form from Lessor all purchase orders, invoices or such forms or documents required by Lessee to assure commencement of Payments on _____, in accordance with Section 2 of the Agreement.

The undersigned has inspected said Equipment. The said Equipment satisfies provisions of Section 2 of the above-referenced Agreement, and it is accepted according to the provisions contained therein.

LESSEE:

By: *John D. McQuinn*
Title: County Judge
Date: 11/13/07

EXHIBIT D

Prepared by: International Decision Systems, Inc.

Info Analysis
Payment Amortization Report

10/22/2007 12:10:28 PM

File Name: infoa.iadx

Customer: Polk County, Texas

Quote ID: 029 655-029-001

Quote Entered Date: 10/22/07

Interest Rate: 4.5900% (Monthly)

Per	Date	Payment	Principal	Interest	Principal Balance	Accrued Interest	Accrued Int Bal	Net Balance
0	10/22/07	0.00	0.00	0.00	97,617.00	0.00	0.00	97,617.00
1	11/22/07	0.00	0.00	0.00	97,617.00	373.39	373.39	97,990.39
2	12/22/07	0.00	0.00	0.00	97,617.00	374.81	748.20	98,365.20
	2007	0.00	0.00	0.00		748.20		
3	1/22/08	0.00	0.00	0.00	97,617.00	376.25	1,124.45	98,741.45
4	2/22/08	0.00	0.00	0.00	97,617.00	377.69	1,502.13	99,119.13
5	3/22/08	0.00	0.00	0.00	97,617.00	379.13	1,881.26	99,498.26
6	4/22/08	0.00	0.00	0.00	97,617.00	380.58	2,261.84	99,878.84
7	5/22/08	0.00	0.00	0.00	97,617.00	382.04	2,643.88	100,260.88
8	6/22/08	0.00	0.00	0.00	97,617.00	383.50	3,027.38	100,644.38
9	7/22/08	0.00	0.00	0.00	97,617.00	384.96	3,412.34	101,029.34
10	8/22/08	0.00	0.00	0.00	97,617.00	386.44	3,798.78	101,415.78
11	9/22/08	0.00	0.00	0.00	97,617.00	387.92	4,186.69	101,803.69
12	10/22/08	0.00	0.00	0.00	97,617.00	389.40	4,576.09	102,193.09
13	11/22/08	102,583.98	97,617.00	4,966.98	0.00	390.89	0.00	0.00
	2008	102,583.98	97,617.00	4,966.98		4,218.78		
	Totals:	102,583.98	97,617.00	4,966.98		4,966.98		

RESOLUTION AUTHORIZING AND APPROVING EXECUTION OF AN AGREEMENT WITH
BANCORPSOUTH EQUIPMENT FINANCE, A DIVISION OF BANCORPSOUTH BANK.

WHEREAS, Commissioner's Court (the "Governing Body") of Polk County, Texas ("Lessee"), acting for and on behalf of Lessee hereby finds, determines and adjudicates as follows:

1. Lessee desires to enter into an Equipment Lease Purchase Agreement with the Exhibits attached thereto in substantially the same form as attached hereto as Exhibit "A" (the "Agreement") with BancorpSouth Equipment Finance, a division of BancorpSouth Bank ("Lessor") for the purpose of presently leasing with an option to purchase the equipment as described therein for the total cost specified therein (collectively the "Equipment").

2. It is in the best interest of the public purposes of Lessee that Lessee lease with an option to purchase the Equipment pursuant to and in accordance with the terms of the Agreement; and

3. It is necessary for Lessee to approve and authorize the Agreement.

NOW, THEREFORE, BE IT RESOLVED by this Governing Body for and on behalf of Lessee as follows:

Section 1. The Agreement and Exhibits attached thereto, in substantially the same form as attached hereto as Exhibit "A", by and between Lessor and Lessee are hereby approved, and John Thompson, Co. Judge (the "Authorized Officer") is hereby authorized and directed to execute said Agreement on behalf of Lessee.

Section 2. The Delivery Order is being issued in calendar year 2007.

Section 3. Neither any portion of the gross proceeds of the Agreement nor the Equipment identified in the Agreement shall be used (directly or indirectly) in a trade or business carried on by any person other than a governmental unit, except for such use as a member of the general public.

Section 4. No portion of the rental payments identified in the Agreement: (a) is secured, directly or indirectly, by property used or to be used in a trade or business carried on by a person other than a governmental unit, except for such use as a member of the general public, or by payments in respect of such property; or (b) is to be derived from payments (whether or not to Lessee) in respect of property or borrowed money used or to be used for a trade or business carried on by any person other than a governmental unit.

Section 5. No portion of the gross proceeds of the Agreement are used (directly or indirectly) to make or finance loans to persons other than governmental units.

Section 6. the Authorized Officer is further authorized for and on behalf of the Governing Body and Lessee to do all things necessary in furtherance of the obligations of Lessee pursuant to the Agreement, including execution and delivery of all other documents Necessary or appropriate to carry out the transactions contemplated thereby in accordance with the terms and provisions thereof:

Following the reading of the foregoing resolution, Ronnie Vincent moved that the foregoing resolution be adopted. Tommy Overstreet seconded the motion for its adoption. The County Judge put the question to a roll call vote and the result was as follows:

<u>Bob Willis, Pct #1</u>	Voted: <u>yes</u>
<u>Ronnie Vincent, Pct #2</u>	Voted: <u>yes</u>
<u>James Purvis, Pct #3</u>	Voted: <u>yes</u>
<u>Tommy Overstreet, Pct #4</u>	Voted: <u>yes</u>
<u>John Thompson, Co. Judge</u>	Voted: <u>yes</u>

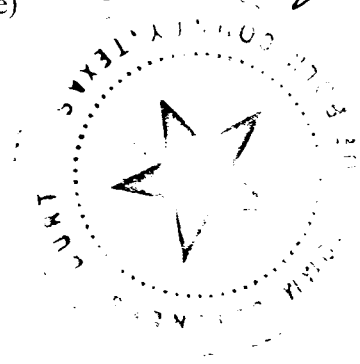
The motion having received the affirmative vote of all members present, the declared the motion carried and the resolution adopted, this the 13 day of November, 2007.

[Handwritten Signature]
(Signature)

ATTEST:

[Handwritten Signature] Sec

(S E A L)



Form **8038-GC**

Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales

OMB No 1545-0720

(Rev. November 2000)

Under Internal Revenue Code section 149(e)


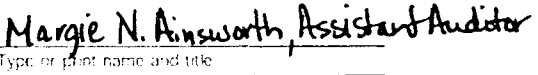
Department of the Treasury
Internal Revenue Service

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

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>
1 Issuer's name Polk County, Texas	2 Issuer's employer identification number 74-6001621	
3 Number and street (or P.O. box if mail is not delivered to street address) 602E. Church Street	Room/suite 108	
4 City, town, or post office, state, and ZIP code Livingston, TX 77351	5 Report number 5	
6 Name and title of officer or legal representative whom the IRS may call for more information Ray Stelly, Polk County Auditor	7 Telephone number of officer or legal representative (936) 327-6811	

Part II Description of Obligations Check if reporting: a single issue <input type="checkbox"/> or on a consolidated basis <input type="checkbox"/>	
8a Issue price of obligation(s) (see instructions). 2008 Mack Dump Truck	8a 97,617.00
b Issue date (single issue) or calendar year (consolidated) (see instructions) ▶	
9 Amount of the reported obligation(s) on line 8a:	
a Used to refund prior issue(s)	9a
b Representing a loan from the proceeds of another tax-exempt obligation (e.g., bond bank)	9b
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check this box ▶ <input type="checkbox"/>	
11 If any obligation is in the form of a lease or installment sale, check this box ▶ <input type="checkbox"/>	
12 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box ▶ <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here  **1/13/07**  **Margie N. Ainsworth, Assistant Auditor**

Issuer's authorized representative Date Type or print name and title

General Instructions

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

Purpose of Form

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

Who Must File

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

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

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

An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to pay a penalty in lieu of arbitrage rebate (see the line 12 instructions).

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

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.

When To File

To file a **separate return**, file Form 8038-GC on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued.

To file a **consolidated return**, file Form 8038-GC on or before February 15th of the calendar year following the year in which the issue is issued.

Late filing. An issuer may be granted an extension of time to file Form 8038-GC under Section 3 of Rev. Proc. 88-10, 1988-1 C.B. 635, if it is determined that the failure to file on time is not due to willful neglect. Type or print at the top of the form, "This Statement Is Submitted in Accordance with Rev. Proc. 88-10." Attach to the Form 8038-GC a letter briefly stating why the form was not submitted to the IRS on time. Also indicate whether the obligation in question is under examination by the IRS. Do not submit copies of any bond documents, leases, or installment sale documents. See **Where To File** below.

Where To File

File Form 8038-GC, and any attachments, with the Internal Revenue Service Center, Ogden, UT 84201.

Other Forms That May Be Required

For rebating arbitrage (or paying a penalty in lieu of arbitrage rebate) to the Federal government, use Form 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate. For private activity bonds, use Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

Rounding to Whole Dollars

You may show the money items on this return as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

Definitions

Obligations. This refers to a single tax-exempt governmental obligation if Form 8038-GC is used for separate reporting or to multiple tax-exempt governmental obligations if the form is used for consolidated reporting.

Tax-exempt obligation. This is a bond, installment purchase agreement, or financial lease, on which the interest is excluded from income under section 103.

Tax-exempt governmental obligation. A tax-exempt obligation that is not a private activity bond (see below) is a tax-exempt governmental obligation. This includes a bond issued by a qualified volunteer fire department under section 150(e).

Private activity bond. This includes an obligation issued as part of an issue in which:
• More than 10% of the proceeds are to be used for any private activity business use, and



Ray Stelly, CPA
Polk County Auditor

POLK COUNTY
LIVINGSTON, TEXAS

(936) 327-6811
Fax: (936) 327-6898

BancorpSouth Equipment Finance,
A division of BancorpSouth Bank
P.O. Box 15097
Hattiesburg, MS 39404-5097

RE: Agreement No. 7319, Dated November 12, 2003

Ladies and Gentleman:

The equipment purchased under the above-referenced Agreement, and associated peripheral equipment that we are buying under said Agreement, will be used by the Polk County Road & Bridge Precinct #2 department. The equipment will not be used in any private business or put to any private business use.

The functions of the equipment will include maintenance of roads and are deemed to be essential to the efficient operation of the Polk County Road & Bridge Precinct #2 department.

Sincerely,

Margie Ainsworth
Polk County Assistant Auditor



DALLAS MACK SALES, LLC
 P.O. Box 569040
 DALLAS, TEXAS 75356
 (214) 631-4770 (214) 688-1119 fax

53-1889



DATE: November 16, 2007

CUSTOMER NAME: POLK COUNTY, PCT. #2
 ADDRESS: 602 E. CHURCH STREET, SUITE 108
 CITY/STATE/ZIP: LIVINGSTON, TX 77351

PO # 40620

INVOICE NUMBER 02424

DESCRIPTION	AMOUNT
YEAR/MODEL VIN DESCRIPTION	ONE (1) NEW 2008 MACK CHU613 1M2AN09Y48N002424 WITH OX DUMP BED S/N OB1107963AR
FEDERAL EXCISE TAX	EXEMPT
SUBTOTAL	97,000.00
DEALERS INVENTORY TAX	155.00
BUY BOARD FEE	
STATE INSPECTION	62.00
TOTAL PRICE	97,217.00
DEPOSIT ON ORDER CASH ON DELIVERY	-
TRADE IN: YEAR, MODEL VIN TRADE-IN ALLOWANCE	
AMOUNT FINANCED	97,217.00
TOTAL PRICE	\$ 97,217.00

LIENHOLDER:

BANCORPSOUTH EQUIPMENT FINANCE
 P. O. BOX 15097
 HATTIESBURG, MS 39404