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February 27, 2008

Mr. John P. Thompson  
County Judge  
Polk County  
101 West Church Street, Suite 300  
Livingston, Texas 77351

**Arbitrage Rebate Calculation Agreement  
for  
Polk County, Texas**

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Dear Mr. Thompson:

This letter (the "Agreement"), sets forth the terms and conditions on which Pinnacle Arbitrage Compliance LLC ("we" or "Pinnacle") will perform the services outlined below (the "Services") to Polk County, Texas ("you" or "Client") as they relate to arbitrage rebate calculations for the various bond issues of the Client (the "Bonds").

**Scope of Services**

1. Pinnacle will prepare a computation to determine the arbitrage rebate amount (the "Rebate Amount") for the Bonds as described in §148(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations Section 1.148 (the "Regulations"). The Rebate Amount is equal to the excess of the amount earned on the investment of all gross proceeds over the amount that would have been earned if such gross proceeds were invested at the bond yield.
2. Upon the completion of our work, we will provide a rebate report for the Bonds, which will contain a signed opinion and detailed supporting schedules indicating the Rebate Amount, computed in accordance with the Code and the Regulations. If a remittance is due to the United States Treasury, we will assist you in completing the Internal Revenue Service Form 8038-T and will provide you with filing instructions to make the payment.

**Fees and Expenses**

3. Our fees to compute the Rebate Amount for the Bonds will be a base fee of **\$1,400** per issue per bond year. An invoice will be issued at the time the completed report is sent to you and is payable upon receipt.
4. The structure and complexity of certain bond issues may require or benefit from additional services for which additional fees will be charged, generally at a rate of \$500 per additional service per Bond Year. Examples of these services include, but are not limited to, the following:

Additional Charges for Special Services Related to:	Fees Per Issue Per Bond Year (*)
Variable Rate Bond Issues	\$500
Inclusion of hedge bond transactions in bond yield calculation	\$1,000
Inclusion Debt Service Fund not meeting debt service fund exception	\$500 per fund
Allocations required for bond proceeds invested in a commingled fund	\$500 per fund
Transferred proceeds transactions due to refundings	\$500 per refunding
Yield Restriction Analysis and Yield Reduction Payment Computation	\$500
Application of the Universal Cap rules	\$500
Preparation of an IRS Refund Request	\$5,000
Penalty in Lieu of Rebate Calculations: Semiannual Fee	\$1,000
(*) A "Bond Year" represents a one-year period from the delivery date of the bonds and each subsequent anniversary date of the delivery of the bonds, or shorter period if selected by the Issuer.	

- 4a. Pinnacle shall obtain prior approval from the Client before initiating any of the additional services outlined above.

#### Term of the Agreement

5. This Agreement will apply for a five-year period ending commencing on the date this Agreement is executed, unless earlier terminated as set forth below. Both the Client and Pinnacle may cancel this Agreement with 30 days written notice with or without cause. The Client shall pay for work-in-progress, completed Services and expenses incurred by Pinnacle through the effective date of any termination.

#### No Coordination with Private Activity Regulations

6. The purpose of our engagement is to determine the Rebate Amount pursuant to §148(f)(2) of the Code. Sections 141-147 of the Code and the related Treasury Regulations set forth requirements with respect to the amount of bond proceeds that may be used for the benefit of a private person or entity. Treasury Regulations Section 1.141-6(a) requires that allocations of expenditures of bond proceeds for purposes of computing the Rebate Amount must be the same as the allocations of expenditures used to test the private use of projects financed with proceeds of the Bonds.

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Polk County, Texas

7. For purposes of calculating the Rebate Amount, our calculations assume that the allocation of the expenditures of Bond proceeds as provided to us are the same for both purposes of Sections 141-147 and Section 148 of the Code. The scope of this engagement does not include procedures to analyze the private use limitations associated with the Bonds.

#### Limitation of Liability

8. The total aggregate liability of Pinnacle under this Agreement shall be limited to any penalty and/or interest imposed on the Client by the United States Internal Revenue Service on any additional Rebate Amount which results from a proven error by Pinnacle in rendering the Services outlined in this Agreement. The Client, and not Pinnacle, shall be responsible for paying the correct Rebate Amount due.
9. Neither of us will, in any event, be liable to the other, for any reason, for any consequential, incidental, special, punitive or indirect damages, including loss of profits, revenue, data, use of money or business opportunities, regardless of whether notice has been given or there is an awareness that such damages have been or may be incurred.

#### Other Terms

10. The Client will timely notify Pinnacle of any refunding or defeasance transactions involving any bond subject to this Agreement. Such notification is critical as a refunding or defeasance transaction may accelerate the required calculation of the Rebate Amount. Failure to notify Pinnacle of refunding or defeasance transactions could cause a filing with the United States Treasury to be late, which could result in penalties and interest.
11. None of the work that we will perform under this engagement will constitute an attest engagement in accordance with generally accepted auditing standards. The advice and Services provided hereunder are solely for the calculation of the Rebate Amount, and are to be used for no other purpose. We assume no responsibility to keep you apprised of developments in the tax law relative to this engagement after it has been completed. We will not audit the information provided to us and will express no opinion as to the completeness, accuracy, or sufficiency of such information for purposes of calculating the Rebate Amount.
12. Pinnacle shall own all work papers prepared by it to document, in accordance with professional obligations, performance of the Services, and it may retain, in confidence, copies of reports and other documents prepared by it.

If the terms of this Agreement are satisfactory, please sign one copy of this Agreement acknowledging our agreement and return it to Pinnacle. We very much appreciate the opportunity to serve you. If you have any questions, please contact Mr. Terry Burke at (214) 580-1230.

Very truly yours,

*Pinnacle Arbitrage Compliance LLC*

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Polk County, Texas

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Acknowledged:

Polk County, Texas

 02/27/08  
Signature Date

John P. Thompson  
Printed Name

County Judge  
Title