

STATE OF TEXAS:

COUNTY OF FISHER:

FISHER COUNTY COMMISSIONER COURT MINUTES

August 19th, 2019

Be it remembered that on Monday, the 19th, day of August 2019 the Commissioners' Court of Fisher County, Texas, convened in Special Session in the Commissioners' Courtroom, Fisher County Courthouse, Roby Texas

Ken Holt, County Judge

Pat Thomson, County Clerk

Gordon Pippin, Commissioner #1

Dexter Elrod, Commissioner #2

Preston Martin, Commissioner #3

Kevin Stuart, Commissioner #4

And the proclamation having been made the Court was in session, the following business came on to be considered:

Order 1-CALL MEETING TO ORDER & ESTABLISH QUORUM – All Present

Order 2-Motion by Commissioner Pippin, second by Commissioner Elrod to approve advertising and receiving sealed bids for IT services. This motion having been put to vote prevailed, the vote being unanimous.

Order 3-Motion by Commissioner Martin, second by Commissioner Pippin to approve oil, gas and mineral lease with Sharp Image Energy, Inc (see attached). This motion having been put to vote prevailed, the vote being unanimous.

Order 4-Motion by Commissioner Pippin, second by Commissioner Elrod to approve 4C Electric to repair lines to old jail, County Clerk and Tax Collector Offices. This motion having been put to vote prevailed, the vote being unanimous.

Order 5-Motion by Commissioner Elrod, second by Commissioner Pippin to approve contract for software services for Auditor and Treasurer Office with STW, Inc. (see attached). This is a five-year contract with 0% interest. This motion having been put to vote prevailed, the vote being unanimous.

Order 6-Motion by Commissioner Pippin, second by Commissioner Stuart to cut \$10,000 parttime salary from County Attorney office budget for FY 2020. No call for vote. Motion was then rescinded.

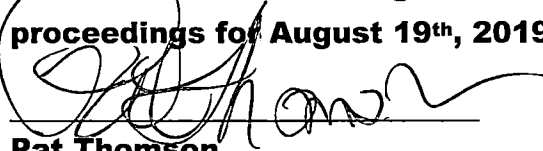
Order 7-Motion by Commissioner Pippin, second by Commissioner Stuart to adjourn. This motion having been put to vote prevailed, the vote being unanimous.

Notes: Budget Workshop

State of Texas:

County of Fisher:

I, Pat Thomson, Fisher County Clerk, attest that the foregoing is a true and accurate accounting of the Commissioner Court's authorized proceedings for August 19th, 2019



Pat Thomson

County Clerk and Ex-Officio Member

Of Commissioners' Court, Fisher County, Texas



COMMISSIONER COURT OF FISHER COUNTY, TEXAS

NOTICE OF OPEN MEETING

DATE OF MEETING: Monday, August 19, 2019

LOCATION: FISHER COUNTY COURTHOUSE

112 N CONCHO ROBY, TX 79543

AGENDA

Call to Order -Monday, August 19, 2019

DELIBERATE AND CONSIDER ACTION ON THE FOLLOWING ITEMS:

1. Advertise and receive sealed bids for IT Services
2. Budget Workshop
3. Cotton & Cotton Contract/Michael Hall
4. 4C estimate for repairs on lines at old jail
5. STW Contract/Jeanna Parks

Pursuant to the authority granted under GC § 551, the Commissioners Court may convene a closed session to discuss any of the above agenda items. Immediately before any closed session, the specific section or sections of GC §551 that provide statutory authority will be announced.

CERTIFICATION

ATTEST:

PAT THOMSON

FISHER COUNTY CLERK

Pat Thomson

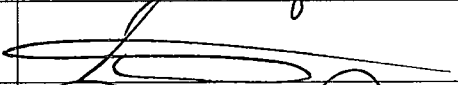

Pat Thomson, Fisher County Clerk

POSTED:

8/15/2019 3:09 PM

FISHER COUNTY COMMISSIONER COURT

August 19, 2019

Print Name	Signature
Becky Davis	Becky Davis
Allan Arnwine	
Jlanna Parks	Jlanna Parks
J Libe	J Gibson
Angie Pippin	Angie Pippin
Gina Pasley	Gina Pasley
Jell Hurt	
Michael Hall	

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 12th day of August, 2019, between
KEN HOLT, Fisher County Judge, acting for and on behalf of Fisher County, Texas,

Lessor (whether one or more), whose address is: P.O. Box 306, Roby, Texas 79543

and SHARP IMAGE ENERGY, INC., P.O. Box 1888, Big Spring, Texas 79721

, Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00 AOVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in FISHER County, Texas, to-wit:

All of the Northwest Quarter (NW¹/₄) of Section No. 75, in Block No. 1, of the H&T Ry. Co. Survey, Fisher County, Texas, containing 160 acres, more or less.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid-up lease and subject to the other provisions herein contained, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipelines to which Lessee may connect its wells, the equal one-fifth part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one-fifth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear one-fifth of the cost of treating oil to render it marketable pipe line oil; (b) to pay Lessor for gas and casinghead gas produced from said land (1) when sold by Lessee, one-fifth of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, one-fifth of the amount realized from the sale of gasoline or other products extracted therefrom and one-fifth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the:

Depository Bank: _____

Mailing Address: _____

or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations

for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.
6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.
7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.
8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.
9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. This lease is subject to the additional terms and provisions contained in an Addendum which is attached hereto.

Notwithstanding anything contained herein to the contrary, this lease is made and accepted without warranty of title, express or implied.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.


LESSOR 
REN HOLT, Fisher County Judge, acting for and on behalf of Fisher
County, Texas

SS OR TAX ID NO: _____

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF FISHER

This instrument was acknowledged before me on the 19 day of August, 2019
by KEN HOLT, Fisher County Judge, for and on behalf of Fisher County, Texas



Notary Public, State of Texas
Notary's Name (printed): Pat Thomson
Notary's Commission Expires: _____
Fisher County Clerk



ADDENDUM TO OIL, GAS AND MINERAL LEASE

Dated August 12, 2019

Ken Holt, Fisher County Judge, acting for and on
behalf of Fisher County, Texas, as Lessor

to

Sharp Image Energy, Inc., as Lessee

Notwithstanding anything contained in the attached printed form lease to the contrary, it is understood and agreed that if any of the provisions set forth in this addendum conflict with the terms contained in such printed form, the additional provisions and conditions set forth in this addendum shall supersede and be controlling over any such conflicting provisions.

The following additional provisions are made a part of the attached and foregoing Oil, Gas and Mineral Lease dated August 12, 2019 by and between Ken Holt, Fisher County Judge, acting for and on behalf of Fisher County, Texas, as Lessor, and Sharp Image Energy, Inc., as Lessee.

11. **Continuous Development.** After the expiration of the primary term hereof, this lease shall remain in force and effect as to all of the lands covered thereby so long and only so long as Lessee shall conduct continuous drilling operations on the leased premises as hereinafter provided. Continuous drilling operations shall mean that not more than one hundred eighty (180) days shall expire between the completion as a producer or the abandonment as a dry hole of a preceding well and the commencement of operations for the drilling of the next succeeding well to the development of the leased premises to the density of maximum allowable production.

In the conduct of the continuous drilling program described herein, if Lessee commences a well prior to the time that it is otherwise required to do so, Lessee shall be entitled to accumulate and later use any time so saved in the early commencement of such well, so that all or any part of said accumulated time may be used to extend the one hundred eighty (180) day interval between the completion of any well required herein and the commencement of the next succeeding well so required.

If Lessee fails to conduct continuous drilling operations on the leased premises, this lease shall thereupon terminate as to all of the leased premises, except:

(a) Surrounding each well theretofore completed on the leased premises as a well capable of producing only oil or oil and casinghead gas in paying quantities or classified by any governmental authority authorized to so classify such well for proration purposes, the lesser of:

- (1) forty (40) acres, or
- (2) that number of acres prescribed or permitted by such governmental authority to be allocated to such well to entitle such well to receive the maximum allowable production.

(b) Surrounding each well theretofore completed on the leased premises as a well capable of producing gas (excluding casinghead gas) or classified by such governmental authority as a gas well, the lesser of:

- (1) Six hundred and forty (640) acres, or
- (2) That number of acres prescribed or permitted by such governmental authority to be allocated to such well to entitle such well to receive the maximum allowable production.

(c) Such right-of-ways and easements across the remainder of the leased premises for such pipelines and roads as may be necessary for the maintenance of the above tracts.

(d) If this lease is in force and effect as to any part of the above described leased land at the expiration of three (3) years from the end of the primary term, then this lease shall thereupon terminate as to all of the oil and gas rights in all formations within the boundary lines of each proration unit or producing unit below the depth of 100 feet below the stratigraphic equivalent of the base of the deepest formation capable of production in paying quantities in each respective well. A formation shall be deemed to be "capable of production in paying quantities" only if such capability is determined by actual drill stem test or if such capability is determined by production testing in each respective well.

(e) Upon Lessor's prior written request (such written request to specify the applicable provision of this lease), the Lessee shall designate and file for record (with the County Clerk where land is located) the area to be maintained and the right-of-way. In the event Lessee fails to designate such area within sixty (60) days after the date of Lessor's written request, Lessor may designate same. The designated areas to be maintained around each well shall be of such shape and have such boundary lines as to comply with applicable rules and regulations of the governmental authority having jurisdiction.

(f) After the conclusion of the continuous development program herein, any acreage so assigned to a producing well shall be considered as covered by a separate lease containing the same terms and provisions, so that thereafter each separate lease can be kept in force and effect only by actual or constructive production from, or operations upon, that particular tract without regard to production or drilling operations upon the other tracts retained by Lessee under the terms hereof. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress and egress from the lands still subject to this lease for all purposes described and allowed under the terms of this lease, together with easements and rights-of-way for roads, pipe lines and


other facilities on, over and across all the lands originally covered by this lease, for access to and from the lands still subject to this lease and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

12. **Royalty Payment Provisions.**

(a) Except as herein otherwise expressly provided, Lessor's royalty shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, manufacturing, processing, or treating of the oil or gas from the leased premises, nor any part of the costs of construction, operation or depreciation of any plant or other facilities or equipment for processing or treating said oil or gas produced from the leased premises, nor any transportation costs charged by Lessee or by an affiliated company of Lessee. Such royalty shall however, be chargeable with any third-party transportation costs.

(b) Notwithstanding any terms or provisions herein to the contrary, Lessee shall deliver or pay all royalties, as herein specified, within 90 days of the last day of the month in which royalty products were produced if delivered in kind or sold if paid in cash. In the event Lessee fails to deliver or pay such royalties within such 90 day period, herein called "due date", Lessor shall give Lessee written notice by registered mail, return receipt requested, of any such failure and Lessee, if in default, shall have thirty (30) days after receipt of said notice to pay or deliver such royalty in the manner herein provided. In the event Lessee fails to pay or deliver such royalty, within the thirty (30) day period, Lessee shall pay Lessor interest at the prime rate per annum then published in the money rates column of the Wall Street Journal, plus 2%, not to exceed the maximum legal rate of interest. Such interest is to be paid by said Lessee from and after the due date of the royalty until payment or delivery of royalty, as such as herein provided.

SIGNED FOR IDENTIFICATION:



KEN HOLT, Fisher County Judge, acting for and on behalf of Fisher County, Texas

Contract Between Fisher County, Texas, and STW, Inc.

For Licensing, Installing and Supporting Application Software

The parties to this "Contract" are STW, Inc.), a Texas corporation, on behalf of itself and its Affiliates, heirs, assignees, agents, and/or successors in interest ("STW") and Fisher County, Texas ("Customer"). This Contract sets forth the terms and conditions under which STW will furnish Licensed Products and provide certain services described herein to Customer, and Customer will pay therefor. "Party" means Customer or STW collectively, and Customer and STW shall be referred to as "Parties".

Exhibits attached which are a part of this Contract are:
Appendix A - the STW Investment Quotation for the Fisher County, Texas
Appendix B – Extended Support Terms for the Fisher County, Texas

For and in consideration of the mutual undertakings herein set forth, the Parties hereto agree as follows:

- 1) **DEFINITIONS.** The following terms as defined below are used throughout this Contract.
 - a) "Affiliate" means a business entity now or hereafter controlled by, controlling or under common control with a Party. Control exists when an entity owns or controls directly or indirectly 50% or more of the outstanding equity representing the right to vote for the election of directors or other managing authority of another entity.
 - b) "Authorized Copies": The only authorized copies of the Licensed Software and Licensed Documentation are the copies of each application software package defined as follows:
 - i) the single copy of the Licensed Software and the related Licensed Documentation delivered by STW under this Contract; and
 - ii) any additional copies made by the Customer, as authorized in Section 3(c) and 3(d).
 - c) "Designated System": The hardware and software as specified, listed in Appendix A, and installed at the location specified in Appendix A.
 - d) "Initial Term": is from 8/1/2019 (the "Effective Date") until from **8/1/2024**
 - e) "Licensed Custom Software": Any software programs (or portions of programs) developed by STW specifically for Customer's own use.
 - f) "Licensed Documentation": The published user manuals and documentation that STW makes generally available for the Licensed Software.

- g) "Licensed Products": (1) The Licensed Software, (2) Licensed Documentation, (3) Updates, and (4) Licensed Custom Software provided under this Contract, or (5) any copy of items (1) - (4).
- h) "Licensed Software": The machine-readable object code version of the software that STW makes generally, commercially available.
- i) "Renewal Term" means each additional renewal period, which shall be for a period of equal duration as the Initial Term.
- j) "Updates": Any enhanced and/or improved versions of the Licensed Software provided under Appendix A of this Contract and released to the Customer after execution of this Contract.
- k) "Lease Fees": The sum of annual recurring fees for all software modules contracted by the Customer.
- l) "Extended Support": See Appendix A for a detailed description.
- m) "Annual Recurring Fees": The sum of all Lease Fees and Extended Support contracted by the Customer.
- n) "Installation": The service provided by STW to install the Licensed Software modules contracted by Customer on the Designated Systems and provision of the Licensed Products to the Customer.
- o) "Conversion": The service provided by STW to enable (convert and validate) past Customer data into the Designated System.
- p) "Training": The service provided by STW to train Customer contacts on the use of the Licensed Products.
- q) "Travel": Expenses required by STW personnel to commute to the Customer site to complete work required by Customer including but not limited to hotel, mileage, meals, and time to commute.

2) PRIMARY CONTACTS AND REPRESENTATIVES.

The primary contact for STW during the term of this Contract shall be:

Mr. Steven Franklin
 212 East Franklin Street
 Grapevine, Texas 76051
 Phone: (817) 329-1711
 Fax: (817) 421-0206

The primary contact for Customer during the term of this contract shall be:

Fisher County Judge
 112 N Concho Street
 Roby, Texas 79543
 Phone: (325) 776-2151
 Fax: (325) 776-2815

Both Parties shall notify the other Party in writing of any change in the primary contact.

3) LIMITED USE LICENSE.

- a) In consideration of annual software rental fees and other charges, if any, and the applicable customer software fees, if any, as provided in Appendix A, STW hereby grants Customer and Customer hereby accepts from STW a limited, non-transferrable and non-exclusive right to use the Licensed

Software only on the Designated System and only for its internal processing needs, subject to the terms and conditions specified herein for a term as provided by Section 18 herein.

- b) Once Customer has paid the annual software rental fees for Licensed Software, Customer shall have the right and license to use the Licensed Software only for the Customer's own use and only on the Designated System for the Term.
- c) In order to assist Customer in the event of an emergency, Customer is permitted to make up to two (2) backup copies on magnetic media of each application of the Licensed Software and one back up copy of the related Licensed Documentation. These Authorized Copies may be stored off-site away from Customer's premises (as specified in the Definitions Section) so long as they are kept in a location secure from unauthorized use. Customer or anyone obtaining access through Customer shall not copy, distribute, disseminate, or otherwise knowingly disclose to any third party the Licensed Products or copies thereof in whole or in part, in any form or media. This restriction on making and distributing the Licensed Products or copies of any Licensed Product includes, without limitation, copies of the following:
 - i) program libraries, both source or object code;
 - ii) operating control language;
 - iii) test data, sample files, or file lay outs;
 - iv) program listings; and
 - v) licensed documentation.
- d) Upon written request by Customer, and with written permission by STW, additional Authorized Copies may be made for Customer's internal use only.
- e) Customer may use the Licensed Products on the Designated System only while it has access to and operates the Designated System, and only during the Term.
- f) If the Designated System is located at Customer's premises and it becomes temporarily inoperable, Customer may load and use the Software on another System until the original Designated System becomes operable.
- g) Any other use or transfer of the Software will require STW's prior approval, which approval will not be unreasonably withheld, and which may be subject to additional charges.
- h) Customer may use Licensed Products only in and for the Customer's own internal purposes and business operations. Customer will not permit any other person to use Licensed Products, whether on a time-sharing, remote job entry or other multiple-user arrangement. Customer may make back-up archival copies of the Software and any related Updates. Customer will reproduce all confidentiality and proprietary notices on each of these copies and maintain an accurate record of the location of each of these copies. Customer will not otherwise attempt to copy, translate, modify, adapt, decompile, disassemble or reverse engineer Licensed Products. The Licensed Software will be resident on Customer's Designated System, during the Term of the Contract.

4) PAYMENT.

Customer agrees to pay STW the amounts specified in Appendix A in U.S. dollars and by the date specified in Appendix A. Any amount not paid when due, which is not in dispute, will accrue interest at the rate of one (1) percent per month, or the maximum interest allowable under applicable law, whichever is less. Customer will pay such interest when remitting the principal amount to STW. All amounts under this Contract are exclusive of any applicable sales, value-added, use or other taxes ("Sales Taxes"). Customer is solely responsible for any and all Sales Taxes, not including taxes based solely on STW's net income. In the event Customer or the transactions contemplated by the Contract are exempt from Sales Taxes, Customer agrees to provide STW, as evidence of such tax exempt status, proper exemption certificates or other documentation acceptable to STW.

5) LICENSED SOFTWARE UPDATES, CUSTOMER SUPPORT.

- a) STW agrees to provide Customer, at no additional charge, with the Updates that STW may make generally available during the Contract period. This Paragraph will not be interpreted to require STW to either:
 - i) develop and/or release Updates; or
 - ii) customize Updates to satisfy Customer's particular requirements.
- b) Updates will not include any new Products that STW decides, in its discretion, to make generally available as a separately priced Update or option.
- c) The following services shall also be included as Support, and provided under this Section:
 - i) Temporary fixes to Licensed Products;
 - ii) Revisions to Licensed Documentation to reflect new software functions, features and operations;
 - iii) Reasonable telephone and/or remote (dial-in) support for Licensed Products, Monday through Friday from 8:00 a.m. to 5:00 p.m., local time, excluding holidays; and
 - iv) Invitations to and participation in user group meetings, if any.
- d) Additional support for other services is available as requested by Customer, using the hourly rates as provided in Appendix A of this Contract. Such hourly rates are subject to change after one (1) year from the Effective Date with written notice to Customer. These additional services include, but are not limited to, the following:
 - i) Designing, programming and supporting Licensed Custom Software.
 - ii) Maintaining modified Licensed Software and/or Licensed Custom Software.
 - iii) File conversion and assistance.
 - iv) Installation of Updates.

6) LIMITED WARRANTIES.

- a) **Warranty.** STW warrants that Licensed Software and Updates will (1) conform to STW published product manuals in effect on the date of delivery; and (2) perform substantially as described in the accompanying Licensed Documentation after delivery for ninety (90) calendar days. STW does not warrant that the Licensed Products will satisfy or may be customized to satisfy all of Customer's requirements.
- b) **Remedies.** In case of breach of such warranty, STW or its representative will use commercially reasonable efforts to correct or replace any defective Licensed Software or Update or, if not practicable, STW will accept the return of the defective Licensed Software and will provide a pro-rata refund to Customer the amount actually paid to STW for the defective Licensed Software, and a pro-rata share of any maintenance fees that Customer actually paid to STW for the period that such Licensed Software was deficient. Customer acknowledges that this Paragraph sets forth Customer's exclusive remedy, and STW's exclusive liability, for any breach of warranty related to the limited warranty of the Licensed Software and Updates.
- c) **Disclaimer.** Except as expressly provided in this Contract, all other warranties, conditions, representations, indemnities and guarantees with respect to the Licensed Products whether expressed or imputed, arising by law, custom, prior oral or written statements by STW or its licensors or representatives or otherwise, including, but not limited to, any warranty or merchantability, fitness for particular purpose or non-infringement, are hereby overridden, and excluded and disclaimed.
- d) The foregoing warranties do not apply if the Licensed Products have been modified or are supported by any party other than STW or its authorized licensors or representatives.

7) INDEMNITY.

- i) STW agrees to save and hold Customer harmless and its agents, servants, and employees of and from and against any and all judgments, suits, costs, expenses, liabilities, causes of action, damages, and/or attorney's fees as a result of any of Customer's businesses, operation, or use of the licensed software and products or from any act or omission of Customer's agents, servants, or employees. This indemnity agreement shall apply and protect Customer and its agents, servants, and employees unless Customer or its agents, servants, or employees were negligent or that their conduct or omission in any way caused or contributed to any such liability, expense, cause of action, damage, and/or attorney's fees.
- b) If an action is brought against Customer claiming that Licensed Software, STW will defend Customer at STW's expense and, subject to Section 8 of this Contract, pay the damages and costs finally awarded against STW in the infringement action, or against Customer for an infringement for which STW has agreed to indemnify Customer under this Contract. Such damages are due Customer only under the following conditions: (1) Customer notifies STW promptly upon learning that the claim might be

asserted; (2) STW has control over the defense of the claim and any negotiation for its settlement or compromise; and (3) Customer takes no action that, in STW's judgment, is contrary to STW's interest.

- c) a claim described in Paragraph 7(b) may be or has been asserted, Customer will permit STW, at STW's option and expense to (1) procure the right to continue using the Licensed Product; (2) replace or modify the Licensed Software to eliminate the infringement while providing functionally equivalent performance; or (3) accept the return of the Licensed Software and provide a pro-rata refund to Customer the amount actually paid to STW for such Licensed Software that is unused, and a pro-rata share of any Support fees that Customer actually paid to STW for the period that such Licensed Software .
- d) Limitation. STW shall have no indemnity obligation to Customer if an infringement claim results from the following:
 - i) a correction or modification of the Licensed Software not provided by STW;
 - ii) the failure to promptly install an Update; or
 - iii) the combined use of the Licensed Software with software not provided or supplied by STW.

8) NO CONSEQUENTIAL DAMAGES.

Under no circumstances will STW or its licensors or representatives be liable for any consequential indirect special, punitive, or incidental damages, whether foreseeable or unforeseeable based on Customer's claims or those of its customers, including, but not limited to, claims for loss of data, goodwill, profits, use of money or use of the Licensed Products, interruption in use or availability of data, stoppage or other work or impairment of other assets out of breach or failure of express or implied warranty, breach of contract, misrepresentation of negligence, strict liability in tort or otherwise, except only in the case of death or personal injury where and to the extent that applicable law requires such liability. In no event will the aggregate liability which STW or its Affiliates or representatives may incur in any action or proceeding exceed the total amount actually paid by Customer for the specific Licensed Product that directly caused the damage.

9) OWNERSHIP.

- a) All trademarks, service marks, patents, copyrights, trade secrets and other proprietary rights in or related to the Licensed Products and Feedback are and will remain the exclusive property of STW or its licensors, whether or not specifically recognized or perfected under applicable law. Customer shall obtain no right, title or interest in the Licensed Products by virtue of this Contract other than the non-exclusive, nontransferable license to use the Licensed Products as restricted herein. Customer will not take any action that jeopardizes STW's or its licensor's proprietary rights or acquire any right in the Licensed Products, except the limited use rights specified in Section 4. STW agrees to notify customer in writing if STW determines that

Customer has or is about to take any action identified above which Customer has agreed not to take.

- b) STW or its licensor will own all rights in any copy, translation, modification, adaptation or derivation of the Licensed Products, including any Feedback, improvement or development thereof.
- c) Customer will obtain, at STW's reasonable request, the execution of any instrument that may be appropriate to assign these rights to STW or its licensor or perfect these rights in STW's or its licensor's name.

10) CONFIDENTIAL INFORMATION AND NON-DISCLOSURE.

- a) Customer acknowledges that Licensed Products incorporate confidential and proprietary information developed or acquired by or licensed to STW. Customer will take all reasonable precautions necessary to safeguard confidentiality or proprietary notice placed on Licensed Products. The placement of copyright notices on these items will not constitute publication or otherwise impair their confidential nature.
- b) Subject to requirements of the Freedom of Information Act (FOIA) and applicable state and local statutes relating to open records, each party shall hold all confidential information in trust and confidence for the Party claiming confidentiality and not use such confidential information other than for the benefit of that Party. The other Party agrees not to disclose any such confidential information by publication or otherwise, to any other person or organization, unless ordered to do so by a court of law or otherwise required under federal or State law.
- c) Customer hereby acknowledges and agrees that all Licensed Products are confidential information and proprietary to STW. In addition to other restrictions set forth elsewhere in this Contract or otherwise agreed to in writing, Customer agrees to implement all reasonable measures to safeguard STW's proprietary rights in Licensed Products, including without limitation the following measures:
 - i) Customer shall permit access to Licensed Products only to those employees who require access and only to the extent necessary to perform Customer's internal processing needs.
 - ii) With respect to agents or third parties, Customer shall permit access to Licensed Products only after STW has approved and returned a written non-disclosure statement to Customer, which approval shall not be unreasonably withheld. STW reserves the right to reasonably refuse access to a third party after it has evaluated the request. Customer agrees to provide information reasonably requested by STW to assist STW in evaluating Customer's request to permit third party access to Licensed Products. In addition to any other remedies, STW may recover all reasonable and documented damages and legal fees incurred in the enforcement of this provision on third party access. Should such access be unreasonably withheld by STW, Customer may immediately terminate this contract without penalty and without cause.

- iii) Customer shall cooperate with STW in the enforcement of the conditions set forth in the non-disclosure statement, or any other reasonable restrictions STW may specify in writing in order to permit or restrict access.
- iv) Customer shall not permit removal of copyright or confidentiality labels or notifications from its proprietary materials.

11) TERM & TERMINATION.

- a) Unless either Party terminates this Contract in writing no less than ninety (90) days before the end of the Initial Term, this Contract shall renew for another period of a one (1) year Term. The "Term" of this Contract is the Initial Term, and the Renewal Term. Reasonable price increases are applicable after the fifth year of the Contract.
- b) By Customer: If STW materially breaches any term of this Agreement and fails to cure such breach within ninety (90) days after notice by Customer, the Customer may terminate this Agreement immediately upon notice.
- c) By STW: If Customer fails to make prompt payments to STW when invoiced and within the time frame outlined in this Contract, or if Customer fails to fulfill its responsibilities as prescribed in this Contract, STW may at its option terminate this Contract, as follows:
 - i) The termination notice shall define the reason(s) for termination;
 - ii) If the reason cited for termination is Customer's failure to make prompt payment, Customer shall have fifteen (15) days from receipt of said notice to make payment in full for all outstanding invoiced payments due;
 - iii) If the cited reason for termination is Customer's failure to fulfill its responsibilities, Customer shall have ninety (90) days from receipt of said notice to correct any actual deficiencies in order to satisfy the terms of this Contract.
 - iv) At the end of ninety (90) days, unless the notice of termination has been revoked in writing by STW, the Contract terminates.
- d) This Contract may be terminated without judicial or administrative resolution if Customer or STW, or any of Customer's, or STW's employees or representatives breach any term or condition hereof:
 - i) Either Party may terminate this Contract in the event of bankruptcy, insolvency and/or assignment for the benefit of creditors of or by either Party.
 - ii) Upon the termination of this Contract for any reason, STW's maintenance and support of the Licensed Products will cease, and the license shall be considered terminated.
 - iii) Upon termination of this Contract for any reason, Customer shall return or destroy all copies of the previously Licensed Product and shall cease all use of the Licensed Product and, upon request certify as to such actions.
 - iv) The provisions of Sections 7, 8, 9, 10, 12, 16 and 18 will survive the termination of this Contract.

12) RIGHT TO INSPECTION.

During the term of this Contract, STW or its representative may, upon 30 days prior written notice to Customer, inspect the files, computer processors, equipment and facilities of Customer during normal working hours to verify Customer's compliance with this Contract.

13) INSTALLATION AND TRAINING.

- a) STW shall make available to Customer qualified representative(s) who will provide installation and training support services for each application of the Licensed Software delivered. Customer and STW will develop a mutually agreeable training schedule. Costs for hourly services for the first year of the Term are described in Appendix A.
- b) Installation and training support services will be performed at Customer's premises, unless otherwise stated.
- c) Training shall consist of both operational and administrative information.
- d) Training will also include hardware and data communications systems, as applicable, including, but not limited to, system configuration, back-up and recovery training, standards for system management and general operations training for Customer personnel.
- e) Each software application training shall be provided by STW. Each program shall be demonstrated step-by-step, practicing each menu, each screen, and each entry as well as explaining how to use the written and/or on-line documentation.

14) INDEPENDENT CONTRACTOR.

STW is an independent contractor. The personnel of one Party shall not in any way be considered agents or employees of the other. To the extent provided for by law, each Party shall be responsible for the acts of its own employees.

15) INSURANCE REQUIREMENTS.

Each Party shall be responsible for Worker Compensation coverage for its own personnel. STW shall not commence work under this Contract until it has obtained Worker Compensation Insurance. STW shall procure and maintain, during the term of this Contract, Worker Compensation Insurance for all of its employees or representatives who engage in the work to be performed. STW shall carry \$1,000,000.00 in liability insurance.

16) NOTICES

Notices to STW shall be mailed certified mail, return receipt requested to: Mr. Steven Franklin at 212 East Franklin, Grapevine, TX 76051.
Notices to Customer shall be mailed certified mail, return receipt requested to: Fisher County Judge, Fisher County, Texas, PO Box 126, Roby, Texas 79543

17) MISCELLANEOUS.

- a) All notices or approvals required or permitted under this Contract must be given in writing.
- b) This Contract will bind both the Customer's and STW's Affiliates. This Contract will be governed by and interpreted in accordance with the laws of the State of Texas, U.S.A without giving effect to its conflict of law rules. Exclusive jurisdiction venue for litigation of any dispute, controversy, claim arising out of or in connection with or for any action relating to the interpretation or performance of this Agreement or to enforce any right or obligation relating to this Agreement shall be only in the State court with competent jurisdiction located in Fisher County, Texas, and the parties hereby submit to the personal jurisdiction and venue therein. If any provision of this Contract is held to be unenforceable, in whole or in part, such holding will not affect the validity of the other provisions of this Contract.
- c) The prevailing Party in any dispute or legal proceedings enforcing this Contract shall be entitled to recover its attorney's fees, witness fees, litigation expenses and costs, as same are reasonable and necessary, to be paid by the non-prevailing Party.
- d) Except as set forth in this Paragraph, neither Party shall assign, delegate, or otherwise transfer this Contract or any of its rights or obligations to a third party without the other Party's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Either Party may assign, without such consent but upon written notice, its rights and obligations under this Contract to: (i) its Affiliate; or (ii) any entity that acquires all or substantially all of its capital stock or its assets related to this Contract, through purchase, merger, consolidation, or otherwise. Any other attempted assignment shall be void. This Contract shall inure to the benefit of and bind each Party's permitted assigns and successors.
- e) The Parties acknowledge that any breach of the confidentiality provisions or the unauthorized use of a Party's intellectual property may result in serious and irreparable injury to the aggrieved Party for which damages may not adequately compensate the aggrieved Party. The Parties agree, therefore, that, in addition to any other remedy that the aggrieved Party may have, it shall be entitled to seek equitable injunctive relief without being required to post a bond or other surety or to prove either actual damages or that damages would be an inadequate remedy.
- f) Neither Party shall be held responsible or liable for any losses arising out of any delay or failure in performance of any part of this Contract, other than payment obligations, due to any act of god, act of governmental authority, or due to war, riot, or any other cause beyond the reasonable control of the Party delayed or prevented from performing.
- g) If any provision of this Contract is found to be unenforceable or invalid, that provision will be limited or eliminated to the minimum extent necessary so that this Contract will otherwise remain in full force and effect and enforceable. Any express waiver or failure to exercise promptly any right

under this Contract will not create a continuing waiver or any expectation of non-enforcement. There are no third-party beneficiaries to this Contract.

- h) This Contract contains the complete and exclusive statement of the agreement between the Parties concerning the matters referred to herein and replaces any prior oral or written representations or communications between the Parties. Each individual signing below represents that they have the requisite authority to execute this Contract on behalf of the organization for which they represent and that all necessary formalities have been met. This Contract is effective upon the last date shown on this page. No modification of this Contract will be binding, unless in writing and signed by an authorized representative of each Party.

AGREED TO BY:

STW Inc.

Customer

By:

Steven Franklin, President

By:

Ken Holt, Fisher County Judge

Date

Date

August 19, 2020

Appendix A

1) Installation, Conversion and Training

- a) Installation: STW agrees to complete installation of all software modules within mutually agreed schedule with Customer. The Designated System shall be located at 112 N Concho Street, Roby, Texas 79543.
- b) Conversion: STW will perform the Conversion services. Such services require data files provided by Customer are operational and "in balance" under the Customer's current application software environment. The cost of the conversion is based upon the hourly charges as specified in 2) a) ii).
- c) Training: STW will conduct Training when possible on-site at Customer premises. Training requires Customer to be available during agreed upon training hours without interruption. Non-contiguous Training sessions will result in additional Training hours that may be charged to the Customer.
- d) Use of Independent Contractors: STW may engage independent contractors to perform all or part of STW's obligations under this Contract.

2) Payment Schedule

- a) One Year Customer Contract:
 - i) Customer shall pay STW for any one-time charges, such as Installation, Conversion, and Training after the month they were incurred upon receipt of invoice from STW.
 - ii) Services such as Installation, Conversion and Training or any other services requested by Customer are performed at from **\$145 / hour**.
 - iii) Customer shall pay STW for the Annual Recurring Fees upon the Effective Date.
 - iv) For any Renewal Term, Customer shall pay STW for the Annual Recurring Fees on each anniversary of the Effective Date.
- b) Multi-year Customer Contract:
 - i) Customer shall pay STW the one-time charges, such as Installation, Conversion, and Training or any other services requested by Customer as specified in the Summary table below, in equal installments over the Initial Term.
 - ii) Customer shall pay STW for one fifth of the estimated one-time charges (including Installation, Conversion, and Training) along with the first year annual charges at the completion of Phase 1 of Project. Subsequent year's fees shall be paid on anniversary date of the Effective Date for four additional years. See table below for amounts.

	5 Year Payment	
One time charges	\$ 9,977.00	\$49,885.00 / 5
Annual charges	\$ 25,372.00	
Total first year charges	\$ 35,349.00	
Years 2 - 5 charges		\$ 35,349.00
Year 6 and beyond charges		\$ 25,372.00

- iii) For any Renewal Term, Customer shall pay STW for the Annual Recurring Fees on each anniversary of the Effective Date.
- iv) Should the Customer require additional Services beyond the estimated amount as specified in the Summary table below, such services shall be performed and charged to Customer at **\$145 / hour**.
- c) Customer shall pay STW for reasonable Travel-related expenses, in accordance with Customer's policy and guidelines, monthly as incurred.
- d) Customer shall pay STW within thirty (30) days from the payment due date.

Summary		
Financial & Utility Billing Software	One Time	Annual Lease/Support
Stw Application Software Annual Lease		\$ 9,240
Conversion	\$ 15,950	
Implementation and Training	\$ 22,765	
Project Management	\$ 2,800	
Server Software / Support Tools:	\$ 4,600	\$ 1,500
Support Agreement		\$ 4,732
Additional Services:	\$ 3,770	
Required Products Total	\$ 49,885	\$ 15,472
Optional/estimate special services	\$ -	
Reporting Tools: (OpenGov)	\$ -	\$ 4,500
Optional Applications:	\$ -	\$ -
Cloud Hosting		\$ 5,400
Required and Optional Products Total	\$ 49,885	\$ 25,372

Applications							
Stw Application Software		Estimated Product Cost	Estimated Implementation and Training	Estimated Conversion	Annual Lease Support	30% Discount	Discounted Lease Amount
General Ledger / Budgetary Accounting	Full conversion, up to 5 years of history.		\$ 3,480	\$ 5,510	\$ 1,800	(\$540)	\$ 1,260
Accounts Payable / Encumbrances	Vendor Master only		\$ 2,320	\$ 1,160	\$ 1,600	(\$480)	\$ 1,120
Budget Preparation	Master files only.		\$ 1,740	\$ 1,160	\$ 1,600	(\$480)	\$ 1,120
Fixed Assets	Master files only, using Stw spreadsheet for conversion.		\$ 1,740	\$ 2,320	\$ 1,400	(\$420)	\$ 980
Payroll	Master Files only, no check history.		\$ 5,800	\$ 5,800	\$ 1,800	(\$540)	\$ 1,260
Cash Receipts / Revenue Accounting	No conversion		\$ 2,320		\$ 1,800	(\$540)	\$ 1,260
Payroll Timesheets	No conversion		\$ 2,320		\$ 1,800	(\$540)	\$ 1,260
Stw Tools	Not applicable		\$ 1,160		\$ 1,400	(\$420)	\$ 980
Discount for Payroll Timesheet Implementation			\$ (2,320)				
Subtotal:			\$ 18,560	\$ 15,950	\$ 13,200	(\$3,960)	\$ 9,240
Required Server Software / Support Tools							
IBM DB2 UDB Database	Version is dependent on Windows server OS level.	\$ 2,500					
Dedicated VPN devices for Stw support.	Cisco ASA or equivalent	\$ 600					
eFormz Forms printing software.	eFormz is used for MICR checks, and other forms. Cost is per printer.	\$ 1,500	\$ 580				
ClearRec bank reconciliation software	PC based bank reconciliation software which is fully integrated with the Stw financial financials.		\$ 1,160				\$ 1,500
Initial Security Setup & Implementation	Implementation and training services for 1 user, regarding Stw application and account access security.		\$ 725				
Stw server and VPN setup services.	One time charge for services.		\$ 1,740				
Subtotal:			\$ 4,600	\$ 4,205			\$ 1,500
Reporting Tools							
OpenGov Reporting add-on to STW			\$ 3,333				\$ 1,500
OpenGov Communications add-on to STW			\$ 3,333				\$ 1,500
OpenGov Stories add-on to STW			\$ 3,333				\$ 1,500
STW/OpenGov implementation waiver			\$ (10,000)				
Subtotal:							\$ 4,500
Totals		\$ 4,600	\$ 22,765	\$ 15,950			\$ 15,240

*Use of the OpenGov solution shall be subject to a separate agreement between OpenGov and Customer in the form substantially similar to the attached OpenGov order form.

Hardware

Quantity	Main Server (Typically used to create 2 virtual machines)	Sample Price	Estimated Total
1	Intel 4C/8T processor. E3-1240 3.5Ghz	\$1,500	\$1,500
32	GB of main memory		
1	Hardware RAID 5 controller		
1	Management controller		
1	Windows Server 2016 Standard (with 2VM's)		
1	CD-RW/DVD ROM		
2	1GB NIC		
2	Power Supplies (for redundancy)		
2	Fan (for redundancy)		
5	500GB 7.2K RPM Disk Drives (1 drive is a hot spare)		
1	Sever Backup Software		
Quantity	Internet Access Server / Security	Price	Total
1	SSL Certificate	\$185	\$185
1	Domain Name Registration / first year	\$ 10	\$10
Quantity	Scanners (Optional)	Price	Total
1	Epson WorkForce Pro GT-S50 Document Image Scanner	\$ 375	\$375
0	Fujitsu fi 6130z - 600 dpi x 600 dpi - Document scanner	\$ 900	\$0
0	Brother DSmobile 600 - 600 dpi (low use scanner)	\$ 150	\$0
Quantity	Cash Receipts Equipment	Price	Total
0	Ithaca 9000 Receipt Printer	\$275	\$0
1	Epson TM-H6000IV Receipt Printer (Check Endorsement)	\$650	\$650
1	Electronic Cash Drawer MS for Ithaca and Epson receipt printer(s).	\$120	\$120
1	EMV compatible credit card terminals.	\$300	\$300
Quantity	MICR Check Printers & Supplies	Price	Total
1	HP LaserJet M402N Printer	\$200	\$200
1	Troy M402N MICR Toner Secure High Yield Cartridge	\$217	\$217
Quantity	Other Recommended Items	Price	Total
			\$0
			\$0
			\$0
			\$0
Total			\$3,557

Appendix B

The parties to this Contract are STW, Inc. (STW), a Texas corporation and Fisher County, Texas (Customer). This Appendix sets forth the terms and conditions under which STW will furnish "Extended Support Services" (ESS) for STW Licensed Products as described herein to Customer

For and in consideration of the mutual undertakings herein set forth, the Parties hereto agree as follows:

1. DEFINITIONS.

The following terms as defined below are used throughout this Contract.

- a) **"Extended Support"** is defined as services in addition to the standard "telephone support" provided with the annual STW application software lease, and software products distributed by STW. Extended support is comprised of the following major categories:
- b) **STW application software.** Assistance, how to, step by step, and problem solving to Customer for users of STW application software. Customer users must have working knowledge of their job function, and of the STW application software.
- c) **STW application security.** Assistance in the setup and maintenance of user security and the creation and maintenance of user defined menus used to access the various applications. Application security only controls the use of resources granted to user, and not which resources are granted to them. They, in turn, determine the use of these resources by users of the application through application security. Implementation and completeness of application security remains a Customer responsibility
- d) **Desktop & Printers.** Support for issues related to the operation of the STW application software on local personal computers, and related printing issues. This addresses problems with Internet Explorer, loading of required STW add on programs, and Java issues. STW must have administrator rights to the local PC to perform some actions. Some issues may not be resolved unless the operating system on the local PC is reloaded, and STW does not provide this service as a part of this agreement.
- e) **Database Administrative Support.** Provision of periodic database tuning, and analysis of server performance issues related to the STW application software. The recovery effort required is determined by factors outside of STW's area of control, and will vary by the server and network environment.
- f) **Reporting Tools:** Support for using Vision and Intellicus reporting tools, which are products distributed by STW. Users must have already received training in the reporting tool products, and should be reasonably proficient with the product.
- g) **Training:** STW will provide up to 10 hours monthly of web based, one-on-one remote training will be made available to any user during normal

business hours (Monday – Friday 8 AM to 5PM). The training will be no more than two hours and it must be scheduled at least one week in advance of the actual training. This does not include training for newly purchased applications. Training is only included for applications specifically specified in Appendix A.

h) **Additional Services.** The services listed below are **not** included in the STW Extended Support Terms. These services shall be provided at STW's discretion in response to Customer requests and will be billed on a time and materials basis at the rates for additional services contained in Paragraph 4 or Appendix A hereto.

- (1) Changes to print programs such as the printing of checks or utility bills.
- (2) Software modifications.
- (3) Software training for new STW application software or reporting tools.
- (4) Software implementation or consulting services
- (5) Responding to problems caused by hardware.
- (6) Recovery services related to server crashes.
- (7) Responding to problems caused by software that is not STW application software or STW reporting tools.
- (8) Time required for STW to create reports for a Customer user, using reporting tools.
- (9) Responding to problems resulting from misuse, accidents, Customer neglect, fire, or any other cause not within STW's reasonable control.
- (10) Changes made to STW application software or operating system environment, by someone other than STW staff.
- (11) Any other services performed by STW not otherwise specifically provided for in this agreement, including but not limited to, bank reconciliation, reconciling out of balance reports, balancing segments of the system, etc.

i) **Support Environment:** Customer must open any firewall ports to allow the use of STW support products. STW currently uses Citrix products include "GoToAssist", but may change these products at any time. If Customer will not allow access for STW support products, STW cannot guarantee support standards will be met.

2. CUSTOMER SUPPORT.

- a) STW agrees to provide Customer with the
 - (1) Extended support for STW Licensed Products as defined by definitions from Monday through Friday from 8:00 a.m. to 5:00 p.m., local time. After hours support can be scheduled in advance to a mutually agreeable time period between Customer and STW staff.
 - ii) Invitations to and participation in online web meetings, if any.
- b) Additional services are defined in Definitions.