

THE STATE OF TEXAS

COUNTY OF HIDALGO

This Agreement is made by and between the COUNTY OF HIDALGO, on behalf of the Tax Assessor-Collector, hereinafter referred to as "County", and PAG McAllen T1, LLC (dba Toyota of Pharr), hereafter referred to as "DISTRIBUTOR."

WHEREAS, Distributor desires to act as an agent of the County in the issuance of motor vehicle license registration stickers and license plates, and in the application for new vehicle titles; and

WHEREAS, public convenience will be furthered by the ability of vehicle dealers to directly register automobiles and to issue registration stickers and license plates.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00), the obligations and covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the County and Distributor hereby agree as follows:

1. The County and the Distributor agree to enter into an agreement to provide point of sale supplies to the Distributor, needed for issuance of license plates and registration stickers to the public. Distributor agrees to comply with the requirements of the Web Dealer System of the Texas Department of Motor Vehicles. All necessary equipment will be furnished and maintained by the Distributor.
2. In order to guarantee the faithful performance of the duties of the Distributor hereunder and to insure that all funds coming into the possession or control of the Distributor by virtue of this Agreement are paid over to the County, the Distributor agrees to post a surety bond in the amount of **\$5,000.00** per General Distinguishing Number (GDN) naming the Hidalgo County Tax Assessor-Collector as obligee on said bond or post a cash deposit with the Hidalgo County Tax Assessor-Collector in the amount of **\$5,000.00** per General Distinguishing Number (GDN). If the Distributor elects to post a bond, said bond shall be continuous in form, and subject to termination only with thirty (30) days written notice to the Hidalgo County Tax Assessor-Collector, and shall be issued by a surety company or financial institution acceptable to the County.
3. The Distributor shall have its person in charge of local operations and all employees of the Distributor who handle or in any way assist in the issuance of stickers take an oath of deputation to be given by the County to serve as authorized agents for the issuance of license registration stickers and license plates. The Distributor shall not allow any of its officers, agents, or employees to participate in any manner in the handling or issuance of license registration stickers and license plates until said

officer, agent or employee has been deputized by the County, and until all Distributor personnel are trained in accordance with the County qualifications, and follow all training programs in the Tax Office before the issuance of said license registration stickers and license plates.

4. The Distributor shall, in writing, designate one or more of its employees who have been deputized to serve as a receiving agent for the Distributor. The County agrees it will not furnish any point of sale equipment and supplies for the account of the Distributor other than directly to the Distributor's receiving agent. The Distributor assumes full liability for the safekeeping of all license registration stickers, license plates, and supplies furnished by the County to the Distributor's receiving agents.
5. License registration stickers, license plates, supplies, and funds in the Distributor's custody shall be insured against burglary and robbery by the Distributor.
6. The Distributor shall collect the fees prescribed by the County for each sticker issued (including applicable Road and Bridge Fees & RMA Fees). Fees collected for the issuance of stickers by the Distributor shall not be commingled with any other funds in the possession of the Distributor. Stickers that are unaccounted for will be hand delivered to and signed for by designated Tax Office personnel. All packages of sticker inventory must be accounted for before additional boxes are issued. All unassigned sticker inventory must be accounted for. Missing inventory will be considered sold or lost and will be charged to the Distributor at a rate of \$80.25 for each missing sticker and \$7.00 per each missing license plate.
7. The Distributor may accept individual checks and cash in payment of fees for the issuance of stickers, provided that checks are made payable to the Distributor, and provided, further, that Distributor assumes full responsibility for collection for all such checks. Distributor shall be responsible for collecting on all Non Sufficient Funds checks. Distributor shall allow on a daily basis, the County, representing those checks and cash received by the Distributor, to initiate debit transactions from the Distributor's financial institution. Said ACH fund debit shall not include the processing fee Distributor charges and collects as compensation for providing issuance of stickers which processing fee will not exceed the amount set by the Texas Department of Motor Vehicles under Section 502.1911 of the Transportation Code. Failure by the Distributor to allow the required access to the County for sums owed for stickers via daily ACH transfer to the County shall result in the immediate termination of this Agreement.
8. The Distributor is subject to audit by the Hidalgo County Tax Assessor-Collector, Hidalgo County Auditor, the State of Texas Department of

Motor Vehicles, the Comptroller of the State of Texas, any Certified Public Accountant, or any person or entity designated by any one or more of the same, at any time during normal business hours of the Distributor, at the place of business of the Distributor designated in this Agreement. The Distributor's receiving agent shall be present and shall make available at the place of the audit all supplies or forms required.

9. The Distributor shall deliver as often as required by the County a license report in the form required by the County. Any report which is not in order and which does not balance or conform to the usual requirements will be returned in its entirety for correction or clarification or may result in immediate termination of this Agreement.
10. Distributor shall, upon receiving a delivery of license plates and registration sticker inventory from the County, verify that the shipping invoice matches the number of license plates and sticker inventory packages delivered before using any of the supplies. Any discrepancies will be reported immediately in writing to the County.
11. Any changes in the ownership of Distributor must be immediately reported in writing to the County. Any such changes will automatically nullify this Agreement and a new agreement must be executed by the new owner if the new owner desires to continue to act as a license agent. It will also be necessary to audit any supplies on hand and a closing report shall be made by the current owner.
12. Distributor will provide access to the authorized representatives of the County to the area where license registration stickers and license plates are sold and stored, and will provide the necessary assistance requested in auditing or checking license stickers or supplies.
13. Distributor will verify Proof of Texas Liability Insurance, when applicable, before selling a license registration sticker and license plate.
14. In order to serve as a license agent, Distributor agrees to abide by all rules, regulations, and requirements of the County, as may from time to time be amended.
15. This Agreement may be voluntarily terminated by either party upon thirty (30) days written notice to the party. If the Agreement is terminated in accordance with this numbered paragraph or for any other reason, the Distributor shall return to the County all outstanding inventories of stickers and license plates, together with supplies and payment for stickers issued, a final report within twenty four (24) hours after the termination date, and funds owed to the County under this Agreement.

16. This Agreement shall constitute the entire agreement between the parties hereto. Breach of any obligation to be performed by the Distributor shall constitute a breach of the entire agreement and shall give County the right to immediately terminate this agreement. The parties hereto agree that any breach by the Distributor shall be considered a substantial breach, and Distributor shall be notified by the County of such breach by certified mail, return receipt requested. Upon the receipt of notice, (which shall be deemed to be three (3) days after mailing) Distributor shall have twenty four (24) hours to return to the County all supplies, payment for stickers issued, and final reports, as set forth in numbered paragraph 19., hereof.
17. In the event that any audit or report of the Distributor discloses that any stickers or funds are missing or otherwise unaccounted for, the County Tax Assessor and County Auditor shall be notified immediately, and the County is entitled to collect on the bond or cash deposit for payment and apply the proceeds there from against the actual damages incurred by the County or any of its agents, employees, or public official. In the event that this Agreement is terminated by the County for breach by the Distributor in accordance with numbered paragraph 9 herein or other breach by the Distributor, and the Distributor fails to return funds and supplies within the time allowed in numbered paragraph 15 hereof, the County shall be entitled to retain proceeds of the bond as liquidated damages or, in the alternative, shall be entitled to seek recovery of actual damages.
18. The term of this agreement shall commence upon receipt by the County of the bond herein referred to, and shall continue in full force and effect thereafter until terminated in accordance with the terms hereof.
19. Any notices given under this Agreement shall be sufficient if in writing and mailed either by Registered or Certified Mail, return receipt requested, postage prepaid, to the parties as follows:

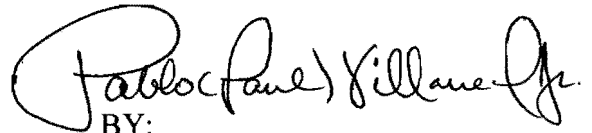
COUNTY: PABLO (PAUL) VILLARREAL JR.
HIDALGO COUNTY
TAX ASSESSOR-COLLECTOR
P.O. BOX 178
EDINBURG, TEXAS 78540-0178

DISTRIBUTOR: PAG McAllen T1, LLC
(DBA TOYOTA OF PHARR)
GDN# P123289
1625 W. EXPRESSWAY 83
PHARR, TX 78577

20. This Agreement constitutes the entire agreement of the parties and all prior agreements, written or oral, are hereby superseded. This Agreement shall not be amended or modified, except in writing signed by the Hidalgo County Tax Assessor-Collector. No official, agent, or employee of the County has the authority, expressed or implied, to orally amend or modify this Agreement. This Agreement may not be assigned by Distributor.
21. This Agreement is in replacement of the Agreement between the parties dated February 18, 2014 and such previous Agreement is terminated effective as of the date of execution of this Agreement.
22. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and venue shall be in Hidalgo County Texas.

EXECUTED IN DUPLICATE ORIGINALS, EACH OF WHICH SHALL HAVE THE FULL FORCE AND EFFECT OF AN ORIGINAL THIS THE ____ DAY OF _____, 2015.

BY: _____
RAMON GARCIA
COUNTY JUDGE



BY: _____
PABLO (PAUL) VILLARREAL JR.
TAX ASSESSOR-COLLECTOR

ATTEST:

ARTURO GUAJARDO, JR.
COUNTY CLERK

DISTRIBUTOR:

PAG McAllen T1, LLC
(DBA TOYOTA OF PHARR)
GDN# P123289
1625 W. EXPRESSWAY 83
PHARR, TX 78577

BY: 
PRINTED NAME: George Raysick
TITLE: Sec'y + Treas. / CFO