

**INTER LOCAL AGREEMENT CONTRACT FOR RESIDENTIAL SERVICES
JUVENILE POST ADJUDICATION FACILITY**

This Agreement is entered into by and between the Williamson County Juvenile Services Department of Williamson County, Texas acting herein by and through its duly authorized representative, the County Judge of Williamson County, Texas (collectively, "Williamson County") and Pegasus Schools, Inc., licensed to provide child care services by the Texas Juvenile Probation Commission, and/or any other appropriate State agency with licensure or regulatory authority over this Facility, acting herein by and through its duly authorized representative.

WITNESSETH

WHEREAS, Pegasus Schools, Inc., (herein referred to as the "Facility") located at 896 Robin Ranch Road, Lockhart, Texas 78644 and the mailing office of Facility located at 896 Robin Ranch Road, Lockhart, Texas 78644; and

WHEREAS, in order to carry out and conduct its juvenile program in accordance with the Title III of the Texas Family Code, Juvenile Justice Code, Williamson County has a need for the use of the Facility to house and maintain children (herein referred to as "child" or "client") of juvenile age, for post-adjudication confinement; and,

WHEREAS, the Pegasus Schools, Inc., desires to make the Facility available to Williamson County for such use and purpose, and Williamson County desires to contract for the use of the Facility; and

WHEREAS, the Facility is inspected and certified as suitable for the detention of children and is in compliance with applicable Texas Juvenile Probation Commission Standards and the Juvenile Justice and Delinquency Prevention Act.

WHEREAS, the parties are political subdivisions of the State of Texas which are authorized to enter into this Interlocal Cooperation Agreement Contract for such residential services pursuant to Chapter 791 of the Texas Government Code.

NOW, THEREFORE, in consideration of the mutual agreements, promises and covenants contained herein, the parties agree as follows:

ARTICLE I
PURPOSE

- 1.01 The purpose of this Residential Services Agreement is to provide Juvenile Probation with long term residential care for children adjudicated to have committed delinquent conduct or conduct indicating a need for supervision. The placement facility to be utilized is owned and operated by Service Provider, and is located at 896 Robin Ranch Road, Lockhart, Texas 78644. The business office of Service Provider is 896 Robin Ranch Road, Lockhart, Texas 78644.

ARTICLE II

TERM

2.01 The term of this Agreement shall be from the effective date of September 1, 2009, through September 30, 2010. Upon the termination or expiration of this Agreement, Williamson County shall be discharged from any further obligations hereunder.

ARTICLE III

FACILITY SERVICES

3.01 The Facility will perform the following services in serving clients:

- A. Provide basic residential services, including: standard supervision by qualified adults, food and snacks, recreation, personal hygiene items, haircuts, transportation, school supplies, room, (rent, utilities, maintenance, telephone), as agreed by Juvenile Probation.
- B. Maintain a staff-to-child ratio as governed by certification standards.
- C. Provide and document paraprofessional counseling, off-campus visits or furloughs, major incidents and worker contacts. Any and all associated with off-campus visits or furloughs will be paid by the parent or guardian.
- D. Ensure that the child's parent(s) or legal guardian(s) and Juvenile Probation are notified if a child in placement makes an authorized departure, becomes seriously ill, or is involved in a serious accident. The Probation Officer and parents will be informed immediately if during working hours. After working normal hours, every effort will be made to notify Juvenile Probation and the parents. In the event of serious illness or accident and for any required follow-up care Service Provider shall be responsible for having the child transported to the nearest hospital or emergency care facility.
- E. Provide to the Juvenile Probation Department a written Individualized Treatment/Case Plan developed in concert with the client and mutually agreed upon by the appropriate Service Provider staff and the Probation Officer within thirty (30) days of placement. Said individualized Treatment/Case Plan shall include measurement of progress toward goals in the following nine (9) domains: medical; safety and security; recreational; educational; mental/behavioral health; relationship; socialization; permanence; parent and child participation.
- F. Initiate and document meetings to review the Individualized Program Plan with the child and the assigned Juvenile Services Probation Officer at reasonable intervals, not to exceed ninety (90) days, to assess the child's progress to meeting goals set forth, making modifications when necessary, and determining the need for continued placement outside of the child's natural home. The Individualized Treatment Plan shall contain the reasons why the placement may benefit the client; shall specify behavioral goals and objectives being sought for each client; shall state how the goals and objectives are to be achieved in the placement; shall state how the parent(s), guardian (s), and, where possible, grandparents and other extended family members will be involved in the program plan to assist in preventing controlling the child's objectionable behavior.

- G. Maintain copies of the original Individualized Program Plan and the periodic reviews.
- H. Provide the Juvenile Probation Department with a written report of the child's progress on a monthly basis in a Monthly Progress Report.
- I. Document and maintain records pertaining to the effectiveness of goods and services provided to contracted children. These records shall contain, but are not limited to: percentage of youth in program successfully achieving set educational goals, percentage of youth achieving set vocational goals, percentage of youth achieving set social skills goals, percentage of youth demonstrating overall progress, number and type of investigations made by the Department of Family and Protective Services or any law enforcement agency due to reports of abuse and / or neglect. These records shall be made available to Juvenile Probation for periodic inspection.
- J. Any and all medical/psychiatric treatment and medication required to meet the needs of the child, as well as clothing, or other expenses not provided for in the Facility's program, shall be the sole responsibility of the said child's parent(s), guardian(s), court ordered conservator or Juvenile Probation, to be paid by either Juvenile Probation, health insurance or Medicaid coverage. However in no case shall a child be denied any needed medical/psychiatric treatment or clothing due to the inability to pay.
- K. Each child placed in the Facility shall be required to follow the rules and regulations of conduct as fixed and determined by the Facility Administrator and staff of the Facility.
- L. Conformance to all applicable standards set forth by the Texas Juvenile Probation Commission ("TJPC") for the operation of secure post adjudication facilities.
- M. Conformance to all Texas Juvenile Probation Commission ("TJPC") program monitoring standards.
- N. It is understood and agreed by the parties that children placed in the Facility under proper orders of the appropriate Juvenile Court shall not be discharged or released from the Facility to any person or agency other than the Williamson County Juvenile Services Department.

ARTICLE IV EVALUATION CRITERIA

4.01 The performance of the Facility in achieving the goals of Juvenile Probation will be evaluated on the basis of the output and outcome measures contained in this section. Juvenile Probation, at its discretion, may use other means or additional measures to evaluate the performance of the Facility in fulfilling the terms and conditions of the Agreement.

- A. Juvenile Probation shall evaluate the Facility's performance under this Agreement according to the following specific performance goals for Service Provider:
 - 1. Ensure children complete residential placement.
 - 2. Prevent re-referrals of children during the six (6) months following release from residential placement.

3. Ensure children move down in their Level of Care as they progress in the treatment program.
- B. Juvenile Probation shall additionally evaluate the Facility by the following output measures (in actual numbers of units of service and activities):
 1. The total number of children placed in residential placement
 2. The total number of children who were discharged from residential placement successfully
 3. The total number of re-referrals of children discharged from placements within (6) months after release
 4. The total number of children who move down in their Level of Care
 5. The average length of time before a child moves down in the Level of Care.
- C. Juvenile Probation shall further evaluate the Facility by the following outcome measures:
 1. Percentage of children in residential placement who will complete their placement as a successful discharge.
 2. Percentage of children who have completed their placement and not re-referrals within six (6) months after release.
 3. Percentage of children who move down in their Level of Care

4.02 The Facility shall report on a monthly basis to Juvenile Probation as to each of the foregoing output and outcome measures. These reports will be reviewed by Juvenile Probation in order to monitor the Facility for programmatic compliance with this Agreement.

ARTICLE V EXAMINATION OF PROGRAM AND RECORDS

5.01 The Facility agrees that it will permit Juvenile Probation to examine and evaluate its program of services provided under the terms of this Agreement and / or to review the Facility records relating to County's clients. This examination, evaluation and review may include unscheduled site visitations, observation of programs in operation, interviews and the administration of questionnaires to the staff of the Facility and the children when deemed necessary.

5.02 The Facility shall provide such descriptive information on children in the Facility as requested on forms provided by the Williamson County Juvenile Services Department and County.

5.03 The Facility agrees to maintain and make the following available for inspection, audit or reproduction: any and all books, documents, papers, records and other evidence which are directly pertinent to the cost, expenses, and services to be performed under this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions of this Agreement (herein referred to as "the Records"), by an authorized representative of Williamson County and/or the State of Texas.

5.04 The Facility agrees that Williamson County shall have access during normal working hours to all necessary facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this section. Williamson County shall give the Facility reasonable advance notice of intended audits.

5.05 The Facility agrees to maintain the Records for three (3) years after final payment, or until the State approved audit has been made and all questions arising from the audit are resolved.

ARTICLE VI
CONFIDENTIALITY OF RECORDS

6.01 The Facility shall maintain strict confidentiality of all information and records relating to children involved in Juvenile Probation, and shall not re-disclose the information except as required to perform the services to be provided pursuant to this Agreement, or as may be required by law.

ARTICLE VII
DUTY TO REPORT

7.01 As required by §§261.101 and 261.405 of the Texas Family Code, the Facility shall report any allegations or incident of abuse, exploitation or neglect of any child (including but not limited to a juvenile that has been placed by Juvenile Probation) within twenty-four (24) hours from the time the allegation is made, to all of the following:

1. Local law enforcement agency;
2. Texas Juvenile Probation Commission by submitting a TJPC Incident Report Form to facsimile number 1-512-424-6717 (or if unable to complete the form within 24 hours, then by calling toll free 1-877-786-7263, followed by submitting the report within 24 hours of said call); and
3. Williamson County Juvenile Probation Department.

ARTICLE VIII
CERTIFICATE OF ELIGIBILITY TO RECEIVE STATE FUNDS

8.01 Under Section 231.006 of the Texas Family Code, the Facility certifies that it is not ineligible to receive state grants or loans and acknowledges that this Agreement may be terminated and payment may be withheld if this certification is inaccurate.

8.02 The Facility shall adhere to all applicable state and federal laws and regulations pertinent to the Facility's provision of services.

8.03 The Facility shall account separately for the receipt and expenditure of any and all funds received from Juvenile Probation under this Agreement. The Facility shall account separately for state funds received and expended utilizing the following Generally Accepted Accounting Practices (GAAP):

1. The Facility has an outside audit completed on a yearly basis which specifies receipt and expenditure of State funds. The Facility shall provide Williamson County a copy of the annual outside audit to Juvenile Probation by March 1 following the end of the fiscal year.
2. If the Facility does not obtain an annual outside audit, then the Facility shall provide a separate accounting of funds received from Juvenile Probation in whole or in part paid from State funds. The accounting shall clearly list the State funds received from Juvenile Probation and account for expenditures of said funds including documentation of appropriate expenditures as well as year's

tax forms and documentation. The accounting shall be provided to Juvenile Probation thirty (30) days prior to the renewal date of the Agreement.

3. It is understood and agreed by the Facility that this Agreement is funded in whole or in part with grant or State funds and shall be subject to termination without penalty, either in whole or in part, if funds are not available or are not appropriated by the Texas Legislature.

ARTICLE IX PRIVATE SERVICE PROVIDERS

9.01 In any contract with a private service provider to provide services to the clients under this Agreement, the Facility, will require, in accordance with Section 141.050(a) of the Texas Human Resources Code, such contract to include, (1) clearly defined contract goals, outputs, and measurable outcomes that relate directly to program objectives; (2) clearly defined sanctions or penalties for failure to comply with or perform contract terms or conditions; and (3) clearly specified accounting, reporting, and auditing requirements applicable to money received under the contract.

9.02 The Facility will also use data relating to the performance of private service providers in prior contracts as a factor in selecting any providers to receive contracts to provide service to clients.

ARTICLE X COMPENSATION

10.01 For and in consideration of the above mentioned services, Juvenile Probation agrees to pay the Service Provider the sum of \$96.17 per day for each child admitted under "Moderate" Level of Care, \$138.25 per day for each child admitted under "Specialized" Level of Care and \$242.85 per day for each child admitted under "Intensive" Level of Care. The Levels of Care are defined by the Texas Juvenile Probation Commission. The daily rate shall be paid to the Service Provider for each day a child is in detention pursuant to billing and paying procedures agreed upon by Juvenile Probation and Service Provider.

10.02 Psychiatric services will be provided to the child on an as needed basis. The initial psychiatric evaluation will be paid for by Juvenile Probation at the rate of \$200 per exam. Follow-up evaluations will be paid by Juvenile Probation at the rate of \$100 per exam.

Moderate

- i. Frequent or repetitive minor problems in one or more areas; may engage in non-violent antisocial acts, but is capable of meaningful interpersonal relationships, requires supervision in structured supportive setting with counseling available from professional or paraprofessional staff; or
- ii. Substantial problems; child has physical, mental, or social needs and behaviors that may present a moderate risk of causing harm to self or others, poor or inappropriate social skills, frequent episodes of aggressive or other antisocial behavior with some preservation of meaningful social relationships, requires treatment program in a structured supportive setting with therapeutic counseling available by a professional staff.

Specialized

Severe problems; unable to function in multiple areas; sometimes willing to cooperate when prompted or instructed; but may lack motivation or ability to participate in personal

care or social activities or is severely impaired in reality testing or in communications; may exhibit persistent or unpredictable aggression, be markedly withdrawn and isolated due to either mood or thought disturbance; or make suicidal attempts; presents moderate to severe risk of causing harm to self or others; requires 24-hour supervision by multiple staff in limited access setting.

Intensive

Very severe impairment(s), disability or needs; consistently unable or unwilling to cooperate in own care; may be severely aggressive or exhibit self destructive behavior or grossly impaired in reality testing, communications, cognition, affect, or personal hygiene; may present severe or critical risk of causing serious harm to self or others; needs constant supervision (24-hour care) with maximum staffing, in a highly structured setting.

10.03 Williamson County agrees to pay the Facility the monthly calculated per diem cost from current revenues. In no event, however, shall the monthly FY 2010 contract rate cost to Williamson County exceed the Facility's actual cost per day per child in operating the Facility. The Facility shall submit an invoice to the Williamson County Juvenile Services Department within ten (10) days after each billing period. Monthly invoices should be directed to:

Williamson County Juvenile Services Department
Attention: Financial Office
1821 SE Inner Loop, Georgetown, Texas 78626

10.04 Williamson County agrees to submit payment to the Facility, at 896 Robin Ranch Road, Lockhart, Texas 78644 within thirty (30) days after receipt of the invoice.

10.05 Williamson County believes it has sufficient funds currently available and authorized for expenditure to finance the costs of this Agreement. The Facility understands and agrees that Williamson County's payment of amounts under this Agreement is contingent on Williamson County receiving appropriations or other expenditure authority sufficient to allow Williamson County, in the exercise of reasonable administrative discretion, to continue to make payments under this Agreement.

ARTICLE XI
EMERGENCY TREATMENT OF CHILD

11.01 Williamson County and Pegasus Schools, Inc., both agree that if emergency examination, hospitalization and/or treatment outside the Facility is required for a child placed in the Facility by Williamson County, the administrator of the Facility is authorized to secure such emergency examination, hospitalization and/or treatment at the expense of Williamson County. Williamson County agrees to promptly pay for any and all emergency examinations, hospitalization, psychiatric, and/or psychological treatment including medications directly to Pegasus Schools, Inc., for such care. Williamson County agrees subject to the Texas Tort Claims Act, to indemnify and hold harmless the Facility, its officials and employees, for any liability or for charges incurred for emergency medical examination, hospitalization and/or psychological treatment required for a child placed in the Facility.

11.02 The Facility Administrator shall notify the Williamson County Juvenile Services Department of such an emergency within 24 (twenty-four) hours of its occurrence or as soon thereafter as practical, but in no event later than three (3) working days.

ARTICLE XII
PLACEMENT OF CHILDREN

12.01 Prior to transporting a child to the Facility, the Williamson County Juvenile Services Department and/or the Williamson County officials requiring and authorizing placement of the child shall secure from the Facility a written letter of acceptance regarding said child. Placement of a child from Williamson County may be denied if the following occur: (1) the child is found not to be suitable for placement in the Facility; or (2) space limitations do not permit such placement as may be determined in the sole judgment of the Pegasus Schools Facility Administrator.

12.02 Children from Williamson County, who are adjudicated in accordance with the provisions of Title 3 of the Texas Family Code, Juvenile Justice Code, shall be admitted to the Facility only under authority of the Juvenile Court of Williamson County, or its designated official. A certified copy of the Adjudication and Disposition Order must be delivered to the Facility prior to or contemporaneous with the child's admission.

12.03 No child shall be admitted to or detained in the Facility under this Agreement in violation of any state or federal law, including but not limited to, the provisions of Family Code § 54.011 regarding the detention of status offenders. The Facility hereby notifies Williamson County and its officials, agents and employees, that Pegasus Schools, Inc., fully complies with the mandates of the federal Juvenile Justice and Delinquency Prevention Act of 1974, as amended 1977, 1980, 1984, in regard to the detention of status offenders as that phrase is commonly understood. No child will be admitted or detained in the Facility if the detention is based solely on that child being a status offender. Williamson County is solely responsible for the transportation of any child placed at the Facility unless prior arrangements are made with Pegasus Schools, Inc.

12.04 The Facility agrees to accept any child qualified hereunder to be admitted, without regard to such child's religion, race, creed, color, sex, or national origin.

12.05 If a child is accepted by the Facility from Williamson County, and such child thereafter is found to be, in the sole judgment of the Facility Administrator, mentally unfit, dangerous, or unmanageable and/or whose mental or physical condition could or might endanger other occupants, including but not limited to the staff or other residents of the Facility, the Facility Administrator shall, upon notification to the Williamson County Juvenile Court Judge or designated juvenile office, have said child immediately removed and transported from the Facility by a juvenile probation or detention officer of Williamson County. If Williamson County fails to remove such child within 24 hours of said notification, the Facility shall transport said child to the Williamson County Juvenile Court Judge or designated juvenile official and Williamson County, shall reimburse the Facility for such at the rate of \$25.00 per hour of time spent in transport, including but not limited to the return trip and actual time spent in Williamson County, plus mileage at the highest current rate allowed under Texas state law for reimbursement to state employees.

12.06 It is agreed by the parties hereto that each child placed in the Facility under the proper order of a court exercising juvenile jurisdiction in Williamson County, Texas, shall remain detained therein except that the staff of either the Facility or the Williamson County Juvenile Services Department may have the child participate in community activities.

12.07 It is expressly understood and agreed by the parties that the Juvenile Court of Lampasas County, Texas shall not exercise any direct authority over a child placed at the Facility pursuant to this Agreement.

12.08 It is agreed by the parties hereto that nothing in this Agreement shall be construed to permit the Williamson County Juvenile Services Department, Williamson County; and their agents, officials or employees in any way to manage, control, direct or instruct the Facility, its agents, officials or employees in any manner respecting any of their work, duties or functions pertaining to the maintenance and operation of the Facility.

12.09 Williamson County warrants that each child placed in the Facility has been legally committed under state and/or federal law.

12.10 It is further understood and agreed by the parties that children placed in the Facility may be released to the Williamson County Juvenile Services Department assigned Juvenile Probation Officer or other appropriate authority of Williamson County pursuant to: (a) Section 12.06 of this Agreement, (b) an Order of Release signed by the Judge of the Juvenile Court of Williamson County.

12.11 It is further understood and agreed by the parties that nothing in this contract shall be construed to permit Williamson County, its agents, servants, or employees in any way to manage, control, direct or instruct Service Provider, its director, officers, employees, agents, shareholders and designees in any manner respecting its work, duties or functions pertaining to the maintenance and operation of the Facility. However, it is also understood that the Juvenile Court of Williamson County shall control the conditions and terms of detention supervision as to a particular child pursuant to Texas Family Code, Section 51.12.

ARTICLE XIII INDEMNIFICATION

13.01 The Facility and Williamson County agree and acknowledge that each entity is not an agent of the other entity and that each entity shall be responsible for its own acts or omissions or other tortious conduct and of those of its agents or employees in the course of performance of this Agreement, without waiving any sovereign or governmental immunity available to either County under Texas law and without waiving any available defenses under Texas law. This Agreement does not and shall not be construed to entitle either party or any of their respective employees, if applicable, to any benefit, privilege or other amenities of employment applicable to the other party. Nothing in this paragraph shall be construed to create or grant any rights, contractual or otherwise, in or to any third persons or entities.

ARTICLE XIV REPRESENTATIONS & WARRANTIES

14.01 Service Provider hereby represents and warrants the following:

- A. That it has all necessary right, title, license and authority to enter into this Agreement;
- B. That is qualified to do business in the State of Texas; that it holds all necessary licenses and staff certifications to provide the type(s) of services being contracted for; that it is in compliance with all statutory and regulatory requirements for the operations of its business; and that there are no taxes due and owing to the State of Texas, the County of Williamson, or any political subdivision thereof;

- C. Service Provider will maintain in force policies of general liability insurance against loss to any person or property occasioned by acts or omissions of Service Provider. Certified copies of original insurance policies shall be furnished to Juvenile Probation. Furthermore the Juvenile Probation shall be notified immediately upon any changes in the status of insurance policies and shall promptly furnish certificates of insurance to Juvenile Probation.
- D. That all of its employees, interns, volunteers, subcontractors, agents and / or consultants will be properly trained to report allegations or incidents of abuse, exploitation or neglect of a juvenile in accordance with the requirements of Texas Family Code Chapter 261 and any applicable Texas Juvenile Probation Commission administrative rules regarding abuse, neglect and exploitation allegations.

ARTICLE XV
STATE AUDITOR'S REVIEW

15.01 Contractor understands that acceptance of funds under this contract acts as acceptance of the authority of the State Auditor's Office, or any successor agency, to conduct an audit or investigation in connection with those funds. Contractor further agrees to cooperate fully with the State Auditor's Office or its successor in the conduct of the audit or investigation, including providing all records requested. Contractor will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Contractor and the requirement to cooperate is included in any subcontract it awards.

ARTICLE XVI
DEFAULT, SANCTIONS, PENALTIES FOR BREACH OF CONTRACT

16.01 Juvenile Probation may, by written notice of default to Service Provider, terminate the whole or any part of this Agreement, as it deems appropriate, in any one of the following circumstances:

- A. If Service Provider fails to perform the work called for by this Agreement within the time specified herein or any extension thereof; or
- B. If Service Provider fails to perform any of the other material provisions of this Agreement, including failure to achieve the defined goals, outcomes, and outputs, or so fails to prosecute the work as to endanger the performance of this Agreement in accordance with its terms, and in either of these two circumstances after receiving notice of default, Service Provider does not cure such failure within a period of ten (10) days.
- C. Except to the extent that a party to this Agreement seeks emergency judicial relief, the parties agree to negotiate in good faith in an effort to resolve any disputes related to this contract that may arise, no matter when the dispute may arise. If a dispute cannot be resolved by negotiation, the dispute shall be submitted to mediation before the parties resort to arbitration or litigation. The parties shall choose a mutually acceptable mediator to mediate the dispute, and the parties shall pay the costs of mediation services equally.
- D. The prevailing party in any lawsuit arising out of this Agreement will be entitled to Attorney's fees from the other party, including actions for declaratory relief.

- E. All notices required under this Agreement shall be in writing. They shall be sent by fax or by registered U.S. mail, return receipt requested, to the party at the addresses listed below. A party must provide notice of a change of address during the term of this Agreement. Unless specified otherwise, notices required in this Agreement shall be deemed to have been received when actually received.

Pegasus Schools, Inc.
896 Robin Ranch Road
Lockhart, Texas 78644

Williamson County
1821 SE Inner Loop
Georgetown, Texas 78626

- F. Captions in this Agreement are for convenience only and shall be deemed irrelevant in construing the provisions of the Agreement.
- G. The parties intend that, in construing and enforcing the provisions of the Agreement, mediators and judges shall give maximum effect to the principals of contractual freedom and contractual enforceability.
- H. If any court finds any provision of this Agreement to be invalid or unenforceable, this finding shall not affect the validity or enforceability of any other provision of the Agreement.
- I. No express or implied waiver by any party of any right of that party under this Agreement in any specific circumstances shall be considered to waive that right of that party in any other circumstance.
- J. The covenants and agreements in this Agreement are binding on and issued to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

ARTICLE XVII TERMINATION

17.01 Notwithstanding any other provision in this Agreement, either party may terminate this Agreement, without cause and for convenience, by notifying the other party in writing at the addresses specified herein for delivery of notices, by certified mail, return receipt requested or by personal delivery at said addresses of the terminating party's intention to terminate the Agreement thirty (30) calendar days after receipt of notice. At the end of the thirty (30) day period, this Agreement shall terminate and become null and void and be of no further force or effect.

17.02 After receipt of notice of termination, Williamson County shall remove all children placed in the Facility on or before the termination date. Such termination shall not affect or diminish Williamson County's responsibility for payment of any amounts due and owing at the time of termination of the contract. No child shall be accepted by the Facility after receipt of said termination notice.

ARTICLE XVIII NOTICES

18.01 Except as otherwise set forth herein, all notices, demands, or other writings may be delivered by either party hereto to the other by certified mail, return receipt requested or other reliable courier at the following addresses:

To: Pegasus Schools, Inc

Pegasus Schools, Inc
Street Address: 896 Robin Ranch Road
Lockhart, Texas 78644

To: Williamson County

Williamson County
c/o: Judge Dan Gattis
701 South Main Street, Suite 101
Georgetown, Texas 78626

Williamson County Juvenile Services Department
Attn: Chief Juvenile Probation Officer
1821 SE Inner Loop
Georgetown, Texas 78626

18.02 The addresses to which any notice, demand, or other writing may be delivered to any party as above provided may be changed by written notice given by such party as above provided.

ARTICLE XIX
OFFICIALS NOT TO BENEFIT

19.01 The Facility agrees to insert this clause "OFFICIALS NOT TO BENEFIT" into all subcontracts entered into in the performance of the work assigned by this Agreement.

19.02 No official, member, or employee of Pegasus Schools, Inc or Williamson County and no members of their governmental bodies, and no other public officials of the Facility or the Williamson County Juvenile Board who exercise any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Agreement which affects his personal interest and shall not have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

19.03 No member of or Delegate to the Congress of the United States of America, no Resident Commissioner, or official of the State of Texas shall be allowed any share or part of this Agreement, or any benefit that may arise therefrom.

ARTICLE XX
VENUE

20.01 The law of the State of Texas shall govern this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, and all venues of any dispute or matter arising under this Agreement shall lie in Lampasas County, Texas

ARTICLE XXI
INTERPRETATION OF CONTRACT

21.01 This Agreement represents the entire and integrated agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either oral or written. Said previous contracts shall terminate, become null and void, and be of no further force or effect on the effective date of this Agreement.

21.02 The parties to this Agreement will work together in good faith to resolve any controversy, dispute or claim between them which arises out of or relates to this Agreement, whether stated in tort, contract, statute, claim for benefits, bad faith, professional liability or otherwise ("Claim"). If the parties are unable to resolve the Claim within thirty (30) calendar days following the date in which one party sent written notice of the Claim to the other party, and if a party wishes to pursue the Claim, such Claim shall be addressed through non-binding mediation under the Commercial Mediation Rules of the American Arbitration Association ("AAA"). A single mediator engaged in the practice of law, who is knowledgeable about subject matter of this Agreement, will conduct the mediation under the then current rules of the AAA. All costs involved in the mediation shall be borne equally between the parties, except that each party shall bear its own attorney fees. Nothing herein is intended to prevent either party from seeking any other remedy available at law including seeking redress in a court of competent jurisdiction. This provision shall survive the termination of this Agreement.

21.03 This Agreement may be amended only by written instrument signed by each party to this Agreement. NO OFFICIAL, EMPLOYEE, AGENT, OR REPRESENTATIVE OF EITHER PARTY HAS ANY AUTHORITY, EITHER EXPRESS OR IMPLIED, TO AMEND THIS AGREEMENT, EXCEPT PURSUANT TO SUCH EXPRESS AUTHORITY AS MAY BE GRANTED BY THE PARTY'S DULY AUTHORIZED REPRESENTATIVE.

21.04 If the party obligated to perform is prevented from performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributable to the fault or negligence of said party, the other party shall grant such party relief from the performance of this Agreement. The burden of proof for the need of such relief shall rest upon the party obligated to perform. To obtain release based on force majeure, the party obligated to perform shall file a written request with the other party.

21.05 To the extent, if any, that any provision in this Agreement is in conflict with Texas Government Code 552.001 et seq., as amended (the "Public Information Act"), the same shall be of no force or effect. Furthermore, it is expressly understood and agreed that both parties, their officers and employees may request advice, decisions and opinions of the Attorney General of the State of Texas in regard to the application of the Public Information Act to any items or data furnished to either party as to whether or not the same are available to the public. It is further understood that both parties' officers and employees shall have the right to rely on the advice, decisions and opinions of the Attorney General, and that both parties' officers and employees shall have no liability or obligation to any party hereto for the disclosure to the public, or to any person or persons, of any items or data furnished to either party by another party hereto, in reliance of any advice, decision or opinion of the Attorney General of the State of Texas.

21.06 In the event that any provision of this Agreement shall be held illegal or unenforceable, such provision shall be severed and shall be null and void, but the balance of the agreement shall continue in full force and effect.

21.07 Nothing in this Agreement shall be deemed to waive, modify or amend any legal defense available at law or in equity to either party, their past or present officers, employees, or agents or employees, nor

to create any legal rights or claim on behalf of any third party. Neither party waives, modifies or alters to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas and of the United States.

21.08 This Agreement is made by and between the parties hereto; it being declared the intention of the parties hereto that the above and foregoing Agreement is an agreement providing for the care of juveniles who have been adjudicated in accordance with the provisions of the Juvenile Justice Code, Title 3, and payment for such care by Williamson County for such juveniles placed in the Facility by the Judge of Williamson County exercising juvenile jurisdiction.

21.09 The undersigned officer and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto, and each party hereby certifies to the other that any necessary resolutions extending said authority have been duly passed and are now in full force and effect.

ARTICLE XXII LEGAL CONSTRUCTION

22.01 In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceable provision shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained therein.

ARTICLE XXIII PRIOR AGREEMENTS SUPERSEDED

23.01 This Agreement constitutes the sole and only Agreement of the parties hereto and supersedes any prior understandings or written or oral Agreement between the parties respecting the within subject matter.

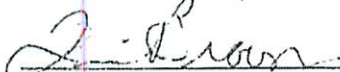
This Contract and Agreement is executed with the declared intention of the parties that this Contract and Agreement is a contract providing for the care of children who have committed an act of delinquency or an act indicating a need for supervision, and payment for such care will be made by Williamson County for the children placed in the Facility by the Judge of Williamson County having juvenile jurisdiction.

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EXECUTED IN DUPLICATE, EACH OF WHICH SHALL HAVE THE FULL FORCE AND EFFECT OF AN ORIGINAL.

IN WITNESS WHEREOF, we hereunto affix our signatures this _____ day of _____, 2009.

PEGASUS SCHOOLS, INC.



Tim Brown, Facility Administrator

Date: Oct-26-09



Authorized Representative

Date: Oct-26-09

WILLIAMSON COUNTY, TEXAS



Williamson County Judge Dan Gattis

Date: 12-2-09
As Authorized by
Williamson County Commissioners Court