

City of Freeport

NOTICE OF SPECIAL PUBLIC MEETING
THE FREEPORT CITY COUNCIL
MONDAY, FEBRUARY 8TH, 2010, 6:00 P.M.
MUNICIPAL COURT ROOM
FREEPORT POLICE DEPARTMENT, 430 NORTH BRAZOSPORT BLVD.

AGENDA FORMAL SESSION

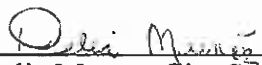
1. Call to order.
2. Invocation.
3. Pledge of Allegiance.
4. Consideration of approving the February 1st, 2010 Council Minutes. Pg. 90-92
5. Attending citizens and their business.
6. Consideration of approving Ordinance No. 2010-2238 amending the City of Freeport budget 2009-2010. Pg. 93-98
7. Consideration of approving Ordinance No. 2010-2239 the Economic Development Corporation budget for 2009-2010. Pg. 99-122
8. Consideration of the approving Resolution 2010-2220 the City Council of Freeport Texas, approving the Resolution of the Board of Directors of the City of Freeport Economic Development Corporation approving entering into a loan agreement with the First State Bank of Louise, Texas. Pg. 123-170
9. Consideration of granting a license to use a 8 x 20 feet area in the alley right-of-way, on part of Lots 2 and 3, Block 710 to Mark Storey, Dollar General Store for an air- condition pad, and directing the City Attorney to prepare necessary the documents. Pg. 171-172
10. Consideration of supporting Federal Funding for the Village of Surfside Beach Erosion Reconnaissance Study and authorizing the Mayor to sign letter. Pg. 173-174

Adjourn

NOTE: ITEMS NOT NECESSARY DISCUSSED IN THE ORDER THEY APPEAR ON THE AGENDA. THE COUNCIL, AT ITS DISCRETION, MAY TAKE ACTION ON ANY OR ALL OF THE ITEMS AS LISTED.

This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code). In compliance with the American with Disabilities Act, the City of Freeport will provide for reasonable accommodations for persons attending City Council Meetings. Request should be received 48 hours to the meetings. Please contact the City Secretary office at 979-233-3526.

I, Delia Muñoz, City Secretary, for the City of Freeport, Texas certify that this agenda was posted on the official bulletin board/glass door of City Hall, facing the rear parking lot of the building, with 24 hours a day public access, 200 W. 2nd Street, Freeport, Texas, February 4th, 2010 at or before 5:00 a.m.



Delia Muñoz, City Secretary
City of Freeport, Texas

State of Texas
County of Brazoria
City of Freeport

BE IT REMEMBERED, that the City Council of the City of Freeport, met on Monday, February 1st, 2010 at 6:00 p.m., at the Freeport Police Department, Municipal Court Room, 430 North Brazosport Boulevard, for the purpose of considering the following agenda items:

City Council:

Larry L. McDonald
Clan A. Cameron
James W. Phillips – absent
Ron Wise
Norma M. Garcia

Staff:

Jeff Pynes, City Manager
Wallace Shaw, City Attorney
Delia Munoz, City Secretary
Gilbert Arispe, Administrative Asst.
Nat Hickey, Property Manager
Brian Dybala, Golf Director
Bob Welch, Finance Director
B.R. Williams, Street Superintendent

Visitors:

David Guzman	Kathy Varnado
Brenda Laird	Melanie Oldham
Jimmy Butler	Manning Rollerson
Allan Glass	Sharon Glass
Angela Johnson	John Johnson
Judy Shaefer	Larry Shafer
Lila Lloyd	Annette Sanford
Rosa McDonald	Susie Wise
Stoney Burke	Robin Rape
Dude Payne	Laurie Motley
Thomas Zirlott	Gloria Millsap
Michelle Kent	Carolyn Tarver
George Beamon	Jane Stromberg
John May	Carolyn H. Johnson
Kayla Rider	Pastor James L. Williams
Mildred Williams	Pastor Harold Jackson
Patricia Jackson	Pastor Marcus Lincoln
Gina Adams	Rev. C. W. Jackson
Landis Adams	Rosie Davis
George Roberts	Jon B. Quick
Lynda Hunter	Jo Leah Gentry
Mingo Marquez	Mingo Marquez, Jr.

Call to order.

Mayor McDonald called the meeting to order at 6:01 p.m.

Invocation.

City Attorney Wallace Shaw offered the invocation.

Pledge of Allegiance.

Mayor McDonald led the Pledge of Allegiance.

Consideration of approving the January 19th, 2010 Council Minutes.

On a motion by Councilman Cameron, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously approved the January 19th, 2010 Council Minutes.

Attending citizens and their business.

Manning Rollerson stated that he has seen a lot of chiefs come and go and asked what the new chief would propose differently for the community.

Consideration of rescheduling February 15th, 2010 Council Meeting to February 16th 2010, due to President Day Holiday.

On a motion by Councilman Cameron, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously approved rescheduling February 15th, 2010 Council Meeting to February 16th 2010, due to President Day Holiday.

Consideration of selling or donating Block 183, Lot 8, Freeport Townsite, known as 1719-1721 West 8th Street to Habitat for Humanity, Tax Id. 4201-1860-000.

On a motion by Councilman Wise, seconded by Councilman Cameron, with all present voting "aye", Council unanimously approved to table this item.

Consideration of setting a date for a Joint Public Hearing with the Planning Commission to consider allowing RV Parks by a Specific Use Permit in all zones except R-1 & R-2.

On a motion by Councilman Cameron, seconded by Councilwoman Garcia, with all present voting "aye", Council unanimously set March 1, 2010 for a Joint Public Hearing with the Planning Commission to consider allowing RV Parks by a Specific Use Permit in all zones except R-1 & R-2.

Jim Pirrung of Bridge Harbor Subdivision asked if WR-1 was considered. Mayor McDonald advised him that it would be up for discussion on March 1, 2010.

Consideration of consenting to the City Manger's appointment of a new Chief of Police.

On a motion by Councilman Cameron, seconded by Councilman Wise, with all present voting "aye", Council unanimously approved Mr. Pynes appointment of Tyrone R. Morrow as the new Chief of Police.

Taking Oath of Office by new Chief of Police.

Mr. Pynes read the Law Enforcement Code of Ethics to Tyrone R. Morrow, with staff, police officers, and audience present. Councilwoman Garcia holding the Bible and Mayor McDonald administering the Oath of Office to Mr. Morrow. Councilman Wise pinned Mr. Morrow with the Chief of Police badge. The public was invited to a reception in the lobby of the Council Chambers.

Adjourn

On a motion by Councilwoman Garcia, seconded by Councilman Wise, the meeting was adjourned at 6:33 p.m.

Delia Munoz
City Secretary

Larry L. McDonald
Mayor

ORDINANCE NO. 2010-2238

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CONTAINING FINDINGS OF FACTS; AMENDING THE BUDGET FOR THE FISCAL YEAR 2009-2010; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, pursuant to the provisions of Subsection (a) of Section 102.007 of Chapter 102 of the Local Government Code and the provisions of Article 9 of the Home Rule Charter of the City of Freeport (hereinafter sometimes "the City"), the budget for the 2008-2009 fiscal year of the City was finally approved by the City Council, being the governing body thereof, by its Ordinance No. 2009-2224, read, passed and adopted on the 24th day of August, 2009, (hereinafter sometimes "the Budget"); and,

WHEREAS, Subsection (b) of Section 102.009 of the Local Government Code provides that, after final approval of the budget, the governing body of a municipality may spend municipal funds only in strict compliance with the budget, except in an emergency, but Section 102.010 of said Code provides that the provisions of Chapter 102 thereof do not prevent the governing body of such municipality from making changes in the budget for municipal purposes; and

WHEREAS, Subsection (c) of Section 102.009 of said Code provides that the governing body of a municipality may authorize an expenditure as an amendment to the original budget only in the case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention; and,

WHEREAS, Section 9.16 of the City's Home Rule Charter provides that the budget may be amended and appropriations altered in accordance therewith in cases of public necessity, the actual fact of which shall have been declared by the City Council; and,

WHEREAS, the adoption of this ordinance and the amendment of the Budget is necessary for and in the best interest of the health, safety and general welfare of the inhabitants of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION ONE (1): FINDINGS OF FACT

In connection with the amendment and revision of the Budget, the City Council of the City makes the following findings:

- (1) The amendments and revisions set forth in the Budget were the result of numerous public workshop meetings called and conducted in the manner required by the Texas Open Meetings Act, codified as Chapter 551, Government Code.
- (2) A public hearing was held on the Budget on September 8, 2008, and conducted in the manner required by Section 102.006 of the Local Government Code and the City's Home Rule Charter.
- (3) Notice of such public hearing was published in the Brazosport Facts, a newspaper of general circulation in and the official newspaper of the City in the manner and time required by Chapter 102 of said Code and the City's Home Rule Charter.
- (4) A grave public necessity exists and to meet an unusual and unforeseen conditions that could not have been included in the original budget through the use of reasonably diligent thought and attention and the Budget must be amended and revised with respect of the new or additional expenditures set forth in Exhibit "A" attached hereto and made a part hereof, such unusual and unforeseen conditions also being set forth in said Exhibit "A".
- (5) The proposed changes are set forth in Exhibit "A" attached hereto and made a part hereof.
- (6) All of the changes set forth in Exhibit "A" are for municipal purposes.
- (7) The several amounts stated in Exhibit "A" as the amended or revised expenditures are hereby appropriated to and for the objects and purposes therein named.
- (8) The contingent appropriations, as amended and revised in said Exhibit "A", do not exceed three (3%) percent of the total amended and revised budget appropriations reflected therein.
- (8) The amended and revised expenditures of the general fund and the debt service fund contained in the Budget, as amended by said Exhibit "A", do not exceed the resources of each fund, as amended and revised.

SECTION ONE (2):

The existing budget of the City of Freeport, Texas, for the fiscal year 2009-2010 is hereby amended and revised as reflected in said Exhibit "A".

SECTION THREE (3):

As required by Subsections (c) and (d) of Section 102.009 of the Local Government Code, upon the passage and adoption of this ordinance, the amended and revised budget adopted hereby shall be filed with the City Secretary of the City to be maintained in the official records of the City, and a certified copy of this ordinance, with Exhibit "A" attached thereto, shall be filed by the City Secretary with the County Clerk of Brazoria County, Texas, and the State Comptroller of Public Accounts for the State of Texas.

SECTION FOUR (4):

nothing contained in this ordinance shall cause any rights heretofore vested to be altered, affected or impaired in any way and all such rights may be hereafter enforced as if this ordinance had not been adopted.

SECTION FIVE (5):

In the event any section or provision of this ordinance is found to be unconstitutional, void or inoperative by the final judgment of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions of this ordinance and such remaining sections and provisions shall remain in full force and effect.

SECTION SIX (6):

This ordinance shall take effect and be in force from and after its passage and adoption.


READ, PASSED AND ADOPTED this ____ day of _____, 2010.

Larry McDonald, Sr., Mayor,
City of Freeport, Texas

ATTEST:

Delia Muñoz, City Secretary,
City of Freeport, Texas

APPROVED AS TO FORM ONLY:



Wallace Shaw, City Attorney,
City of Freeport, Texas

C:\Freeport.Bud\2009-2010 Bud-Amn-Ord



200 West 2nd Street
 Freeport, TX 77541
 PH: (979) 233-3526
 FX: (979) 373-0113

Council

MEMORANDUM

To: Mayor and Council
 From: Bob Welch
 Re: Request for Amendment of Budgeted Funds #1
 Date: February 1, 2010

We are requesting the following amendments to the 2009-2010 Budget:

BUDGET AMENDMENTS	ACCT#	ACCOUNT DESCRIPTION	BUDGET AMENDMENTS	
			DEBITS	CREDITS
1 FEMA DISASTER RELIEF EMERGENCY MANAGEMENT <i>RECORD FEMA DISASTER RELIEF FUNDS RECEIVED</i>	10 360 460 10 530 625	FEMA DISASTER RELIEF EMERGENCY MANAGEMENT	68,299	68,299
2 GRANT REVENUE CAPITAL-CONTINGENCY FUND <i>RECORD JAG GRANT AWARD FOR POLICE DEPARTMENT</i>	10-360-400 10-800-899	GRANT REVENUE CAPITAL-CONTINGENCY	31,398	31,398
3 COUNTY INTERLOCAL <i>MOVE BUDGETED FUNDS FROM PRIOR YEAR TO COVER COMPLETION OF PROJECT-08/09 COUNTY INTERLOCAL AGREEMENT</i>	63-410-899	COUNTY INTERLOCAL	188,015	
4 08/09 CDBG PROJECT <i>MOVE BUDGETED FUNDS FROM PRIOR YEAR TO COVER COMPLETION OF PROJECT</i>	63-410-899	CDBG PROJECT	326,540	
5 INSURANCE RECOVERY CAPITAL -CONTINGENCY FUND <i>RECORD INSURANCE REIMB. FOR POLICE VEHICLE</i>	10-399-100 10-800-899	INSURANCE RECOVERY CAPITAL-CONTINGENCY	10,525	10,525
6 DONATION-AMBULANCE OVERTIME-AMBULANCE SEMINARS DUES/TRAVEL <i>RECORD REIMB. FROM FREEPORT LNG FOR TRAINING</i>	20-360-920 20-535-190 20-535-602	DONATIONS-MISC. OVERTIME-AMBULANCE SEMINARS DUES/TRAVEL	4,546 237	4,783
7 DONATIONS- MISC. OTHER SUNDRY-POLICE <i>RECORD DONATION TO POLICE DEPARTMENT</i>	10-360-920 10-525-699	DONATIONS-MISC. OTHER SUNDRY	150	150
8 CAPITAL-CONTINGENCY FUND PARKS-SMALL TOOLS/EQUIP. <i>RECLASSIFY CAPITAL TO PURCHASE TRAILER FOR PARKS DEPT.</i>	10-800-899 10-655-385	CAPITAL SMALL TOOLS/EQUIP.	2,690	2,690

SUMMARY EFFECT ON GOVERNMENTAL FUNDS:

BUDGET ADJUSTMENTS	ACCT#		CURRENT BUDGET	BUDGET AMEND	AMENDED BUDGET
FEMA DISASTER RELIEF	10 360 460		0	-68,299	-68,299
EMERGENCY MANAGEMENT	10 530 625		11,735	68,299	80,034
GRANT REVENUE	10-360-400		0	-31,398	-31,398
CAPITAL-CONTINGENCY FUND	10-800-899		300,000	39,233	339,233
COUNTY INTERLOCAL/CDBG	63-410-899		424,665	514,555	939,220
INSURANCE RECOVERY	10-399-100		0	-10,525	-10,525
DONATION-AMBULANCE	20-360-920		0	-4,783	-4,783
OVERTIME-AMBULANCE	20-535-190		30,000	4,546	34,546
SEMINARS DUES/TRAVEL	20-535-602		11,675	237	11,912
OTHER SUNDRY-POLICE	10-525-699		7,750	150	7,900
DONATIONS-MISC.	10-360-920		0	-150	-150
PARKS-SMALL TOOLS/EQUIP.	10-655-385		5,000	2,690	7,690
TOTALS			790,825	514,555	1,305,380
			Net effect on Fund Balance:	DECREASE	\$514,555

ORDINANCE NO. 2010-2239

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; APPROVING THE PROGRAMS AND EXPENDITURES OF THE FREEPORT ECONOMIC DEVELOPMENT CORPORATION FOR ITS FISCAL YEAR 2009-2010 BY APPROVING ITS BUDGET FOR SUCH FISCAL YEAR; CONTAINING SAVINGS CLAUSES; CONTAINING A SEVERANCE CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the City of Freeport, Texas, is a "Home Rule City" and a "Home Rule Municipality" lying and situated in Brazoria County, Texas, as described in and defined by Section 5, Article XI of the Constitution of Texas and Section 1.005 of the Local Government Code of Texas, respectively ("the City"); and,

WHEREAS, pursuant to the Development Corporation Act of 1979 ("the Act"), then appearing as Article 5190.6 of the Revised Civil Statutes of Texas (1925), the Freeport Economic Development Corporation ("the FEDC") was created by the City; and,

WHEREAS, the Act has subsequently been codified as Section 501.001, et. seq., of the Local Government Code ("the Code"); and,

WHEREAS, Section 501.002 of the Code defines "an authorizing unit" to include "...a municipality...that may create and use (an economic development corporation)"; and,

WHEREAS, Section 501.073 of the Code provides that the authorizing unit of an economic development corporation, "...will approve all programs and expenditures of (such) corporation and annually review any financial statements of (such) corporation"; and,

WHEREAS, the City Council of the City has reviewed the budget of the FEDC, a copy of the same being attached hereto as Exhibit "A" and,

WHEREAS, the City Council of the City has determined and does here now declare that Exhibit "A" attached hereto accurately reflects all programs of the FEDC for such fiscal year, that such programs are consistent with the long range goals of the City for the FEDC and that such expenses are necessary to the accomplishment of such programs and goals.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

First, the City Council of the City finds and determines that the facts recited in the preamble to this ordinance are true.

Second, the City Council heraby approves the programs and expenditures reflected in the 2009-2010 budget of the FEDC attached hereto Exhibit "A".

Third, nothing contained in this ordinance shall cause any rights heretofore vested to be altered, affected or impaired in any way and all such rights may be hereafter enforced as if this ordinance had not been adopted.

Fourth, in the event any section or provision of this ordinance is found to be unconstitutional, void or inoperative by the final judgment of a court of competent jurisdiction, such defective provision, if any, is hereby declared to be severable from the remaining sections and provisions of this ordinance and such remaining sections and provisions shall remain in full force and effect.

Fifth, this ordinance shall take effect and be in force from and after its passage and adoption.

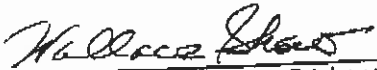
READ, PASSED AND ADOPTED this _____ day of _____,
2010.

Larry McDonald, Sr., Mayor,
City of Freeport, Texas

ATTEST:

Dalia Muñoz, City Secretary,
City of Freeport, Texas

APPROVED AS TO FORM ONLY:



Wallace Shaw, City Attorney,
City of Freeport, Texas

C/Freeport.EDC/Approve FEDC 2009-2010 Budget-Ord

**FREEPORT ECONOMIC DEVELOPMENT
CORPORATION**

PROPOSED BUDGET

F.Y.E. 9-30-10



BUDGET: FISCAL YEAR 2009 - 2010
TABLE OF CONTENTS

FREEPORT ECONOMIC DEVELOPMENT CORPORATION

DESCRIPTION	PAGE
Table of Contents	1
FUND 30 - ECONOMIC DEVELOPMENT FUND REVENUES	2
FUND 30 - ECONOMIC DEVELOPMENT FUND EXPENSES	3-10
FUND 34 - DEBT SERVICE FUND REVENUES	11
FUND 34 - DEBT SERVICE FUND EXPENSES	12-15
FUND 38 - MARINA CONSTRUCTION FUND REVENUES	16
FUND 38 - MARINA CONSTRUCTION FUND EXPENSES	17-20

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 10TH, 2009

30 -ECONOMIC DEVELOPMENT FUND

REVENUES	2005-2006	2006-2007	2007-2008	2008-2009		2009-2010		PROPOSED BUDGET
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	
30-318-300 TAX - SALES EDC	539,668	620,833	631,110	625,000	575,131	575,132	585,000	
30-360-100 INTEREST INCOME	21,497	23,837	7,856	10,000	147	147	100	
30-360-101 MISC INCOME	0	2	38	0	0	0	0	
30-360-200 SALE OF PROPERTY	106,361	78,275	0	0	40,000	40,000	950,000	
30-360-400 GRANT REVENUE	39,692	6,166	7,540	0	36	36	0	
30-360-600 LEASE INCOME	0	0	0	150,000	0	0	0	
30-360-920 DONATIONS - MISCELLANEOUS	283,881	0	0	0	0	0	0	
30-399-000 PROCEEDS FROM SALE OF BOND	0	0	0	0	0	0	1,750,000	
TOTAL REVENUES	991,099	729,113	646,544	785,000	615,315	615,315	3,285,100	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

30 - ECONOMIC DEVELOPMENT FUND

ECONOMIC DEVELOPMENT FUND

EXPENDITURES	2005-2006			2008-2009			2009-2010	
	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
SALARIES								
30-407-199 SALARY/AUTO TRANSFER	71,031	73,051	73,916	75,478	9,813	9,813	0	
TOTAL SALARIES	71,031	73,051	73,916	75,478	9,813	9,813	0	
BENEFITS								
30-407-299 BENEFITS TRANSFER	16,153	16,933	17,525	18,351	1,847	1,847	0	
TOTAL BENEFITS	16,153	16,933	17,525	18,351	1,847	1,847	0	
SUPPLIES								
30-407-310 OFFICE/COMPUTER SUPPLIES	2,328	274	0	300	453	453	2,000	
30-407-311 POSTAGE/SHIPPING	0	22	0	25	0	0	25	
30-407-312 BOOKS/PUBL/SUBSCRIPTIONS	0	0	0	0	0	0	0	
30-407-335 CLOTHING	0	0	0	0	0	0	0	
30-407-399 OTHER SUPPLIES	0	83	0	100	0	0	0	
TOTAL SUPPLIES	2,328	379	0	425	453	453	2,025	
SERVICES								
30-407-413 PROFESSIONAL SERVICES	49,256	134,228	76,411	90,000	126,703	126,703	262,000	
30-407-414 BANK CHARGES	246	218	168	200	122	122	100	
30-407-415 TELEPHONE	699	815	962	850	630	630	600	
30-407-430 ADVERTISING	820	939	1,357	1,000	1,568	1,568	1,000	
30-407-432 PHYSICIAN RECRUITMENT	0	0	0	0	0	0	0	
30-407-434 MARKETING	0	0	0	0	0	0	0	
30-407-435 SPECIAL PROJECTS	3,200	6,000	2,355	5,000	0	0	0	
30-407-440 ELECTRICITY	582	0	0	0	0	0	0	
30-407-499 OTHER SERVICES	385	319	0	350	2	0	0	
TOTAL SERVICES	55,187	142,519	81,253	97,400	129,025	129,023	263,700	
SUNDRY								
30-407-602 SEMINARS/DUES/TRAVEL	310	57	0	100	81	81	100	
30-407-628 PROPERTY INSURANCE	0	0	0	0	1,892	1,893	20,000	
30-407-697 LEASE PRINCIPAL	0	0	8,875	0	116,706	116,706	70,000	
30-407-698 JUDGEMENT - WESTERN SEAFOOD	0	446,651	47,290	0	0	0	0	
30-407-699 OTHER - SUNDRY	4,885	0	0	0	0	0	17,500	
TOTAL SUNDRY	5,195	446,708	56,165	100	118,679	118,680	127,600	
DEBT SERVICE								
10-407-700 PRINCIPAL	0	144,580	94,882	219,509	124,900	124,900	0	
10-407-705 COST OF BOND ISSUE	0	0	0	0	0	0	0	
10-407-710 INTEREST EXPENSE	0	52,904	26,506	257,136	81,457	81,457	0	
TOTAL DEBT SERVICE	0	237,484	121,388	476,645	205,457	205,457	0	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

30 -ECONOMIC DEVELOPMENT FUND

ECONOMIC DEVELOPMENT FUND

EXPENDITURES	2008-2009			2009-2010				
	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
CAPITAL OUTLAY								
30-407-801 MARINA - PRECONSTRUCTION	0	0	0	0	0	0	0	
30-407-802 TRICO FACILITY MOVE	0	171,289	307,252	56,108	211,667	211,667	0	
30-407-803 MARINA - CONSTRUCTION	0	0	0	0	0	0	2,577,157	
30-407-880 LAND ACQUISITION	1,523,562	21,400	0	0	77,180	77,180	0	
30-407-899 CAPITAL OUTLAY	<u>55,687</u>	<u>396,933</u>	<u>46,650</u>	<u>0</u>	<u>225</u>	<u>225</u>	<u>2,000</u>	
TOTAL CAPITAL OUTLAY	1,579,249	589,622	353,902	56,108	289,072	289,072	2,579,157	
ACCRUAL								
30-407-900 Contribution To City(Debt)	0	0	205,282	0	0	0	0	
30-407-996 GAIN/LOSS ON SALE FIXED ASSET	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
TOTAL ACCRUAL	0	0	205,282	0	0	0	0	
TOTAL ECONOMIC DEVELOPMENT FUND	1,729,143	1,506,696	909,432	724,707	754,345	754,345	2,972,482	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

30 -ECONOMIC DEVELOPMENT FUND
 TRANSFERRED TO

EXPENDITURES	2005-2006	2006-2007	2007-2008	CURRENT	2008-2009		2009-2010	
	ACTUAL	ACTUAL	ACTUAL	BUDGET	F-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
<u>INTERFUND TRANSFERS</u>								
30-700-010 TRANSFER TO GENERAL FUND 010	0	0	0	0	0	0	0	0
30-700-014 TRANSFER TO STREET & DRG	0	0	0	0	0	0	0	0
30-700-034 TRANSFER TO SER 2003 DEBT SVC	205,528	0	0	0	0	0	330,186	0
30-700-036 CASH XFR TO/FROM 036	0	0	0	0	0	0	0	0
TOTAL INTERFUND TRANSFERS	205,528	0	0	0	0	0	330,186	0
TOTAL TRANSFERRED TO	205,528	0	0	0	0	0	330,186	0

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF SEPTEMBER 30TH, 2009

30 -ECONOMIC DEVELOPMENT FUND
 TRANSFERRED FROM

EXPENDITURES	2005-2006			2006-2007			2007-2008			2008-2009			2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET						
<u>INTERFUND TRANSFERS</u>														
30-710-010 TRANSFER FROM GENERAL FUND	(765,670)	0	0	0	0	0	0	0						
30-710-014 TRANSFER FROM STREET & DRG	0	0	0	0	0	0	0	0						
30-710-032 TRANSFER FROM MARINE CONST.	0	0	(133,759)	0	(133,759)	0	0	0						
TOTAL INTERFUND TRANSFERS	(765,670)	0	(133,759)	0	(133,759)	0	0	0						
<hr/>														
TOTAL TRANSFERRED FROM	(765,670)	0	(133,759)	0	(133,759)	0	0	0						
<hr/>														
TOTAL EXPENDITURES	1,169,001	1,506,696	775,673	724,707	620,586	754,345	3,302,668							
<hr/>														
REVENUE OVER/(UNDER) EXPENDITURES	(177,902)	(777,583)	(129,129)	60,293	(5,271)	(139,030)	(17,568)							

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 16TH, 2009

34 -SERIES 2001 - DEBT SVC

REVENUES	2005-2006	2006-2007	2007-2008	2008-2009		2009-2010		
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
34-360-100 INTEREST INCOME	680	1,831	298	285	69	245	30	
34-360-950 CONTRIBUTIONS FROM EDC DEBT	0	205,904	205,282	205,457	205,457	205,457	0	
34-399-000 PROCEEDS FROM SALE OF BOND	0	0	0	0	0	0	0	
TOTAL REVENUES	680	207,735	205,580	205,742	205,526	205,702	30	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

34 -SERIES 2001 - DEBT SVC
 ECONOMIC DEVELOPMENT FUND

EXPENDITURES	2005-2006	2006-2007	2007-2008	2008-2009			2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
<u>SERVICES</u>								
34-407-414 BANK CHARGES	0	0	0	0	0	0	0	
TOTAL SERVICES	0	0	0	0	0	0	0	
<u>DEBT SERVICE</u>								
34-407-700 PRINCIPAL	107,000	113,000	118,000	124,000	124,000	124,000	176,370	
34-407-710 INTEREST EXPENSE	98,185	92,839	87,282	81,457	81,392	81,392	153,216	
34-407-730 DEBT SERVICE FEES	600	300	300	300	300	300	600	
TOTAL DEBT SERVICE	205,785	206,139	205,582	205,757	205,692	205,692	330,186	
TOTAL ECONOMIC DEVELOPMENT FUND	205,785	206,139	205,582	205,757	205,692	205,692	330,186	

2009/2010 BUDGET PROCESS:
 LINE ITEM DETAIL

DEPARTMENT NAME: ECONOMIC DEVELOPMENT FUND -34
 ACCOUNT NUMBER: 34-407-700
 ACCOUNT NAME: PRINCIPAL

DESCRIPTION OF DETAIL:	PROPOSED BUDGET 09/30/2010
2003 CERT. OF OBILGATION	130,000
2009 CERT. OF OBILGATION-ESTIMATE	46,370
TOTAL	176,370

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

34 -SERIES 2001 - DEBT SVC

TRANSFERRED FROM

EXPENDITURES	2005-2006			2008-2009			2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
<u>INTERFUND TRANSFERS</u>								
34-710-030 TRANSFER FROM EDC	(205,528)	0	0	0	0	0	(330,186)	
TOTAL INTERFUND TRANSFERS	(205,528)	0	0	0	0	0	(330,186)	
TOTAL TRANSFERRED FROM	(205,528)	0	0	0	0	0	(330,186)	
TOTAL EXPENDITURES	258	206,139	205,582	205,757	205,692	205,692	0	
REVENUE OVER/(UNDER) EXPENDITURES	422	1,596	(2)	(15)	(166)	10	30	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

38 -MARINA CONSTRUCTION

REVENUES	2005-2006	2006-2007	2007-2008	2008-2009			2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
38-360-100 INTEREST INCOME	0	45,846	87,914	0	14,941	0	400	
38-399-010 PROCEEDS FROM LOANS	0	6,000,000	0	0	0	0	0	
TOTAL REVENUES	0	6,045,846	87,914	0	14,941	0	400	

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

36 -MARINA CONSTRUCTION
 ECONOMIC DEVELOPMENT FUND

EXPENDITURES	2005-2006			2006-2007			2007-2008			2008-2009			2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET						
<u>SERVICES</u>														
38-407-414 BANK CHARGES	0	0	20	0	49	0	50							
TOTAL SERVICES	0	0	20	0	49	0	50							
<u>CAPITAL OUTLAY</u>														
38-407-802	0	0	0	0	0	0	0							
38-407-899 CAPITAL OUTLAY, MARINA	0	907,157	3,128,955	1,685,306	1,588,409	1,685,306	413,204							
TOTAL CAPITAL OUTLAY	0	907,157	3,128,955	1,685,306	1,588,409	1,685,306	413,204							
TOTAL ECONOMIC DEVELOPMENT FUND	0	907,157	3,128,976	1,685,306	1,588,458	1,685,306	413,254							

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

36 -MARINA CONSTRUCTION
 TRANSFERRED TO

EXPENDITURES				----- 2008-2009 -----			----- 2009-2010 -----	
	2005-2006 ACTUAL	2006-2007 ACTUAL	2007-2008 ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET
<u>INTERFUND TRANSFERS</u>								
38-700-010 Transfer to General Fund	0	0	133,759	0	0	0	0	0
TOTAL INTERFUND TRANSFERS	0	0	133,759	0	0	0	0	0
TOTAL TRANSFERRED TO	0	0	133,759	0	0	0	0	0

CITY OF FREEPORT
 PROPOSED BUDGET WORKSHEET
 AS OF: SEPTEMBER 30TH, 2009

38 -MARINA CONSTRUCTION
 TRANSFERRED FROM

EXPENDITURES	2005-2006			2006-2007			2007-2008			2008-2009		2009-2010	
	ACTUAL	ACTUAL	ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL	PROJECTED YEAR END	REQUESTED BUDGET	PROPOSED BUDGET					
<u>INTERFUND TRANSFERS</u>													
38-710-010 TRANSFER FROM GENERAL FUND	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL INTERFUND TRANSFERS	0	0	0	0	0	0	0	0	0	0	0	0	
<hr/>													
TOTAL TRANSFERRED FROM	0	0	0	0	0	0	0	0	0	0	0	0	
<hr/>													
TOTAL EXPENDITURES	0	907,157	3,262,735	1,685,306	1,586,458	1,685,306	413,254						
<hr/>													
REVENUE OVER/(UNDER) EXPENDITURES	0	5,138,689	(3,174,821)	(1,685,306)	(1,573,517)	(1,685,306)	(412,854)						
<hr/>													

CERTIFICATE OF CITY SECRETARY

I, the undersigned, City Secretary of the City of Freeport, Texas DO HEREBY CERTIFY as follows:

1. On the ____ day of January, 2010, a regular meeting of the City Council of the City of Freeport, Texas, was held at a meeting place within the City; the duly constituted members of the Council being as follows:

Larry McDonald	Mayor
Clan Cameron	Council Member
Jim Phillips	Council Member
Ron Wise	Council Member
Norma Moreno	Council Member, Mayor Pro Tem

and all of said persons were present at said meeting, except the following: _____.
Among other business considered at said meeting, the attached resolution entitled:

“RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS (“CITY”), APPROVING (I) THE RESOLUTION OF THE BOARD OF DIRECTORS OF CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION (“CORPORATION”) APPROVING THE ENTERING INTO OF A LOAN AGREEMENT WITH FIRST STATE BANK OF LOUISE, TEXAS; (II) A SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT BETWEEN THE CITY AND THE CORPORATION (III) RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE LOAN; AND (IV) THE AUTHORITY OF THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, A GENERAL CERTIFICATE OF THE CITY AND THE SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT.”

was introduced and submitted to the City Council for passage and adoption. After presentation and due consideration of the resolution, and upon a motion made and seconded, the resolution was duly passed and adopted by the Council to be effective immediately by the following vote:

AYES: All members of the City Council shown present above voted “*Aye*”, except as noted below,

NOES:

ABSTAIN:

all as shown in the official Minutes of the City Council for the meeting held on the aforesaid date.

2. The attached resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the City Council on the date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of said meeting was given to each member of the Council; and that said meeting, and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the above-entitled resolution, was posted and given in advance thereof in compliance with the provisions of V.T.C.A., Chapter 551, Government Code, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially on the date first written above.

City Secretary

“RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS (“CITY”), APPROVING (I) THE RESOLUTION OF THE BOARD OF DIRECTORS OF CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION (“CORPORATION”) APPROVING THE ENTERING INTO OF A LOAN AGREEMENT WITH FIRST STATE BANK OF LOUISE, TEXAS; (II) A SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT BETWEEN THE CITY AND THE CORPORATION (III) RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE LOAN; AND (IV) THE AUTHORITY OF THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY, A GENERAL CERTIFICATE OF THE CITY AND THE SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT.”

WHEREAS, the Freeport Economic Development Corporation (the “Corporation”) has been duly created and organized pursuant to the provisions of Section 4B of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (the “Act”) by the City of Freeport, Texas (the “City”); and

WHEREAS, pursuant to the Act, the Corporation is empowered to borrow money for the purpose of defraying the cost of any “project” defined as such by the Act; and

WHEREAS, the Act defines “project” to include the construction of facilities to promote or develop new and expanded business enterprises; and

WHEREAS, the Board of Directors of the Corporation has found and determined that the completion of the construction of a public marina to promote economic development (the “Project”) constitutes a project within the meaning of the Act and the costs of such Project may be financed from the proceeds of a Loan Agreement, dated as of January [___], 2010, in the original principal amount not to exceed \$1,750,000.00 (the “Loan Agreement”) between the Corporation and First State Bank of Louise, Texas (the “Bank”); and

WHEREAS, the Corporation proposes to enter into a Sales Tax Remittance, Guaranty and Subordination Agreement, dated as of January [___], 2010 (the “Sales Tax Remittance Agreement”) with the City and the Bank; pursuant to, which among other things, the Corporation will pledge its sales tax revenues to the Bank to secure repayment of the Loan; the City is guaranting the payment of the principal of and interest on the Note subject to annual appropriation, and the City is subordinating its rights to the sales tax revenues of the Corporation; and

WHEREAS, the Act requires the City Council of the City approve the resolution of the Corporation providing for the execution and delivery of the Loan Agreement; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

Section 1. The Resolution approving the Loan Agreement and authorizing the issuance of the Note (as defined in the Loan Agreement) to be adopted by the Corporation (the "Corporation Resolution") on January [], 2010, and submitted to the City Council this day, is hereby approved in all respects. The Note is being issued to finance the costs of completing the construction of the Project, which is located within the territorial jurisdiction of the City.

Section 2. The approvals herein given are in accordance with Section 25(f) of the Act, and the Note shall never be construed an indebtedness or pledge of the City, or the State of Texas (the "State"), within the meaning of any constitutional or statutory provision, and the owner of the Note shall never be paid in whole or in part out of any funds raised or to be raised by taxation (other than sales tax proceeds as authorized pursuant to Section 4B of the Act) or any other revenues of the Corporation, the City, or the State, except those revenues assigned and pledged by the Loan Agreement and the Agreement.

Section 3. The City hereby agrees to promptly collect and remit to the Corporation the Sales Tax (defined in the Loan Agreement) to provide for the prompt payment of the Note, and to assist and cooperate with the Corporation in the enforcement and collection of sales and use taxes imposed on behalf of the Corporation.

Section 4. The Sales Tax Remittance Agreement attached hereto as Exhibit A and incorporated by reference as a part of this Resolution for all purposes, with respect to the obligations of the City and Corporation during the time the Note is outstanding, is hereby reapproved as to form and substance. Furthermore, the Mayor and the City Secretary and the other officers of the City are hereby authorized, jointly and severally, to execute and deliver such endorsements, instruments, certificates, documents, or papers necessary and advisable to carry out the intent and purposes of this Resolution.

Section 5. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by V.T.C.A. Government Code, Chapter 551, as amended.

Section 6. This Resolution shall be in force and effect from and after its passage on the date shown below.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

PASSED AND ADOPTED, this _____, 2010.

CITY OF FREEPORT, TEXAS

Larry McDonald, Mayor

ATTEST:

City Secretary

EXHIBIT A

SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT

CERTIFICATE FOR RESOLUTION

On this [] day of January, 2010, we, the undersigned officers of said Corporation, hereby certify as follows:

1. The Board of Directors of said Corporation convened in Regular Meeting on January [], 2010 at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board of Directors, to wit:

Dan Tarver	President
Clan Cameron	Vice-President
Lila Diehl	Secretary
Bill Raines	Director
Jack Taylor	Director
Sandra Wood-Wicke	Director
Larry Schafer	Director

and all of said persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF
FREEPORT ECONOMIC DEVELOPMENT CORPORATION
REGARDING A LOAN**

was duly introduced for the consideration of said Board of Directors and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All members of the Board of Directors shown present above voted "Aye" except as shown below.

NOES:

ABSTAIN:

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board of Directors' minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board of Directors' minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board of Directors as indicated therein; that each of the officers and members of said Board of Directors was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said

Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Chairman of the Board of Directors of the Corporation has approved and hereby approves the aforesaid Resolution; that the Chairman and the Secretary of said Corporation have duly signed said Resolution; and that the Chairman and the Corporation Secretary of said Corporation hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

Signed on the date first written above.

Lila Diehl, Secretary

Dan Tarver, President

**RESOLUTION OF THE BOARD OF DIRECTORS OF CITY OF FREEPORT
ECONOMIC DEVELOPMENT CORPORATION REGARDING A LOAN**

WHEREAS, CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION ("*Borrower*") proposes to enter into the Loan Agreement dated as of January [___], 2010 (the "*Loan Agreement*"), with FIRST STATE BANK OF LOUISE, TEXAS, as lender ("*Bank*") to enable Borrower to finance the completion of the construction of a public marina in an amount not to exceed \$1,750,000.00, and as security for the payment of the principal of and interest thereon, the Borrower has agreed to pledge its Economic Development Sales and Use Tax (as defined in the Loan Agreement).

WHEREAS, the proposed form of the Loan Agreement and Note (as defined in the Loan Agreement) and the Sales Tax Remittance, Guaranty and Subordination Agreement (as defined in the Loan Agreement) have been presented to this meeting.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION AS FOLLOWS:

Section 1. The Board of Directors agrees to enter into the Loan Agreement, Note and the Sales Tax Remittance, Guaranty and Subordination Agreement to finance the completion of the construction of a public marina in the City of Freeport, in a principal amount not to exceed \$1,750,000.00 at an interest rate agreed upon by the Bank and the Borrower on the date of execution of the Note, the Loan Agreement and the Sales Tax Remittance, Guaranty and Subordination Agreement and, in order to secure the principal of and interest on the Note, to pledge its Economic Development Sales and Use Tax.

Section 2. That any one or more of the Authorized Officers of the Borrower listed in Section 3 below be, and each of them hereby is, authorized to execute, acknowledge and deliver in the name and on behalf of Borrower to the Bank the Loan Agreement including all attachments and exhibits thereto, the Note and the Sales Tax Remittance, Guaranty and Subordination Agreement, and the Loan Agreement, the Note and the Sales Tax Remittance, Guaranty and Subordination Agreement shall be in substantially the form presented to this meeting with such changes as the signing officer shall determine to be advisable. Further, said Authorized Officers are authorized to execute, acknowledge and deliver in the name and on behalf of the Borrower any other agreement, instrument, certificate, representation and document, and to take any other action as may be advisable, convenient or necessary to enter into such Loan Agreement, the Note and the Sales Tax Remittance, Guaranty and Subordination Agreement; the execution thereof by any such Authorized Officer shall be conclusive as to such determination.

Section 3. That for the purpose of this resolution, the following persons, or the persons holding the following positions, are "*Authorized Officers*" duly authorized to enter into the transaction contemplated by this resolution in the name and on behalf of Borrower:

<u>Title</u>	<u>Name</u>	<u>Signature</u>
President	Dan Tarver	_____
Secretary	Lila Diehl	_____

Section 4. That there is hereby authorized the execution and delivery by the Authorized Officers or any one of them in the name of and on behalf of Borrower the Loan Agreement, including all attachments and exhibits thereto, the Note and the Sales Tax Remittance, Guaranty and Subordination Agreement in substantially the form presented to this meeting with such changes as the signing officer shall determine advisable, and the execution thereof shall be conclusive as to such determination.

Section 5. That this Resolution shall take effect immediately.

PASSED AND ADOPTED this January [___], 2010.

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Name: _____
Title: _____

GENERAL CERTIFICATE OF CORPORATION

The undersigned duly authorized officers of the Board of Directors of the **CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION** ("Borrower") acting in our official capacities as such, hereby certify with respect to the Loan Agreement dated as of January [], 2010, (the "Loan Agreement") by and between Borrower and **FIRST STATE BANK OF LOUISE, TEXAS** ("Bank"), as follows:

1. That the Borrower is a nonprofit industrial development corporation, validity created by the City of Freeport, Texas under Section 4B of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (the "Act") and existing under the Act, and the laws and the Constitution of the State of Texas and is a governmental agency thereof. All capitalized terms used herein shall have the meanings set forth for such terms in the Loan Agreement unless the context clearly indicates otherwise.

2. That as of the date of approval of the Loan Agreement by the Borrower, the following named persons constitute the members of the Board of Directors of Borrower:

<u>NAME</u>	<u>TITLE</u>
Dan Tarver	President
Clan Cameron	Vice-President
Lila Diehl	Secretary
Bill Raines	Director
Jack Taylor	Director
Sandra Wood-Wicke	Director
Larry Schafer	Director

3. The Board of Directors of the Borrower duly adopted by a majority vote the Resolution Regarding the Loan Agreement (the "Resolution") authorizing and approving the entering into the Loan Agreement and the Note, at a duly called public meeting, at which a quorum was present and acting throughout; the Resolution is in full force and effect and has not been altered, amended or repealed as of the date hereof; that said meeting was duly called and open to the public in accordance with the laws of the State of Texas.

4. The following described instruments (collectively, the "Instruments"), as executed and delivered or authorized by the Borrower, are in substantially the same form and text as copies of such Instruments which were before and were approved or ratified by the Board of Directors of the Borrower, and which the officers of the Borrower were authorized to execute and deliver for and on behalf of the Borrower:

- (a) the Loan Agreement;
- (b) the Note, dated as of January [], 2010 in the principal amount of \$1,750,000.00; and

(c) the Sales Tax Remittance, Guaranty and Subordination Agreement, dated as of January [], 2010.

5. To the best knowledge of the undersigned, on the date hereof, the Borrower is not in default in the performance or observance of any of the covenants, conditions, agreements or provisions of the Instruments.

6. The representations and warranties of the Borrower contained in the Instruments are correct on and as of the date hereof as though made on and as of such date.

7. No litigation is pending or, to the best of Borrower's knowledge, threatened in any court to restrain or enjoin the execution and delivery of the Loan Agreement or the Note, or the levy and collection of the Economic Development Sales and Use Tax or the pledge thereof, or contesting or affecting the adoption and validity of the Resolution or the authorization, execution and delivery of the Instruments, or contesting the powers of the Board of Directors of the Corporation.

IN WITNESS WHEREOF, we have duly executed this certificate on the date first written above.

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Dan Tarver, President

ATTEST:

By: _____
Lila Diehl, Secretary

**SALES TAX REMITTANCE, GUARANTY
AND SUBORDINATION AGREEMENT**

This **SALES TAX REMITTANCE, GUARANTY AND SUBORDINATION AGREEMENT** (this "Agreement") is made to be effective as of January [], 2010, by and among the **CITY OF FREEPORT, TEXAS**, a duly incorporated and existing home rule city operating and existing under the laws of the State of Texas (the "City"), the **CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION**, a nonprofit development corporation organized and existing under the laws of the State of Texas, including Section 4B of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (the "Corporation") and **FIRST STATE BANK OF LOUISE, TEXAS** (the "Bank").

RECITALS

WHEREAS, the Corporation on behalf of the City is to finance the completion of the construction of a public marina (the "Project"); to promote economic development in the City; and

WHEREAS, such financing contemplates the issuance of the Corporation's note in a principal amount not to exceed \$1,750,000.00.

AGREEMENT

1. **Financing of Project**: For and in consideration of the City's covenants and agreements herein contained and subject to the terms contained herein, the Corporation hereby agrees to enter into the Loan Agreement, dated of even date herewith (as same may be amended, restated, supplemented and/or otherwise modified, the "Loan Agreement"), by and between the Corporation and the Bank, and a promissory note thereunder in a principal amount not to exceed \$1,750,000.00 (the "Note"), and the Corporation hereby agrees and covenants that all proceeds of the loan evidenced by the Note shall be used solely to pay the costs of the Project.

2. **Receipt and Transfer of Proceeds of Sales Tax**. The City agrees, in cooperation with the Corporation, to take such actions as are required to cause the "Sales Tax" received from the Comptroller of Public Accounts of the State of Texas for and on behalf of the Corporation to be deposited immediately upon receipt by the City to the credit of the Corporation.

3. **Guaranty**. Pursuant to the authority of Chapter 380, Local Government Code, as amended, the City hereby guaranties the payment of the principal of and interest on the Note by the Corporation. The City's guaranty is subject to annual appropriation.

4. **Subordination**. The City and the Corporation agree that the pledge of the Sales Tax to the Note shall be senior to the pledge or use thereof to the Corporation's existing loan from the City for the Project and the use thereof to pay the principal of and interest on any outstanding or future bonds, certificates of obligation or other indebtedness of the City. The City hereby expressly subordinates its rights to the Sales Tax under its existing loan to the Corporation for the Project and any outstanding or future bonds, certificates of obligation or other indebtedness.

5. **Revenues.** Neither the City nor the Corporation shall pledge any revenues, rents, lease or license payments received from the Project without the consent of the Bank.

6. **Modifications.** This Agreement shall not be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge this Agreement in whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought and approved in writing by the Bank.

7. **Counterparts.** This Agreement may be executed in several counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for only one such counterpart in proving this Agreement.

8. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect.

9. **Applicable Law.** This Agreement shall in all respects be governed by, and construed in accordance with, the substantive federal laws of the United States and the laws of the State of Texas.

10. **Captions.** The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

11. **Capitalized Terms.** All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date and year first above written.

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Dan Tarver, President

ATTEST:

By: _____
Lila Diehl, Secretary

Signature Page to Sales Tax Remittance, Guaranty and Subordination Agreement

CITY OF FREEPORT, TEXAS

By: _____
Larry McDonald, Mayor

ATTEST:

City Secretary

Signature Page to Sales Tax Remittance, Guaranty and Subordination Agreement

FIRST STATE BANK OF LOUISE, TEXAS

By: _____
Dan Croft, President

Signature Page to Sales Tax Remittance, Guaranty and Subordination Agreement

\$1,750,000.00

January [], 2010

**CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION
PROMISSORY NOTE**

CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION (the "**Corporation**") for value received, hereby promises to pay to the order of **FIRST STATE BANK OF LOUISE, TEXAS**, (the "**Bank**") its successor or assigns, at its offices located at P. O. Box 826, Sweeny, Texas 77480, the principal sum of One Million Seven Hundred Fifty Thousand and No/100 Dollars (\$1,750,000.00).

All capitalized terms which are used but not defined in this Note shall have the same meanings as in the Loan Agreement dated as of even date herewith, between the Corporation and the Bank (such Loan Agreement, together with all amendments, restatements, supplements and/or other modifications thereto, being the "Loan Agreement").

The Corporation agrees to pay interest on all amounts hereof so advanced and remaining from time to time unpaid hereon monthly on the first (1st) day of each month beginning on February 1, 2010 through and including February 1, 2025 (the "Maturity Date") (each a "Payment Date") at a rate of Prime plus 1.5% per annum; provided, however, that such rate of interest shall not exceed the Maximum Interest Rate and shall never be less than 6.0% per annum.

The "Prime Rate" shall mean the rate of interest publicly announced by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below its Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

The Corporation agrees to pay principal due on this Note on each Payment Date, beginning on February 1, 2010 through and including the Maturity Date, in accordance with the Schedule I attached hereto.

Past due principal and interest shall bear interest at the Maximum Interest Rate.

All payments of interest shall be computed on the per annum basis of a year of 365 or 366 days, as the case may be.

Principal of and interest on this Note shall be payable from and secured by a pledge of the Corporation's Economic Development Sales and Use Tax.

This Note is authorized under the Loan Agreement and is subject to, and is executed in accordance with, all of the terms, conditions and provisions thereof. A fully executed copy of the Agreement is on file in the permanent records of the Corporation and is open for inspection to any member of the general public and to any person proposing to do business with, or asserting claims against, the Corporation, at all times during regular business hours.

Except as otherwise provided in the Agreement, the Corporation waives all demands for payment, presentations for payment, protests, notices of protests, and all other demands and notices, to the extent permitted by law.

All agreements between the Corporation and holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the holder hereof, exceed the maximum permissible by applicable law. If, from any circumstances whatsoever, interest would otherwise be payable to the holder hereof in excess of the Maximum Interest Rate, then the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstances the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the Maximum Interest Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Corporation. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of the subject loan until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Corporation and the holder hereof.

THIS NOTE AND THE LOAN AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

NEITHER THE STATE OF TEXAS, THE CITY OF FREEPORT, TEXAS (THE "CITY"), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE, EXCEPT TO THE EXTENT THAT THE CORPORATION IS OBLIGATED TO MAKE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS NOTE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE, EXCEPT TO THE EXTENT THE CORPORATION HAS PLEDGED THE ECONOMIC DEVELOPMENT SALES AND USE TAX DESCRIBED ABOVE TO MAKE THE NOTE PAYMENTS.

The Corporation may, in its discretion, prepay all or any portion of the outstanding principal amount of this Note pursuant to Section 2.6(a) of the Agreement and the Corporation must prepay principal of the Note pursuant to Section 2.6(b) and (c) of the Agreement.

If a date for the payment of the principal of or interest on the Note is a Saturday, Sunday, legal holiday, or a day on which the Bank is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institution is authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Note shall be governed in all respects by the laws of the State of Texas and of the United States of America.

IN WITNESS WHEREOF, this Note has been duly executed effective as of the date first written above.

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Dan Tarver, President

ATTEST:

By: _____
Lila Diehl, Secretary

Schedule I – Principal Payment Schedule

**LOAN AGREEMENT
(\$1,750,000.00)**

between

FIRST STATE BANK OF LOUISE, TEXAS

and

CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION

Dated as of January [___], 2010

TABLE OF CONTENTS

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION	1
Section 1.1 Definitions.....	1
Section 1.2 Interpretative Matters	4
ARTICLE II THE LOAN; REPAYMENT OF THE LOAN.....	4
Section 2.1 Financing the Loan	4
Section 2.2 Conditions to Closing	4
Section 2.3 Repayment Terms	5
Section 2.4 Note Payments	5
Section 2.5 Note Payments Due on Business Days	5
Section 2.6 Prepayment of Note.	6
Section 2.7 Limited Obligation.....	6
Section 2.8 Segregation of Economic Development Sales and Use Tax.....	6
ARTICLE III ADDITIONAL PARITY DEBT	6
ARTICLE IV SPECIAL AGREEMENTS	6
Section 4.1 Obligations of Corporation Unconditional	6
Section 4.2 Agreement as Security Agreement	7
Section 4.3 Pledge and Source of Payment	7
Section 4.4 Special Funds	7
Section 4.5 Flow of Funds	8
Section 4.6 Debt Service Fund.....	8
Section 4.7 Surplus Fund	8
Section 4.8 Investment of Funds; Transfer of Investment Income.....	9
Section 4.9 Security for Uninvested Funds.....	9
Section 4.10 Financial Statements and Reports	9
Section 4.11 Tax Matters	9
Section 4.12 Notice of Contingent Liabilities.....	9
Section 4.13 Inspection Rights	9
Section 4.14 Keeping Books and Records.....	9
ARTICLE V REPRESENTATIONS AND WARRANTIES	10
Section 5.1 Representations and Warranties of Bank	10
Section 5.2 Representations by the Corporation.....	10
ARTICLE VI REMEDIES SECTION.....	11
Section 6.1 Remedies Available	11
Section 6.2 Application of Money Collected.....	12
Section 6.3 Restoration of Rights	12
Section 6.4 Non-Exclusive Remedies.....	12
Section 6.5 Delays	12
Section 6.6 Limitation on Waivers	12
ARTICLE VII DISCHARGE BY PAYMENT	12

ARTICLE VIII MISCELLANEOUS 13

Section 8.1 Term of Agreement 13

Section 8.2 Notices 13

Section 8.3 Binding Effect, Assignment 13

Section 8.4 Expenses, Fees, Etc 14

Section 8.5 Cross Default; Cross Collateral 14

Section 8.6 Amendments Require Consent of Bank 14

Section 8.7 Severability 14

Section 8.8 Counterparts 14

Section 8.9 Applicable Law 14

Section 8.10 Jurisdiction 14

Section 8.11 Arbitration 14

Section 8.12 Notice of Final Agreement 15

Exhibit “A” – Form of Note

LOAN AGREEMENT

This **LOAN AGREEMENT** (the "Agreement"), dated as of January [], 2010, is between **FIRST STATE BANK OF LOUISE, TEXAS** (the "Bank"), and **CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION** (the "Corporation"), a nonprofit industrial development corporation duly established and created pursuant to Section 4B of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended, (the "Act"), created by or on behalf of the City of Freeport, Texas (the "City").

W I T N E S S E T H:

WHEREAS, the City has established, levied, is maintaining and collecting on behalf of the Corporation the Economic Development Sales and Use Tax pursuant to Section 4B of the Act;

WHEREAS, the Corporation has asked the Bank to make a loan to the Corporation for the purpose of financing the costs of the Project (hereinafter defined) and pursuant to the Act, such loan to be secured by and payable from the proceeds of the Economic Development Sales and Use Tax;

WHEREAS, the Project is important to the economic growth and development of the City and will benefit the City's residents by aiding the City's efforts to encourage economic growth and development, stimulate commerce, promote or develop new or expanded business enterprises, and enhance the health, safety, and welfare of the City's residents;

WHEREAS, the Bank is willing to make such loan to the Corporation, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements herein expressed, the Bank and the Corporation agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. The capitalized terms used in this Agreement shall have the following respective meanings unless the context otherwise requires:

Act – has the meaning ascribed to such term in the first paragraph hereof.

Additional Parity Debt - The additional debt or other obligations permitted to be issued or incurred by the Corporation pursuant to Section 3.1 of this Agreement.

Agreement - This Loan Agreement and any amendments, restatements, supplements and/or other modifications hereto.

Bank – First State Bank of Louise, Texas.

Business Day - Any day, other than a Saturday, Sunday, or legal holiday, on which the offices of the Bank are not required or authorized by law or executive order to be closed.

City - has the meaning ascribed to such term in the first paragraph hereof.

Closing - The delivery of the Note to the Bank.

Closing Date - The date of the Closing.

Code - The Internal Revenue Code of 1986, as amended, and all applicable regulations and any official rulings and determinations under the above.

Comptroller - The Comptroller of Public Accounts of the State.

Costs of Issuance - The costs and expenses incurred by the Corporation with respect to the authorization, execution and delivery of the Loan Documents and all documentation related thereto.

Debt Service Fund - shall have the meaning ascribed to such term in Section 4.4 hereof.

Debt Service Requirement - The amount necessary to pay the principal of and interest due and owing on the Note during each respective fiscal year of the Corporation.

Economic Development Sales and Use Tax - The ½ of 1% sales and use tax authorized to be levied by the City on behalf of the Corporation for the promotion of economic development pursuant to the Act and an election duly held.

Event of Default - Unless waived in writing by the Bank, the occurrence of any of the following:

- (a) the failure of the Corporation to make any of the Note Payments when due;
- (b) the failure of the Corporation to comply with any other covenant, condition, or agreement under this Agreement, and the continuation of such failure for a period of thirty (30) days after the date that the Corporation acquired actual knowledge or written notice of such failure, which knowledge may take the form of notice specifying such failure given to the Corporation by the Bank;
- (c) bankruptcy, insolvency, appointment of a receiver for, or the failure to discharge a judgment against, the Corporation;
- (d) the violation of any representation or warranty made by the Corporation under Section 5.2 hereto; or
- (e) the uncured failure of the Corporation to perform any of its obligations under or comply with any provisions of this Agreement not described in (a) or (b) above or any other agreement with the Bank to which it may be a party or by which it is bound.

Interest Payment Date - The date interest payments are due on the Loan, as set forth in the Note.

Loan - The loan from the Bank to the Corporation made pursuant to this Agreement.

Loan Documents - Collectively, this Agreement, the Note, the Sales Tax Remittance, Guaranty and Subordination Agreement and the Resolution.

Maximum Interest Rate - The maximum rate of interest allowed under Chapter 1204, Government Code, as amended, but not to exceed the “*applicable interest rate ceiling*” as determined under Chapter 303 of the Texas Finance Code from time to time in effect.

Note - The promissory note of even date herewith (such promissory note, as the same may be renewed, extended, amended or otherwise modified from time to time) delivered pursuant to this Agreement in substantially the form attached hereto as Exhibit A, and any promissory note executed and delivered by the Corporation in replacement thereof or in substitution therefor.

Note Payments - The payments required by Section 2.3 to be made by the Corporation in payment of the principal of and interest on the Note.

Pledged Revenues - 100% of the funds collected by the City from the levy of the Economic Development Sales and Use Tax, without deduction, offset or credit for any administrative charges or expenses incurred by the City or the Corporation in connection with the levy and collection of the Economic Development Sales and Use Tax, other than any amounts due and owing to the Comptroller for collection costs and other charges.

Principal Amount - \$1,750,000.00.

Project – The completion of the construction of a public marina.

Resolution - The resolution of the Board of Directors of the Corporation authorizing the execution and delivery of this Agreement and the Note and the pledge of the Pledged Revenues to the payment of the principal of and interest on the Note, and any amendments or supplements thereto.

Revenue Fund – shall have the meaning ascribed to such term in Section 4.4 hereof.

Sales Tax Remittance, Guaranty and Subordination Agreement - The Sales Tax Remittance and Subordination Agreement dated as of even date herewith by and between the Corporation and the City, as same may be amended, restated, supplemented and/or otherwise modified.

State - The State of Texas.

Surplus Fund – shall have the meaning ascribed to such term in Section 4.4 hereof.

Section 1.2 Interpretative Matters.

(a) Whenever the context requires:

(i) references in this Agreement of the singular number shall include the plural and vice versa; and

(ii) words denoting gender shall be construed to include the masculine, feminine, and neuter.

(b) The table of contents and the titles given to any article or section of this Agreement are for convenience of reference only and are not intended to modify the meaning of the article or section.

ARTICLE II

THE LOAN; REPAYMENT OF THE LOAN

Section 2.1 Financing the Loan. Subject to the terms and conditions set forth in this Agreement, including without limitation the conditions set forth in Section 2.2, and for and in consideration of the payment by the Corporation of its obligations under this Agreement and the Note and the covenants and agreements herein contained, the Bank will, on the Closing Date, advance to and for the sole use and benefit of the Corporation an amount equal to the Principal Amount for the exclusive purpose of providing funds to the Corporation for the payment by the Corporation of the costs of the Project and paying the costs related thereto.

Section 2.2 Conditions to Closing. The obligation of the Bank to make the advance pursuant to Section 2.1 hereof shall be subject to the following conditions:

(a) The representations of the Corporation herein shall be true, complete and correct in all material respects on the date hereof and on and as of the Closing Date as if made on the Closing Date;

(b) At the time of Closing, the Loan Documents shall be in full force and effect, assuming due authorization and execution by the other parties thereto, and shall not have been amended or supplemented except as may have been agreed to in writing by the Bank;

(c) At or prior to the Closing, the Bank shall have received each of the following documents:

(i) This Agreement executed by the authorized officers of the Corporation, with such changes or amendments as may have been approved by the Bank;

(ii) The Note executed by the authorized officers of the Corporation;

(iii) A certificate, dated the Closing Date, executed by the authorized officials of the Corporation, to the effect that (A) the representations and warranties of the Corporation contained in this Agreement are true and correct on the date hereof and on and as of the Closing Date as if made on the Closing Date; (B) the Resolution and this

Agreement are in full force and effect and have not been amended or supplemented except as may have been approved in writing by the Bank; (C) the Corporation is not in default with respect to any of its outstanding obligations; and (D) no litigation is pending or, to the best of their knowledge, threatened in any court to restrain or enjoin the execution and delivery of this Agreement or the Note, or the levy and collection of the Economic Development Sales and Use Tax or the pledge thereof, or contesting or affecting the adoption and validity of the Resolution or the authorization, execution and delivery of the Loan Documents, or contesting the powers of the Board of Directors of the Corporation;

(iv) Certified copies of resolutions of the City and the Corporation authorizing execution, delivery and performance of all of the Loan Documents and authorizing the borrowing hereunder, along with such certificates of existence, certificates of good standing and other certificates or documents as the Bank may reasonably require to evidence the Corporation's authority;

(v) True copies of all organization documents of the Corporation, including all amendments or supplements thereto;

(vi) An opinion of counsel to the Corporation in form and substance satisfactory to the Bank and the Corporation, which shall specifically provide that (1) the Corporation a validly existing political subdivision of the State; (2) the Corporation is duly authorized and empowered to execute, deliver and perform the Loan Documents; and (3) the execution and delivery of the Loan Documents do not violate any provision of any instrument or agreement to which the Corporation is a party or by which it is bound.

Section 2.3 Repayment Terms.

(a) The Corporation agrees to execute and deliver the Note to the Bank upon the advance of the Principal Amount by the Bank to the Corporation pursuant to Section 2.1.

(b) The Note shall be dated the Closing Date, shall be in an aggregate principal amount equal to the Principal Amount and shall be payable in installments on the dates and in the amounts specified in the Note.

(c) Interest shall accrue and be paid on the outstanding Principal Amount as specified in the Note.

Section 2.4 Note Payments. All Note Payments shall be made on the applicable payment date in immediately available funds and shall be paid to the Bank at the address provided to the Corporation pursuant to Section 8.2.

Section 2.5 Note Payments Due on Business Days. If the regularly scheduled due date for a Note Payment is not a Business Day, the due date for such payment shall be the next succeeding Business Day, and payment made on such succeeding Business Day shall have the same force and effect as if made on the regularly scheduled due date.

Section 2.6 Prepayment of Note. (a) The Corporation may at its option prepay the principal amount of the Note outstanding hereunder at any time in whole or from time to time, without premium or penalty. If less than all of the outstanding principal amount of the Note is to be prepaid, the Corporation shall designate the amount to be prepaid and the maturity date or dates of such amount. The prepayment price shall be an amount equal to the principal amount to be prepaid plus the accrued interest thereon to the prepayment date. All prepayments of principal pursuant to this Section 2.6(a) shall be applied to principal in inverse order of maturity.

(b) The Bank shall have the right to require the Corporation to prepay the principal amount of the Note on the fifth (5th) anniversary of the Closing Date.

Section 2.7 Limited Obligation. The obligations of the Corporation hereunder are special limited obligations thereof and neither the Note nor any instrument related to this Agreement may give a holder a right to demand payment from any source other than the Economic Development Sales and Use Tax imposed by Section 4B of the Act and pledged hereunder.

Section 2.8 Segregation of Economic Development Sales and Use Tax. The Corporation shall or shall cause the City to maintain a separate fund into which shall be deposited the Economic Development Sales and Use Tax and the Corporation shall or shall cause the City to segregate such taxes collected from the general fund of the City.

ARTICLE III

ADDITIONAL PARITY DEBT

For so long as the Corporation is obligated hereunder and under the Note, the Corporation may not issue or incur Additional Parity Debt.

ARTICLE IV

SPECIAL AGREEMENTS

Section 4.1 Obligations of Corporation Unconditional.

(a) The obligation of the Corporation to make the payments required by Section 2.3 shall be absolute and unconditional. The Corporation shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Corporation may have or assert against the Bank or any other person.

(b) Until such time as the Note is fully paid the Corporation:

(i) will not suspend or discontinue, or permit the suspension or discontinuance of, any Note Payment;

(ii) will perform and observe all of its other agreements contained in this Agreement; and

(iii) except by full payment and retirement of the Note will not terminate this Agreement for any cause.

Section 4.2 Agreement as Security Agreement.

(a) An executed copy of this Agreement shall constitute a security agreement pursuant to applicable law, with the Bank as the secured party. The lien, pledge, and security interest of the Bank created in this Agreement shall become effective immediately upon the Closing, and the same shall be continuously effective for so long as the Note is outstanding.

(b) A fully executed copy of this Agreement and the proceedings authorizing it shall be filed as a security agreement among the permanent records of the Corporation. Such records shall be open for inspection to any member of the general public and to any person proposing to do or doing business with, or asserting claims against, the Corporation, at all times during regular business hours.

(c) The provisions of this section are prescribed pursuant to the Bond Procedures Act of 1981 (Chapter 1204, Government Code), as amended, and other applicable laws of the State. If any other applicable law, in the opinion of counsel to the Corporation or in the opinion, reasonably exercised, of counsel to the Bank, requires any filing or other action additional to the filing pursuant to this section in order to preserve the priority of the lien, pledge, and security interest of the Bank created by this Agreement, the Corporation shall diligently make such filing or take such other action to the extent required by law to accomplish such result.

Section 4.3 Pledge and Source of Payment. The Corporation hereby covenants that all Pledged Revenues shall be deposited and paid into the Special Funds established in Section 4.4 hereof, and shall be applied in the manner set out herein, to provide for the payment of principal and interest on the Note and all expenses of paying the same. The obligations of the Corporation under the Note shall be special limited obligations of the Corporation payable solely from, and secured by a first lien on, the Pledged Revenues, and collected and received by the Corporation, which Pledged Revenues shall, in the manner herein provided, be set aside and pledged to the payment of the Note in the Debt Service Fund, and any excess Economic Development Sales and Use Tax revenues shall be set aside in the Surplus Fund as hereinafter provided. The Bank shall never have the right to demand payment out of any funds raised or to be raised by ad valorem taxation.

Section 4.4 Special Funds. The following special funds are hereby created, and such funds shall be maintained and accounted for as hereinafter provided, so long as the Note and any Additional Parity Debt remain outstanding:

- (a) Economic Development Sales and Use Revenue Fund (the "Revenue Fund");
- (b) Economic Development Sales and Use Note Debt Service Fund (the "Debt Service Fund"); and
- (c) Economic Development Sales and Use Fund (the "Surplus Fund").

The Revenue Fund, the Debt Service Fund and the Surplus Fund shall be maintained and accounted for as separate accounts on the books of the Corporation. All of the funds named above shall be used solely as provided herein so long as the Note remains outstanding. Notwithstanding the foregoing and the provisions of Sections 4.5, 4.6 and 4.7 herein, the Corporation may utilize existing accounts and maintain appropriate internal records regarding the Revenue Fund, the Debt Service Fund and the Surplus Fund.

Section 4.5 Flow of Funds. All Pledged Revenues shall be deposited as collected into the Revenue Fund. Money from time to time on deposit to the credit of the Revenue Fund shall be applied as follows in the following order and priority:

(a) First, to make all deposits into the Debt Service Fund required by this Agreement to pay principal of and interest on the Note; and

(b) Second, to make all deposits into the Surplus Fund as required by this Agreement, said funds to be used by the Corporation for any lawful purpose.

Whenever the total amounts on deposit to the credit of the Debt Service Fund shall be equal to the amount set forth in Section 4.6 hereof, no further payments need be made into the Debt Service Fund.

Section 4.6 Debt Service Fund. On or before the last Business Day of each month, beginning on the last Business Day of the month in which the Closing occurs, there shall be deposited into the Debt Service Fund from the Revenue Fund such amounts as are necessary to accumulate the pro-rata monthly amount required to pay the initial Debt Service Requirements on the Note. Once such amount has been deposited, on or before the last Business Day of each month, there shall be transferred into the Debt Service Fund from the Revenue Fund such pro-rata monthly amounts as will be sufficient to accumulate the amount required to pay the Debt Service Requirement scheduled to become due on the Note during the Corporation's current fiscal year.

If in any month the Corporation shall fail to make the full transfer to the Debt Service Fund required by this Agreement, amount equivalent to such deficiency shall be transferred to the Debt Service Fund from the first available and unallocated money in the Revenue Fund in the following month or months, and such transfers shall be in addition to the other amounts required to be transferred to the Debt Service Fund.

Money deposited to the credit of the Debt Service Fund required by this Agreement shall be used solely for the purpose of paying principal and interest on the Note and any Additional Parity Debt plus any costs related thereto.

Section 4.7 Surplus Fund. After making any transfers required into the Debt Service Fund or any other funds created in any resolution authorizing the issuance of any Additional Parity Debt or any subordinate lien obligations, any money remaining in the Revenue Fund shall be considered surplus, and may be deposited into the Surplus Fund and, notwithstanding the pledge of the Pledged Revenues hereunder, may be used by the Corporation for any lawful purpose so long as there is no Event of Default hereunder.

Section 4.8 Investment of Funds; Transfer of Investment Income. Money in the Revenue Fund and the Debt Service Fund may, at the option of the Corporation, be invested in time deposits or certificates of deposit of commercial banks secured in the manner required by law for public funds and insured by the Federal Deposit Insurance Corporation to the maximum extent permitted by law, or be invested in direct obligations of, or obligations fully guaranteed by, the United States of America, or in any other investments authorized by Texas law; provided that all such deposits or investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Any obligation in which money is so invested shall be kept and held in the official depository bank of the Corporation at which the fund is maintained from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Note or any Additional Parity Debt.

All interest and income derived from such deposits and investments shall be transferred or credited as received to the Revenue Fund, and shall constitute Pledged Revenues.

Section 4.9 Security for Uninvested Funds. All uninvested money on deposit in, or credited to, the Revenue Fund and the Debt Service Fund shall be secured by the pledge of security as provided by Texas law.

Section 4.10 Financial Statements and Reports. For so long as any amounts remain outstanding under the Note, the Corporation will promptly furnish to the Bank from time to time upon request such information regarding the business and affairs and financial condition of the Corporation as the Bank may reasonably request, and furnish to the Bank promptly after available and in any event within one hundred eighty (180) days of each fiscal year end, current audited financial statements, on a consolidated basis, of the Corporation, or if not separately prepared, then of the City, including (i) a balance sheet, (ii) statement of revenues, expenses and changes in fund balances, (iii) statements of cash flow, (iv) operating fund budget analysis, and (v) appropriate notes and attachments to the financial statements.

Section 4.11 Tax Matters. The interest on the Note shall be includable in the gross income of the Bank under the Code.

Section 4.12 Notice of Contingent Liabilities. Within five (5) days after the Corporation knows or has reason to know of the occurrence thereof, the Corporation shall give the Bank written notice of any actual or potential contingent liability in excess of \$10,000.00.

Section 4.13 Inspection Rights. At any reasonable time and from time to time, the Corporation will permit representatives of the Bank to examine, copy, and make extracts from its books and records, to visit and inspect its properties, and to discuss its business, operations, and financial condition with its officers, employees, and independent certified public accountants.

Section 4.14 Keeping Books and Records. The Corporation will maintain proper books of record and account in which full, true, and correct entries in conformity with generally accepted accounting principles shall be made of all dealings and transactions in relation to its business and activities.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Bank. The Bank represents and warrants to the Corporation the following:

(a) The Bank is a national banking association duly organized and existing under the banking laws of the United States of America, and has all necessary power and authority to enter into and perform this Agreement.

(b) The Bank has taken all actions required to authorize and execute this Agreement and to perform its obligations hereunder and the execution, delivery and performance by the Bank of and compliance with the provisions of this Agreement will not conflict with any existing law, regulation, rule, decree or order or any agreement or other instrument by which the Bank is bound.

Section 5.2 Representations by the Corporation. The Corporation represents, warrants and covenants to the Bank as follows:

(a) The Corporation is a nonprofit industrial development corporation, within the meaning of Section 4B of the Act, has all of the rights, powers, privileges, authority and functions given by the general laws of the State to nonprofit corporations incorporated under the Texas Non-Profit Corporation Act, as amended, except as otherwise provided in Section 23(a) of the Act, and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Corporation is duly organized, validly existing, and in good standing under the laws of the State. The Corporation has all requisite power, authority and legal right to execute and deliver the Loan Documents and all other instruments and documents to be executed and delivered by the Corporation pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Loan Documents. All corporate action on the part of the Corporation which is required for the execution, delivery, performance and observance by the Corporation of the Loan Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Corporation do not contravene applicable law or any contractual restriction binding on or affecting the Corporation.

(c) The Corporation has duly approved the borrowing of funds from the Bank and has received the approval of the City therefor; no other authorization or approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required as a condition to the performance by the Corporation of its obligations under any of the Loan Documents.

(d) This Agreement and the Note are legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms.

(e) There is no default of the Corporation in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or

agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Loan Documents or the ability of the Corporation to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There is no pending or, to the knowledge of the undersigned officers of the Corporation, threatened action or proceeding before any court, governmental agency or department or arbitrator (i) to restrain or enjoin the execution or delivery of this Agreement and the Note or the collection of any Pledged Revenues to pay the Note, (ii) in any way contesting or affecting the authority for the execution and delivery or the validity of the Loan Documents, or (iii) in any way contesting the levy of the Economic Development Sales and Use Tax or the existence of the Corporation or the title or powers of the officers of the Corporation.

(g) In connection with the authorization, execution and delivery of this Agreement and the Note, the Corporation has complied with all provisions of the laws of the State, including the Act.

(h) The execution and delivery of the documents contemplated hereunder do not violate any provision of any instrument or agreement to which the Corporation is a party or by which it is bound.

(i) The Corporation has, by proper corporate action, duly authorized the execution and delivery of this Agreement.

(j) The Corporation is not in default under or in violation of the Constitution or any of the laws of the State relevant to the issuance of the Note or the consummation of the transactions contemplated hereby or in connection with such issuance, and has duly authorized the issuance of the Note and the execution and delivery of this Agreement. The Corporation agrees that it will do or cause to be done in a timely manner all things necessary to preserve and keep in full force and effect its existence, and to carry out the terms of this Agreement and the Indenture.

(k) The Corporation's books and records properly reflect the financial condition of the Corporation and, to the best of the Corporation's knowledge, there has been no material adverse change in the business, condition (financial or otherwise), operations, prospects or properties of the Corporation since the effective date of the Corporation's most recent financial statements.

ARTICLE VI

REMEDIES SECTION

Section 6.1 Remedies Available.

(a) Upon the occurrence of any Event of Default and at any time thereafter for so long as the Event of Default has not been cured, the Bank may take any action at law or in equity

to collect all amounts then due under this Agreement and the enforcing of compliance with any other obligation of the Corporation under this Agreement.

(b) In addition to the remedies provided in subsection (a) of this Section, the Bank shall, to the extent permitted by law, be entitled to recover the costs and expenses, including attorney's fees and court costs, incurred by the Bank in the proceedings authorized under subsection (a) of this Section.

(c) Notwithstanding any other provision of this Agreement, the acceleration of the Note Payments is not available as a remedy under this Agreement.

Section 6.2 Application of Money Collected. Any money collected as a result of the taking of remedial action pursuant to this Article VI, including money collected as a result of foreclosing the liens of this Agreement, shall be applied to cure the Event of Default with respect to which such remedial action was taken.

Section 6.3 Restoration of Rights. If any action taken as a result of an Event of Default is discontinued or abandoned for any reason, or is determined adversely to the interests of the Bank, or if an Event of Default is cured, all parties shall be deemed to be restored to their respective positions and rights under the Loan Documents as if such Event of Default had not occurred.

Section 6.4 Non-Exclusive Remedies. No remedy conferred upon or reserved to the Bank by this Agreement is intended to be exclusive of any other available remedy, and each such remedy shall be in addition to any other remedy given under this Agreement or the other Loan Documents or now or hereafter existing at law or in equity.

Section 6.5 Delays. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

Section 6.6 Limitation on Waivers. If an Event of Default is waived, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed a waiver of any other Event of Default; provided, that no waiver of an Event of Default shall be effective unless such waiver is made in writing.

ARTICLE VII

DISCHARGE BY PAYMENT

When the Note has been paid in full or when the Corporation has made payment to the Bank of the whole amount due or to become due under the Note (including all interest that has accrued thereon or that may accrue to the date of maturity or prepayment, as applicable), and all other amounts payable by the Corporation under this Agreement have been paid, the liens of this Agreement shall be discharged and released, and the Bank, upon receipt of a written request by the Corporation and the payment by the Corporation of the reasonable expenses with respect thereto, shall discharge and release the lien of this Agreement and execute and deliver to the Corporation such releases or other instruments as shall be requisite to release the lien hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Term of Agreement. This Agreement shall become effective upon the Closing and shall continue in full force and effect until all obligations of the Corporation under this Agreement and the Note have been fully paid.

Section 8.2 Notices. (a) All notices, certificates, or other communications required by or made pursuant to this Note Agreement shall be in writing and given by certified or registered United States Mail, return receipt requested, addressed as follows:

(i) if to the Bank:

First State Bank of Louise, Texas
P. O. Box 826
Sweeny, Texas 77480
Attention: Dan Croft, President

(ii) if to the Corporation:

City of Freeport Economic Development Corporation
200 W. 2nd Street
Freeport, Texas 77541
Attention: President

(b) The Corporation and the Bank may designate any further or different addresses to which subsequent notices shall be sent; provided, that, any of such parties shall designate only one address for such party to receive such notices.

(c) Except as otherwise provided by this Agreement, any communication delivered by mail in compliance with this section is deemed to have been given as of the date of deposit in the mail.

(d) A provision of this Agreement that provides for a specific method of giving notice or otherwise conflicts with this section supersedes this section to the extent of the conflict.

Section 8.3 Binding Effect, Assignment. (a) This Agreement shall (i) be binding upon the Corporation, its successors and assigns, and (ii) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided that the Corporation may not assign all or any part of this Agreement without the prior written consent of the Bank. The Bank may assign, transfer or grant participations in all or any portion of this Agreement, the Note, or any of its rights or security hereunder, including without limitation, the instruments securing the Corporation's obligations under this Agreement; provided that any such assignment, transfer or grant shall be made only to a financial institution whose primary business is the lending of money.

Section 8.4 Expenses, Fees, Etc. The Corporation hereby agrees to pay on demand all reasonable costs and expenses of the Bank in connection with the preparation, negotiation, execution, and delivery of the Loan Documents and any and all amendments, modifications, renewals, extensions, and supplements thereof and thereto, including, without limitation, the fees and expenses of legal counsel for the Bank and other professionals.

Section 8.5 Cross Default; Cross Collateral. The Corporation hereby agrees that (a) all other agreements between the Corporation and the Bank are hereby amended so that a default under this Agreement is a default under all other agreements and a default under any one of the other agreements is a default under this Agreement; and (b) the Pledged Revenues under this Agreement secures the obligations now or hereafter outstanding under all other agreements between the Corporation and the Bank.

Section 8.6 Amendments Require Consent of Bank. The Corporation may not amend, or agree or consent to amendment of, the Corporation Documents without the prior written consent of Bank.

Section 8.7 Severability. If any part of this Agreement is ruled invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect the remainder of this Agreement.

Section 8.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 8.9 Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance, or otherwise, by the laws of the State and, if applicable, federal law.

Section 8.10 Jurisdiction. All actions or proceedings with respect to, and the performance of, the Note and this Agreement shall be, or shall be instituted in the courts of the State of Texas, in Brazoria County, Texas, and by execution and delivery of this Agreement, the Corporation and the Bank irrevocably and unconditionally submit to the jurisdiction of such courts and unconditionally waive (i) any objection each may now or hereafter have to the laying of venue in any such courts, and (ii) any claim that any action or proceeding brought in any such courts has been brought in an inconvenient forum.

Section 8.11 Arbitration. ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES HERETO INCLUDING BUT NOT LIMITED TO THOSE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE NOTE, INCLUDING ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT, SHALL BE DETERMINED BY BINDING ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT (OR IF NOT APPLICABLE, THE APPLICABLE STATE LAW), THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. (J.A.M.S.) AND THE "SPECIAL RULES" SET FORTH BELOW. IN THE EVENT OF ANY INCONSISTENCY, THE SPECIAL RULES SHALL CONTROL. JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED

IN ANY COURT HAVING JURISDICTION. ANY PARTY TO THE AGREEMENT MAY BRING AN ACTION, INCLUDING A SUMMARY OR EXPEDITED PROCEEDING, TO COMPEL ARBITRATION OF ANY CONTROVERSY OR CLAIM TO WHICH THIS AGREEMENT APPLIES IN ANY COURT HAVING JURISDICTION OVER SUCH ACTION.

(A) Special Rules. THE ARBITRATION SHALL BE CONDUCTED IN THE CITY OF THE CORPORATION'S DOMICILE AT THE TIME OF THIS AGREEMENT'S EXECUTION AND ADMINISTERED BY J.A.M.S. WHO WILL APPOINT AN ARBITRATOR; IF J.A.M.S. IS UNABLE OR LEGALLY PRECLUDED FROM ADMINISTERING THE ARBITRATION, THEN THE AMERICAN ARBITRATION ASSOCIATION WILL SERVE. ALL ARBITRATION HEARINGS WILL BE COMMENCED WITHIN 90 DAYS OF THE DEMAND FOR ARBITRATION; FURTHER, THE ARBITRATOR SHALL ONLY, UPON A SHOWING OF CAUSE, BE PERMITTED TO EXTEND THE COMMENCEMENT OF SUCH HEARING FOR AN ADDITIONAL 60 DAYS.

(B) Reservation of Rights. NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO (i) LIMIT THE APPLICABILITY OF ANY OTHERWISE APPLICABLE STATUTES OF LIMITATION OR REPOSE AND ANY WAIVERS CONTAINED IN THIS AGREEMENT OR THE NOTE; OR (ii) BE A WAIVER BY THE BANK OF THE PROTECTION AFFORDED TO IT BY 12 U.S.C. § 91 OR ANY SUBSTANTIALLY EQUIVALENT STATE LAW; OR (iii) LIMIT THE RIGHT OF THE PARTIES HERETO (A) TO EXERCISE SELF HELP REMEDIES SUCH AS (BUT NOT LIMITED TO) SETOFF, OR (B) TO OBTAIN FROM A COURT PROVISIONAL OR ANCILLARY REMEDIES SUCH AS (BUT NOT LIMITED TO) INJUNCTIVE RELIEF, WRIT OF MANDAMUS, WRIT OF POSSESSION OR THE APPOINTMENT OF A RECEIVER. THE PARTIES MAY EXERCISE SUCH SELF HELP RIGHTS OR OBTAIN SUCH PROVISIONAL OR ANCILLARY REMEDIES BEFORE, DURING OR AFTER THE PENDENCY OF ANY ARBITRATION PROCEEDING BROUGHT PURSUANT TO THIS AGREEMENT. NEITHER THE EXERCISE OF SELF HELP REMEDIES NOR THE INSTITUTION OR MAINTENANCE OF AN ACTION FOR PROVISIONAL OR ANCILLARY REMEDIES SHALL CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE CLAIMANT IN SUCH ACTION, TO ARBITRATE THE MERITS OF THE CONTROVERSY OR CLAIM OCCASIONING RESORT TO SUCH REMEDIES.

Section 8.12 Notice of Final Agreement. THIS WRITTEN AGREEMENT AND ANY OTHER DOCUMENTS EXECUTED IN CONNECTION HERewith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their respective duly authorized officers as of the date first above written.

FIRST STATE BANK OF LOUISE, TEXAS

By: _____
Dan Croft, President

Signature Page to Loan Agreement

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Dan Tarver, President

ATTEST:

By: _____
Lila Diehl, Secretary

Signature Page to Loan Agreement

EXHIBIT A

\$1,750,000.00

January [___], 2010

**CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION
PROMISSORY NOTE**

CITY OF FREEPORT ECONOMIC DEVELOPMENT CORPORATION (the "*Corporation*") for value received, hereby promises to pay to the order of **FIRST STATE BANK OF LOUISE, TEXAS**, (the "*Bank*") its successor or assigns, at its offices located at P. O. Box 826, Sweeny, Texas 77480, the principal sum of One Million Seven Hundred Fifty Thousand and No/100 Dollars (\$1,750,000.00).

All capitalized terms which are used but not defined in this Note shall have the same meanings as in the Loan Agreement dated as of even date herewith, between the Corporation and the Bank (such Loan Agreement, together with all amendments, restatements, supplements and/or other modifications thereto, being the "Loan Agreement").

The Corporation agrees to pay interest on all amounts hereof so advanced and remaining from time to time unpaid hereon monthly on the first (1st) day of each month beginning on February 1, 2010 through and including February 1, 2025 (the "Maturity Date") (each a "Payment Date") at a rate of Prime plus 1.5% per annum; provided, however, that such rate of interest shall not exceed the Maximum Interest Rate and shall never be less than 6.0% per annum.

The "Prime Rate" shall mean the rate of interest publicly announced by the Bank as its Prime Rate. The Prime Rate is set by the Bank based on various factors, including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below its Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

The Corporation agrees to pay principal due on this Note on each Payment Date, beginning on February 1, 2010 through and including the Maturity Date, in accordance with the Schedule I attached hereto.

Past due principal and interest shall bear interest at the Maximum Interest Rate.

All payments of interest shall be computed on the per annum basis of a year of 365 or 366 days, as the case may be.

Principal of and interest on this Note shall be payable from and secured by a pledge of the Corporation's Economic Development Sales and Use Tax.

This Note is authorized under the Loan Agreement and is subject to, and is executed in accordance with, all of the terms, conditions and provisions thereof. A fully executed copy of the Agreement is on file in the permanent records of the Corporation and is open for inspection to any member of the general public and to any person proposing to do business with, or asserting claims against, the Corporation, at all times during regular business hours.

Except as otherwise provided in the Agreement, the Corporation waives all demands for payment, presentations for payment, protests, notices of protests, and all other demands and notices, to the extent permitted by law.

All agreements between the Corporation and holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the holder hereof, exceed the maximum permissible by applicable law. If, from any circumstances whatsoever, interest would otherwise be payable to the holder hereof in excess of the Maximum Interest Rate, then the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstances the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the Maximum Interest Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Corporation. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of the subject loan until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Corporation and the holder hereof.

THIS NOTE AND THE LOAN AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

NEITHER THE STATE OF TEXAS, THE CITY OF FREEPORT, TEXAS (THE "CITY"), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE, EXCEPT TO THE EXTENT THAT THE CORPORATION IS OBLIGATED TO MAKE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS NOTE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE, EXCEPT TO THE EXTENT THE CORPORATION HAS PLEDGED THE ECONOMIC DEVELOPMENT SALES AND USE TAX DESCRIBED ABOVE TO MAKE THE NOTE PAYMENTS.

The Corporation may, in its discretion, prepay all or any portion of the outstanding principal amount of this Note pursuant to Section 2.6(a) of the Agreement and the Corporation must prepay principal of the Note pursuant to Section 2.6(b) and (c) of the Agreement.

If a date for the payment of the principal of or interest on the Note is a Saturday, Sunday, legal holiday, or a day on which the Bank is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institution is authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Note shall be governed in all respects by the laws of the State of Texas and of the United States of America.

IN WITNESS WHEREOF, this Note has been duly executed effective as of the date first written above.

**CITY OF FREEPORT ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Dan Tarver, President

ATTEST:

By: _____
Lila Diehl, Secretary

Schedule I – Principal Payment Schedule



PROPERTY MANAGEMENT

Jeff Pynes
Chief Executive Officer
City Manager

January 19, 2010

Larry McDonald
Mayor

Clan Cameron
Councilmember
Ward A

Jim Phillips
Councilmember
Ward B

Ron Wise
Councilmember
Ward C

Norma Moreno Garcia
Councilmember/
Mayor Pro Tem
Ward D

Melissa Farmer
Planning Commission

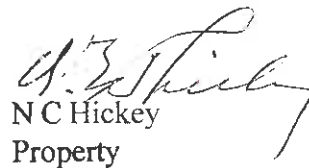
re: Lots 1-7, Block 710, Velasco Townsite
1224 Brazosport Blvd
Tax ID 8110-3026-110

Please place the following item on the January 26, 2010, Planning Commission agenda:

Discuss / consider leasing a 8 x 20 ft area in the alley rights-of-way,
on parts of lot 2 and 3, block 710, to Mark Storey, Dollar General Store,
for an air conditioning pad.

Sketch and location of air conditioning pad attached.

If approved would recommend subject lease be for not more than 5 years, payable in
advance, with an option to renew for an additional 5 years.


N C Hickey
Property

attach

/s



1"=20'-0"

DOLLAR GENERAL
RETAIL STORE
1224 BRAZOSPORT DRIVE
FREEPORT, TEXAS 77541

PARKING REQUIREMENTS

CLASS FOUR, AT GRADE 4.0 SPACES/1000 SFA

RETAIL STORES, 4,500/1000 = 6.2 x 4(per thousand) = 27.4 CARS
57.0 CARS (A ROUND NUMBER)

WE ARE PROVIDING 54 CAR PARKING SPACES WITH
1 H.C. VAN/CAR SPACE
(55 TOTAL SPACES)

END OF CODE REVIEW

NUMBER OF EXITS REQUIRED PER TABLE 1003.1

AREA	OCC. LOAD	TABLE 1003.1	REQUIRED	PROVIDED
SALES	110	150	2	2
SHR./OFF.	4	50	1	2

12,500 SQ. FT.

4 STORIES

EAST WINDHOLE PER SECTION 1003.1.1

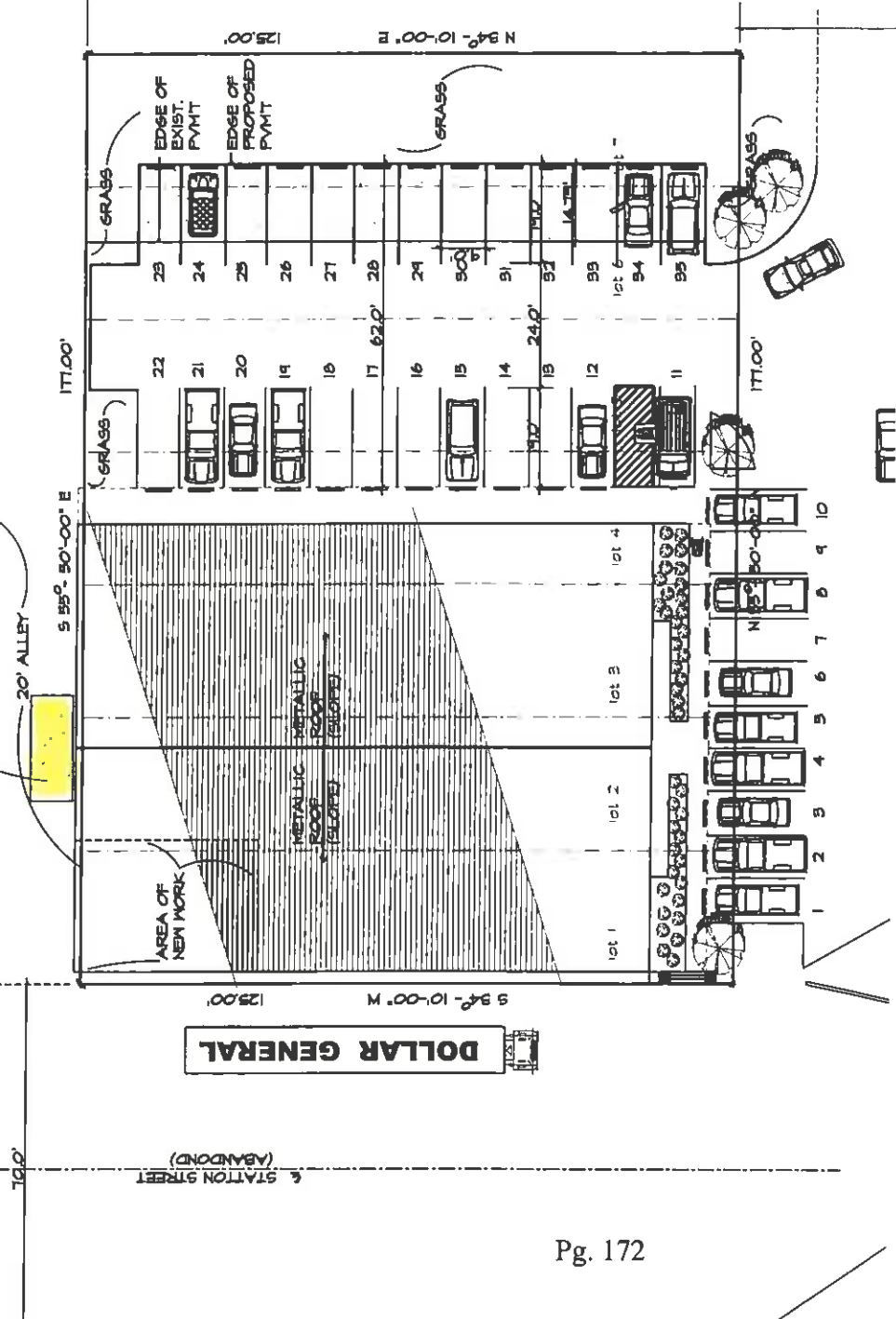
OCCUPANT LOAD, PROVIDED THROUGHOUT BUILDING, 191.0 X2 = 382.0 INCHES REQUIRED
EYES PROTECTION, 15'-0" (150.0 INCHES)

CALCULATION: ONE 2A03BC FIRE EXTINGUISHER PER 3000 SQ. FT.
5 TOTAL
5 TOTAL

USE LOCAL, 6000 SQ. FT. 10
6000 SQ. FT. 10
2,750 SQ. FT. 500

114

ONE 8' X20' CONCRETE SLAB
WITHIN THE 20' ALLEY FOR THE
A/C UNITS



Delia Munoz

From: Lisa Bailey [Lisa@surfsidetx.org]
Sent: Thursday, January 28, 2010 4:46 PM
To: tpeebles@cityhall.cityofalvin.com; sdeisher@angleton.tx.us; JohnyeBrown@baileysprairie.org; villageofbonney@gmail.com; citysecretary@cityofbrazoria.org; brooksidetx@sbcglobal.net; soakes@ci.clute.tx.us; Danbury City; dmunoz@freeport.tx.us; arodgers@lakejacksontx.gov; tbell@cityofmanvel.com; ylorfing@ci.pearland.tx.us; citysecretary@richwood.govoffice.com; rminshew@ci.sweeny.tx.us; citysecretary@westcolumbiatx.org
Subject: Letter of Support Request from the Village of Surfside Beach

January 28, 2010

Greetings All,

I would greatly appreciate any Letters of Support for the Congressional funding of the approved Army Corps of Engineers Reconnaissance study desperately needed to address the serious erosion along the Pedestrian Beach in Surfside. Our beaches benefit not just those who live and visit Surfside Beach, but indirectly generate revenue to many surrounding communities. I will be traveling with a local delegation to Washington D.C. to meet with our elected officials on February 9, and will personally present to them the Letters of Support personally. Please consider returning a signed Letter of Support similar to the enclosed suggestion on your City letterhead electronically to our City Secretary Lisa Bailey at Lisa@Surfsidetx.org.

Thank You,
Larry Davison, Mayor
Village of Surfside Beach

Lisa Bailey
City Secretary/Building Official
1304 Monument Dr.
Surfside Beach TX 77541
979-233-1531 ext. 103 - Phone
979-373-0699 - Fax

Date

The Honorable Larry Davison
Mayor, Village of Surfside Beach
1304 Monument Drive
Surfside Beach, TX 77541

Re: Federal Funding for the Village of Surfside Beach Erosion Reconnaissance Study

Dear Mayor Davison,

The City of _____ would like to offer their support of the Village of Surfside Beach's request for Federal Funding for the United States Army Corps of Engineers Reconnaissance Study to determine the cause of the devastating loss of the Pedestrian Beach.

The Village of Surfside Beach is home to some of the state's most precious natural resources. Beyond their intrinsic natural beauty, healthy beaches provide effective storm damage protection, offer residents and visitors recreational opportunities, and provide unique environmental habitats. Together with coastal wetlands, bird sanctuaries, estuaries, intra-coastal waterway and other resources, our coastal region is an economic engine filled with recreational opportunities and environmental treasures that deserve to be preserved and protected. Surfside's beaches are tourist destinations for thousands of domestic and foreign visitors each year, providing jobs and business profits which, in turn, produce tax revenue for the federal, state and local governments.

The devastating loss of the area known as the Pedestrian Beach to severe erosion and severe weather underscores the immediate need to restore and protect this area before critical infrastructure and additional homes are lost.

The United States Army Corps of Engineers received authorization to undertake a Reconnaissance study in November 1999, but the standard \$100,000 appropriation was never made and no progress on this Federal study has occurred.

The City of _____ recognizes and supports the Village of Surfside Beach's efforts to seek the necessary funding for the Reconnaissance study. The results of this study would open Federal assistance in the long-term protection of this beach if it is found that the construction of the Freeport Jetties have contributed to or exacerbated erosion on Pedestrian Beach.

Sincerely,