

ORDINANCE NO. 13-40

AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2013; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS; AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATING THERETO

WHEREAS, the City of Port Arthur Section 4A Economic Development Corporation (the "Corporation") is a non-profit industrial development corporation created, existing and governed by Chapters 501 and 502, Texas Local Government Code (the "Development Corporation Act"); and

WHEREAS, pursuant to the authority granted in the Development Corporation Act, the City of Port Arthur, Texas (the "City") has levied a Sales Tax (as defined herein) for the benefit of the Corporation, to be used exclusively for the purposes set forth in the Development Corporation Act; and

WHEREAS, the Corporation has heretofore issued its Sales Tax Revenue Bonds, Series 2003; and

WHEREAS, the Corporation desires to refund a portion of such bonds in advance of their maturities (the "Refunded Bonds"); and

WHEREAS, the Act authorizes the Corporation to issue refunding bonds payable from revenues, for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with any paying agent for the Refunded Bonds (or other qualified escrow agent) the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the resolution authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including

this Resolution, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended; Now, Therefore

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01: Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Resolution the following terms shall have the meanings specified below:

“Act” means Chapters 501 and 502, Texas Local Government Code.

“Additional Bonds” means the additional sales tax revenue bonds the Corporation reserves the right to issue on a parity with the Bonds.

“Board” means the Board of Directors of the Corporation.

“Bonds” means the \$5,205,000 City of Port Arthur Section 4A Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2013, authorized in this Resolution, unless the context clearly indicates otherwise.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Debt Service Fund” means the interest and sinking fund established by the District pursuant to Section 8.04 of this Resolution.

“Event of Default” means any Event of Default as defined in Section 11.01 of this Resolution.

“Fiscal Year” means October 1 through September 30.

“Initial Bond” means the Initial Bond authorized by Section 3.02 of the Resolution.

“Interest Payment Date”, when used in connection with any Bond, means February 15, 2014 and each August 15 and February 15 thereafter until maturity or earlier redemption.

“Investment Letter” means the letter agreement described in Section 7.01 of this Resolution.

“Issuance Date”, with respect to the Initial Bond delivered to the Purchaser, means the date on which the Initial Bond is delivered to and paid for by the Purchaser. Bonds delivered on transfer of or in exchange for other bonds shall bear the same Issuance Date as the Bond or Bonds in lieu of or in exchange for which the new Bond is delivered.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Parity Bonds” mean the Bonds and any Additional Bonds.

“Pledged Revenues” mean (a) the Sales Tax Revenues and (b) interest and earnings from the investment of funds on deposit in the Revenue Fund, the Debt Service Fund and the Reserve Fund.

“Purchaser” means Compass Bank, an Alabama Corporation.

“Record Date” means, with respect to the Bonds, the close of business on the last Business Day of the month preceding such Interest Payment Date.

“Refunded Bonds” mean the Corporation’s Sales Tax Revenue Bonds, Series 2003, dated June 15, 2003, in the aggregate principal amount of \$5,080,000, maturing on August 15 in each of the years 2014 through 2021 and in the years 2023 and 2024.

“Register” means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Registrar” means Compass Bank, Houston, Texas, and its successors in that capacity.

“Reserve Fund Requirement” means an amount equal to the lesser of (i) the maximum annual Debt Service (calculated on a Fiscal Year basis) for all Parity Bonds then Outstanding (after giving effect to the issuance of any Additional Bonds), as determined on the date each series of Additional Bonds are delivered or incurred, as the case may be or (ii) the maximum amount in a reasonably required reserve fund that can be invested without restriction as to yield pursuant to Subsection (d) of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

“Resolution” as used herein and in the Bonds means this resolution authorizing the Bonds.

“Revenue Fund” means the special fund so designated in Section 8.02 hereof.

“Sales Tax” means the local sales and use tax authorized by the Act, approved by the voters of the City on November 7, 1995, at a rate of one-half of one percent (1/2%), and levied by the City on behalf of the Corporation.

“Sales Tax Revenues” means all the revenues collected or received by the City on behalf of the Corporation, from or by reason of the levy of the Sales Tax.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Resolution.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Resolution.

Section 1.02: Other Definitions. The terms “Corporation,” “City” and “Act,” shall have the respective meanings assigned in the preamble to this Resolution.

Section 1.03: Findings. (a) It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct and they are hereby adopted by the Corporation and made a part hereof for all purposes.

(b) It is hereby found and determined that the refunding contemplated in this Resolution will benefit the Corporation by providing a present value savings of \$363,036.56 in the debt service payable by the Corporation, that such benefit is sufficient consideration for the refunding of the Refunded Bonds, and that the issuance of the refunding bonds is in the best interests of the Corporation.

Section 1.04: Titles and Headings. The titles and headings of the Articles and Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05: Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and this Resolution.

ARTICLE II

SECURITY FOR THE PARITY BONDS

Section 2.01: Confirmation and Levy of Sales Tax. (a) The Corporation hereby confirms the earlier levy by the City of the Sales Tax, and the Corporation hereby warrants and represents that the City has duly and lawfully ordered the imposition and collection of the Sales Tax upon all sales, uses and transactions as are permitted by and described in the Act throughout the boundaries of the City as such boundaries existed on the date of said election and as they may be expanded from time to time pursuant to applicable law.

(b) If the City shall be authorized hereafter by applicable law to apply, impose and levy the Sales Tax on any taxable items or transactions that are not subject to the Sales Tax on the date of the adoption hereof, the Corporation, to the extent it legally may do so, hereby

covenants and agrees to use its best efforts to cause the City to take such action as may be required by applicable law to subject such taxable items or transactions to the Sales Tax.

(c) The Corporation agrees to take and pursue all action permissible under applicable law to cause the Sales Tax to be collected and remitted and deposited as herein required and as required by the Act, at the earliest and most frequent times permitted by applicable law.

Section 2.02: Pledge.(a) The Corporation hereby irrevocably pledges the Pledged Revenues (i) to the payment of the principal of, and the interest and any premiums on, all Parity Bonds and (ii) to the establishment and maintenance of the Reserve Fund.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues are established by the Resolution for the equal benefit, protection and security of the Owners of the Parity Bonds without distinction as to priority and rights.

(c) The Parity Bonds, including interest payable thereon, shall constitute special obligations of the Corporation, payable solely from and secured by a first lien on and pledge of the Pledged Revenues, and not from any other revenues, properties or income of the Corporation. Parity Bonds shall not constitute debts or obligations of the State of Texas or of the City, and the Owners of the Parity Bonds shall never have the right to demand payment out of any funds raised or to be raised by ad valorem taxation.

Section 2.03: Resolution as Security Agreement. (a) An executed copy of this Resolution shall constitute a security agreement pursuant to applicable law, with the Owners as the secured parties. The lien, pledge, and security interest of the Owners created in this Resolution shall become effective immediately upon the Closing Date of the Bonds, and the same shall be continuously effective for so long as any Parity Bonds are outstanding.

(b) A fully executed copy of this Resolution 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 Act, the Texas Public Securities Procedures Act (Chapter 1201, Texas Government Code, as amended), and other applicable laws of the State. If any other applicable law, in the opinion of counsel to the Corporation, 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 Owners created by this Resolution, the Corporation shall diligently make such filing or take such other action to the extent required by law to accomplish such result.

ARTICLE III

AUTHORIZATION; TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01: Authorization. The Bonds shall be designated as “CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2013,” in the principal amount of \$5,205,000 for the purpose of refunding the Refunded Bonds, under and in strict conformity with the Constitution and laws of the State of Texas, particularly the Act.

Section 3.02: Date, Denomination, Interest Rates, and Maturities. (a) The Bonds shall be dated October 1, 2013, shall be in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, initially issued as a single Bond maturing on August 15, 2024 in the principal amount of \$5,205,000, bearing interest at the rate of 2.53% from the Issuance Date and may be transferred or exchanged as set forth in this Resolution.

(b) The Initial Bond shall be numbered I-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest on the same rate as the Bond or Bonds in lieu of which they are delivered.

Section 3.03: Execution of Bonds; Seal. The Bonds shall be signed on behalf of the Corporation by the President and countersigned by the Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the Corporation shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by the President and Secretary, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Corporation had been manually impressed upon each of the Bonds.

(b) If any officer of the Corporation whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar’s Authentication Bond substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar’s Authentication Bond described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller’s Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Corporation, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchaser or its designee, executed by manual or facsimile signature of the President and Secretary of the Corporation, approved by the Attorney General, and registered and manually signed by the Comptroller, shall

be delivered to the Purchaser or its designee. If the Purchaser desires, it may hold the Initial Bond in lieu of holding definitive Bonds.

Section 3.04: Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent and registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal payment office of the Registrar in Houston, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

Section 3.05: Successor Registrars. The Corporation covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, and duly qualified and legally authorized to serve as Registrar for the Bonds. The Corporation reserves the right to change the Registrar on not less than 60 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Section 3.06: Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the Corporation. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

Section 3.07: Ownership; Unclaimed Principal and Interest. The Corporation, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the Corporation nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the Corporation and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 3.08: Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office, and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar, for a Bond or Bonds of like maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Corporation or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the Corporation.

Section 3.09: Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the Corporation, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The Corporation or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection

therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The Corporation or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the Corporation and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the Corporation to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the Corporation and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Corporation and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Corporation or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Corporation in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10: Cancellation of Bonds. All Bonds paid in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the Corporation with appropriate certificates of destruction of such Bonds.

ARTICLE IV

OPTIONAL AND MANDATORY REDEMPTION

Section 4.01. Optional and Mandatory Redemption; Defeasance. (a) The Bonds are subject to optional and mandatory redemption as set forth in the Form of Bond in this Resolution.

(b) Principal amounts may be redeemed only in integral multiples of \$5,000. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with Section 3.08 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

ARTICLE V

REGISTRAR

Section 5.01: Appointment of Initial Registrar. (a) The Corporation hereby appoints Compass Bank, Houston, Texas, as its registrar and paying agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Corporation may prescribe. The Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Corporation or its designee shall have the right to inspect the Register during regular business hours of the Registrar, but otherwise the Registrar shall keep the Register Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The Corporation hereby further appoints the Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Registrar shall keep proper records of all payments made by the Corporation and the Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Resolution.

(c) The execution and delivery of a Registrar Agreement, specifying the duties and responsibilities of the Corporation and the Registrar, is hereby authorized, and the President and Secretary of the Corporation are hereby authorized to execute such agreement.

Section 5.02: Qualifications. Each Registrar shall be (i) a commercial bank, trust company, or other entity duly qualified and legally authorized under the laws of the United States or any state to serve as paying agent and registrar for the bonds.

Section 5.03: Maintaining Registrar. At all times while any Bonds are outstanding, the Corporation will maintain a Registrar that is qualified under Section 5.02 of this Resolution. If the Registrar resigns or otherwise ceases to serve as such, the Corporation will promptly appoint a replacement.

Section 5.04: Termination. The Corporation reserves the right to terminate the appointment of any Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the Corporation (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Registrar.

Section 5.05: Notice of Change to Owners. Promptly upon each change in the entity serving as Registrar, the Corporation will cause notice of the change to be sent to each Owner by United States mail, first class postage prepaid, at the address in the Register, stating the effective date of the change and the name of the replacement Registrar and the mailing address of its principal payment office.

Section 5.06: Agreement to Perform Duties and Functions. By accepting the appointment as Registrar, the Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Registrar prescribed hereby.

Section 5.07: Delivery of Records to Successor. If the Registrar is replaced, such Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01: Form Generally. The form of the Bonds, including the form of the Registrar's Authentication Certificate, the form of Assignment, the form of Statement of Insurance and the form of Registration Certificate of the Comptroller which shall be attached or affixed to the Bonds initially issued shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Resolution:

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$5,205,000

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION
SALES TAX REVENUE REFUNDING BOND
SERIES 2013

INTEREST RATE:	MATURITY DATE:	ISSUANCE DATE:
2.53%	August 15, 2024	October 3, 2013

REGISTERED OWNER: COMPASS BANK

PRINCIPAL AMOUNT: FIVE MILLION TWO HUNDRED
FIVE THOUSAND DOLLARS

CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION (the "Corporation"), a non-profit industrial development corporation governed by Chapters 501 and 502, Texas Local Government Code (the "Act"), in the State of Texas, promises to pay to the Registered Owner identified above or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at Compass Bank (the "Registrar"), at its principal payment office in Houston, Texas, the principal amount identified above, in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest on the unpaid principal amount hereof from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months. The date of this Bond is October 1, 2013. Interest on this Bond is payable by check on February 15 and August 15, beginning on February 15, 2014, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the last business day of the month preceding each interest payment date.

THIS BOND is one of a series of bonds issued in the aggregate principal amount of \$5,205,000 (herein referred to as the "Bonds"), issued pursuant to a certain Resolution of the Board of Directors of the Corporation (the "Resolution") for the purpose refunding the Refunded Bonds.

THIS BOND AND ALL THE BONDS OF THE SERIES OF WHICH IT IS A PART, constitute special obligations of the City of Port Arthur Section 4A Economic Development Corporation and together with the Corporation's outstanding bonds and the additional parity bonds which the Corporation has reserved the right to issue are payable as to both principal and interest solely from a first lien on and pledge of the Pledged Revenues, as described in the Resolution, including sales tax revenues to be paid to the Corporation by the City of Port Arthur, Texas from the economic development sales tax levied by the City of Port Arthur pursuant to the Act.

NEITHER THE STATE OF TEXAS, THE CITY, NOR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON SUCH BONDS.

THE CORPORATION EXPRESSLY RESERVES THE RIGHT to issue additional sales tax revenue bonds on a parity with the Corporation's outstanding bonds and the Bonds; provided, however, that any and all such additional bonds may be issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Resolution, to which reference is hereby made for full particulars.

THE CORPORATION RESERVES THE RIGHT to redeem the Bonds on any date after the Issuance Date, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Resolution for complete details concerning the manner of redeeming the Bonds.

THE BONDS maturing in the year 2024 (the "Term Bonds") are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM BONDS MATURING IN THE YEAR 2024

<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
August 15, 2014	\$425,000
August 15, 2015	420,000
August 15, 2016	435,000
August 15, 2017	445,000
August 15, 2018	455,000
August 15, 2019	470,000
August 15, 2020	480,000
August 15, 2021	500,000
August 15, 2022	510,000
August 15, 2023	525,000
August 15, 2024 (maturity)	540,000

THE PARTICULAR TERM BONDS to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before July 15 of each year in which Term Bonds are to be mandatorily redeemed. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have been acquired by the City and delivered to the Registrar for cancellation or have been optionally redeemed and which have not been made the basis for a previous reduction.

NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail, postage prepaid, addressed to the registered owners of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Registrar in Houston, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Resolution.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Registrar in Houston, Texas, for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution.

THE CORPORATION, the Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond is overdue, and neither the Corporation nor the Registrar shall be affected by notice to the contrary.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Resolution.

THE CORPORATION has covenanted in the Resolution that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that this Bond does not exceed any Constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on this Bond by an irrevocable pledge of the Pledged Revenues.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the President and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the Corporation has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION
CERTIFICATE)

(SEAL)

CITY OF PORT ARTHUR SECTION 4A
DEVELOPMENT CORPORATION

President, Board of Directors

Secretary, Board of Directors

(b) Form of Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____.

(SEAL)

Comptroller of Public Accounts
of the State of Texas

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Resolution described in the text of this Bond.

By _____

Authorized Signature

Date of Authentication _____

(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of
substitution in the premises.

DATED: _____

Signature Guaranteed: _____

NOTICE: Signature must be guaranteed by a
member firm of the New York Stock Exchange
or a commercial bank or trust company.

Registered Owner

NOTICE: The signature above must
correspond to the name of the registered
owner as shown on the face of this Bond in
every particular, without any alteration,
enlargement or change whatsoever.

Section 6.02: CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but
errors or omissions in the printing of such numbers shall have no effect on the validity of the
Bonds.

ARTICLE VII

SALE OF THE BONDS; USE OF PROCEEDS

Section 7.01: Sale; Investment Letter. The Bonds shall be sold and delivered to the
Purchaser at a price of par, in accordance with the terms of a Investment Letter of even date
herewith, presented to and hereby approved by the Board of Directors, which price and terms are
hereby found and determined to be the most advantageous reasonably obtained by the
Corporation. The President and other appropriate officials of the Corporation are hereby
authorized and directed to execute the Investment Letter on behalf of the Corporation, and the
President and all other officers, agents and representatives of the Corporation are hereby
authorized to do any and all things necessary or desirable to satisfy the conditions set out therein
and to provide for the issuance and delivery of the Bonds.

Section 7.03: Use of Proceeds.

- (a) Proceeds from the sale of the Bonds in the amount of \$5,118,766.14 shall be deposited directly with the paying agent for the Refunded Bonds to pay all principal of and interest on the Refunded Bonds due on the redemption date specified in Exhibit A attached hereto;
- (b) Proceeds in the amount of \$86,1233.86 shall be used to pay costs of issuance;
- (c) Available funds of the Corporation in the amount of \$520,500 shall be deposited in the Reserve Fund established hereunder.
- (d) Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Debt Service Fund.

ARTICLE VIII

SECURITY AND SOURCE OF
PAYMENT FOR ALL PARITY BONDS

Section 8.01: Pledge and Source of Payment. The Corporation hereby covenants and agrees that all Pledged Revenues shall be deposited and paid into the special funds established for Parity Bonds, as provided in this Resolution, and shall be applied in the manner set out herein, to provide for the payment of principal, interest and any redemption premium of the Parity Bonds and all expenses of paying, securing and insuring the same. The Parity Bonds constitute special obligations of the Corporation that are payable solely from, and equally and ratably secured by a first lien on, the Pledged Revenues, as collected and received by the Corporation, which Pledged Revenues are hereby pledged to the payment of the Parity Bonds and shall be set aside in the Debt Service Fund and Reserve Fund as hereinafter provided. The Parity Bonds shall be in all respects on a parity with and of equal dignity with one another.

Section 8.02: Special Funds. (a) The following special funds are hereby established, and such funds shall be maintained and accounted for as hereinafter provided, so long as any Parity Bonds remain outstanding:

- (i) City of Port Arthur Section 4A Economic Development Corporation Sales Tax Revenue Fund (the "Revenue Fund");
- (ii) City of Port Arthur Section 4A Economic Development Corporation Sales Tax Revenue Bonds Debt Service Fund (the "Debt Service Fund"); and
- (iii) City of Port Arthur Section 4A Economic Development Corporation Sales Tax Revenue Bonds Reserve Fund (the "Reserve Fund").

(b) The Revenue Fund shall be maintained as a separate account on the books of the Corporation.

(c) The Debt Service Fund and the Reserve Fund (i) shall be maintained at an official depository bank of the Corporation separate and apart from all other funds and accounts of the Corporation, (ii) shall constitute trust funds which shall be held in trust for the benefit of the Owners of the Parity Bonds, and (iii) the proceeds of which shall be and are hereby pledged to the payment of the Parity Bonds. All of the funds named above shall be used solely as provided in this Resolution so long as any Parity Bonds remain outstanding.

Section 8.03: Flow of Funds. All Pledged Revenues shall be deposited upon receipt into the Revenue Fund.

(a) So long as the Outstanding Bonds remain outstanding and payable from Pledged Revenues, money from time to time on deposit in the Revenue Fund shall be applied as follows in the following order of priority:

- (i) First, to make all deposits into the Debt Service Fund.
- (ii) Second, to make all deposits into the Reserve Fund.
- (iii) Third, to pay any amounts due to any bond insurer of Parity Bonds not paid pursuant to subsections (a) above.
- (iv) Fourth, to pay any amounts due to any issuer of a Reserve Fund Surety Policy not paid pursuant to subsections (a) or (b) above.
- (v) Fifth, to pay administrative expenses of the Corporation.
- (vi) Sixth, to pay any amounts due the City of Port Arthur for economic development costs incurred on behalf of or pursuant to contracts with the Corporation.
- (vii) Seventh, for any lawful purpose.

(b) Whenever the total amounts on deposit to the credit of the Debt Service Fund and the Reserve Fund (not taking into account any Reserve Fund Surety Policies in the Reserve Fund) shall be equivalent to the sum of the aggregate principal amount of all outstanding Parity Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Debt Service Fund or the Reserve Fund.

Section 8.04: Debt Service Fund. On or before the last Business Day of each month so long as any Parity Bonds remain outstanding, there shall be transferred into the Debt Service Fund from the Revenue Fund:

- (i) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the interest scheduled to become due on the Parity Bonds on the next interest payment date; and
- (ii) such amounts, in approximately equal monthly installments, as will be sufficient to accumulate the amount required to pay the next maturing principal of the Parity Bonds, including the principal amounts of, and any redemption premium on, any

Parity Bonds payable as a result of the exercise or operation of any optional or mandatory redemption provision contained in any resolution authorizing the issuance of Parity Bonds.

Money deposited to the credit of the Debt Service Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Parity Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and any redemption premium on the Parity Bonds, plus all bank charges and other costs and expenses relating to such payment. The Registrar shall destroy all paid Parity Bonds and shall provide the Corporation with appropriate certificates of destruction.

Section 8.05: Reserve Fund. (a) Unless the Reserve Fund Requirement is funded from bond proceeds, on or before the last Business Day of each month so long as any Parity Bonds remain outstanding, and after making the transfers into the Debt Service Fund required in the preceding Section, there shall be transferred into the Reserve Fund from the Revenue Fund, in approximately equal monthly installments, amounts sufficient to accumulate within 36 months the Reserve Fund Requirement. Each increase in the Reserve Fund Requirement resulting from the issuance of Additional Bonds shall be accumulated within 36 months of the issuance of such bonds by making transfers from the Revenue Fund into the Reserve Fund in approximately equal monthly installments of amounts sufficient for such purpose. After the Reserve Fund Requirement has accumulated in the Reserve Fund and so long thereafter as the Reserve Fund contains the Reserve Fund Requirement, no further deposits shall be required to be made into the Reserve Fund, and any excess amounts may be transferred to the Revenue Fund. But if and whenever the balance in the Reserve Fund is reduced below the Reserve Fund Requirement, either due to a draw on the funds or reduction or cancellation of a Reserve Fund Surety Policy, the Corporation shall make deposits into the Reserve Fund from the first funds available for such purpose until the Reserve Fund again equals the Reserve Fund Requirement. The Reserve Fund shall be used to pay the principal of and interest on the Parity Bonds at any time when there is not sufficient money available in the Debt Service Fund for such purpose and to pay and retire the last Parity Bonds to mature or be redeemed.

(b) The Corporation expressly reserves the right at any time to satisfy all or any part of the Reserve Fund Requirement by obtaining for the benefit of the Reserve Fund a Reserve Fund Surety Policy (as defined below). In the event the Corporation elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund, it may apply any bond proceeds thereby released, including investment earnings on bond proceeds, to any purposes for which the bonds were issued and any other funds thereby released to any purposes for which such funds may lawfully be used, including the payment of debt service on the Parity Bonds. A Reserve Fund Surety Policy shall be an insurance policy or other credit agreement in a principal amount equal to the portion of the Reserve Fund Requirement to be satisfied and issued by a financial institution or insurance company with a rating for its long term unsecured debt or claims paying ability in the highest letter category by two major municipal securities evaluation sources. A Reserve Fund Surety Policy shall be for the pro rata benefit of all Parity Bonds. The premium for any such policy shall be paid from bond proceeds or other funds of the Corporation lawfully available for such purpose. Any Reserve Fund Surety Policy shall be authorized by resolution and submitted to the Attorney General for examination and approval.

All surplus in the Reserve Fund in excess of the Reserve Fund Requirement may, at the option of the Corporation, be deposited in the Revenue Fund; provided, however, that bond proceeds deposited in the Reserve Fund and investment earnings on such proceeds, may only be used of the purposes for which the bonds were issued.

Section 8.06: Deficiencies in Funds. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated money in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during the succeeding month or months.

Section 8.07: Investment of Funds; Transfer of Investment Income. (a) Money in the Revenue Fund, the Debt Service Fund and the Reserve Fund may, at the option of the Corporation, be invested as permitted by law; provided that all such deposits and 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, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Parity Bonds. Any obligation in which money is so invested shall be kept and held in the Fund from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Parity Bonds.

(b) All interest and income derived from such deposits and investments shall be credited as received to the Fund from which the investment was made.

ARTICLE IX

ADDITIONAL BONDS

Section 9.01: Issuance of Superior Lien Obligations Prohibited. The Corporation hereby covenants that so long as any principal or interest pertaining to any Parity Bonds remain outstanding and unpaid, it will not authorize or issue obligations secured by a lien on or pledge of the Pledged Revenues superior to the lien securing the Parity Bonds.

Section 9.02: Issuance of Additional Bonds Authorized. In addition to the right to issue obligations of inferior lien, the Corporation reserves the right to issue Additional Bonds which, when duly authorized and issued in compliance with law and the terms and conditions hereinafter appearing, shall be on a parity with the Bonds herein authorized, payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues; and the Bonds and Additional Bonds shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Corporation is not then in default as to any covenant, condition or obligation prescribed in the resolution authorizing the issuance of the Bonds or any previously issued Additional Bonds.

(b) Each of the funds created for the payment, security and benefit of the Parity Bonds contains the amount of money then required to be on deposit therein.

(c) The Corporation has secured from a Certified Public Accountant ("CPA"), a certificate or report reflecting that for the Fiscal Year next preceding the date of the proposed Additional Bonds, or a consecutive 12-month period out of the 15-month period next preceding the month in which the resolution authorizing the proposed Additional Bonds is adopted, the Sales Tax Revenues were equal to at least 125% of the maximum annual principal and interest requirements on all Parity Bonds to be outstanding after the issuance of the proposed Additional Bonds, provided that, in the event of an increase in the rate of the Sales Tax that becomes effective prior to the date of the resolution authorizing the issuance of the Additional Bonds, such CPA certificate or report shall calculate the Sales Tax Revenues for the calculation period as if such increased rate were in effect during such period.

(d) The Additional Bonds mature on, and interest is payable on, the same days of the year as the Bonds.

(e) Parity Bonds may be refunded upon such terms and conditions as the Board may deem to be in the best interest of the Corporation; and if less than all outstanding Parity Bonds are refunded, the proposed refunding obligations shall be considered as "Additional Bonds" under the provisions of this Section, and the report or certificate required by paragraph (c) shall give effect to the issuance of the proposed refunding obligations and shall not give effect to the obligations being refunded.

ARTICLE X

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01: Pledged Revenues. (a) The Corporation represents and warrants that it is and will be authorized by applicable law and by its articles of incorporation and bylaws to authorize and issue the Bonds, to adopt this Resolution and to pledge the Pledged Revenues in the manner and to the extent provided in this Resolution, and that the Pledged Revenues are and will remain free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Resolution except as expressly provided herein for Additional Bonds.

(b) The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with the terms of this Resolution, subject only to any applicable bankruptcy or insolvency laws or to any applicable law affecting creditors rights generally.

(c) The Corporation shall at all times, to the extent permitted by applicable law, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners under this Resolution and the resolutions authorizing the issuance of any Additional Bonds, against all claims and demands of all persons whomsoever.

(d) The Corporation will take, and use its best efforts to cause the City to take, all steps reasonably necessary and appropriate to collect the Sales Tax to the fullest extent permitted by the Act and other applicable law.

Section 10.02: Accounts, Periodical Reports and Certificates. The Corporation shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the funds and accounts established by this Resolution and which, together with all other books and papers of the Corporation, shall at all times be subject to the inspection of the Owner or Owners of not less than 5% in principal amount of the Bonds then outstanding or their representatives duly authorized in writing.

Section 10.03: General. The Directors and Officers of the Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of this Resolution.

Section 10.04: Payment of the Bonds. While any of the Bonds are outstanding and unpaid, there shall be made available to the Registrar, out of the Debt Service Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, when due.

Section 10.05: Provisions Concerning Federal Income Tax Exclusion. (a) General. The Corporation intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations"). The Corporation covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the Corporation covenants and agrees to comply with each requirement of this Section; provided, however, that the Corporation shall not be required to comply with any particular requirement of this Section if the Corporation has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross federal income tax purposes of interest on the Bonds or if the Corporation has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) No Private Use or Payment and No Private Loan Financing. The Corporation shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations. The Corporation covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from the proceeds of bonds or other obligations, regulate the use of property financed, directly or indirectly, with such proceeds, and

take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations.

(c) No Federal Guaranty. The Corporation covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and the Regulations.

(d) Bonds are not Hedge Bonds. The Corporation covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations.

(e) No-Arbitrage Covenant. The Corporation shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the Corporation will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations. Moreover, the Corporation covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations.

(f) Arbitrage Rebate. If the Corporation does not qualify for an exception to the requirements of Section 148(f) of the Code, the Corporation will take all necessary steps to comply with the requirement that certain amounts earned by the Corporation on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Corporation will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the Corporation allocable to other bond issues of the Corporation or moneys which do not represent gross proceeds of any bonds of the Corporation, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the Corporation will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The Corporation covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations.

(h) Continuing Obligation. Notwithstanding any other provision of this Resolution, the Corporation's obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01: Events of Default. Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an "Event of Default," to-wit:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Corporation under this Resolution, and the continuation thereof for a period of 30 days after notice of such default is given by any Owner to the Corporation.

Section 11.02: Remedies for Default. (a) Upon the happening of an Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the Corporation for the purpose of protecting and enforcing the rights of the Owners under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein.

(b) All such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 11.03: Remedies Not Exclusive. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XII

DISCHARGE

Section 12.01: Discharge by Deposit. The Corporation may discharge its obligation to the Owners of any or all of the Parity Bonds to pay principal, interest and redemption premium (if any) thereon in any manner then permitted by law, including by depositing with any paying agent for such Parity Bonds or with the State Treasurer of the State of Texas either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or securities of any type authorized by law for a refunding escrow account, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, of such Parity Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of such Parity Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in the resolution authorizing such Parity Bonds.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01: Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

(a) The Corporation will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the Corporation of the general type included the Corporation’s audit. The Corporation will update and provide this information within six months after the end of each fiscal year.

If the Corporation changes its fiscal year, it will submit a notice of such change to the MSRB, and the date of the new fiscal year end prior to the next date by which the Corporation otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site or filed with the SEC, as permitted by the SEC Rule. The updated information will include audited financial statements, if the Corporation commissions an audit and it is completed by the required time. If audited financial statements

are not available by the required time, the Corporation will provide unaudited financial statements by the required time and audited financial statements when and if such audited statements become available. Any such financial statements will be prepared in accordance with the accounting principals described in APPENDIX B or such other accounting principals as the Corporation may require to employ from time to time pursuant to State law or regulation.

(b) Material Event Notices. The Corporation shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Corporation;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

For the purposes, any event described in the immediate proceeding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding United States Bankruptcy Code or any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

The Corporation shall notify the MSRB, in a timely manner, of any failure by the Corporation to provide financial information or operating data in accordance this Section by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments. The Corporation shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Corporation remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Corporation in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and the beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Corporation undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Corporation’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Corporation does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE UNLIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Corporation in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Corporation under federal and state securities laws.

The provisions of this Section may be amended by the Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, or status or type of principal payment of the Corporation, if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any

amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the Corporation (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Corporation may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If any such amendment is made, the Corporation will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

ARTICLE XIV

DEFEASANCE

Section 14.01: Redemption Prior to Maturity of Refunded Bonds. The District has irrevocably exercised its option to call the bonds of the Corporation for redemption prior to maturity on the date and at the price shown on Exhibit A attached hereto, and authorized and directed notice of such redemption to be given in accordance with the resolution authorizing the issuance of such bonds.

ARTICLE XV

MISCELLANEOUS

Section 15.01: Further Proceedings. The President, the Secretary, and other appropriate officials of the Corporation are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Resolution.

Section 15.02: Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 15.03: Registrar Agreement. The form of agreement setting forth the duties of the Registrar is hereby approved, and an appropriate official of the Corporation is hereby authorized to execute such agreement for and on behalf of the Corporation.

Section 15.04: No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Resolution, against any official or employee of the Corporation or any person executing any Bonds.

Section 15.05: Parties Interested. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the Registrar, the Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all

covenants, stipulations, promises and agreements in this Resolution shall be for the sole and exclusive benefit of the Corporation, the Registrar, the Insurer and the Owners of the Bonds.

Section 15.06: Repealer. All orders, resolutions and Resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 15.07: Open Meeting. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

ADOPTED AND EFFECTIVE this 9th day of September, 2013.

/s/ Kaprina Frank

President, Board of Directors
City of Port Arthur Section 4A
Economic Development Corporation

ATTEST:

/s/ Pat Holmes

Secretary, Board of Directors
City of Port Arthur Section 4A Economic
Development Corporation

(SEAL)

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF PORT ARTHUR, TEXAS:**

Section 1. That the facts and opinions in the preamble are true and correct.

Section 2. That the City Council of the City of Port Arthur authorizes the PAEDC to issue sales tax revenue refunding bonds, series 2013, authorizing the refunding of certain outstanding obligations and certain other procedures and provisions relating thereto.

Section 3. That a copy of the caption of this Ordinance be spread upon the Minutes of the City Council.

Section 4. That the ordinance shall be effective immediately.

READ, ADOPTED AND APPROVED on this 17th day of September A.D., 2013,
at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES:

Mayor: Prince, Mayor Pro Tem Williamson

Councilmembers: Scott, Segler, Albright, Tray,
Sevin, Freeman and Thomas

NOES: None

Deloris Prince
Deloris "Bobbie" Prince, Mayor

ATTEST:

Kelly Moore
Sherri Bellard, City Secretary on behalf of

APPROVED:



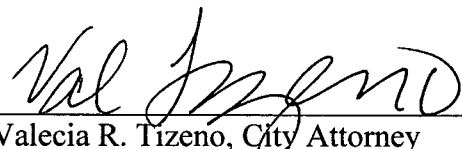
Floyd Batiste, PAEDC CEO

APPROVED AS TO FORM:



Guy N. Goodson, PAEDC Attorney

APPROVED AS TO FORM ONLY:



Valecia R. Tizeno, City Attorney