

RESOLUTION NO. 08-215

A RESOLUTION AUTHORIZING THE PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION TO EXECUTE AN ENGAGEMENT LETTER WITH VINSON & ELKINS, L.L.P.

WHEREAS, the Port Arthur Section 4A Economic Development corporation desires to enter into an agreement with Vinson & Elkins, L.L.P. for services as bond counsel in connection with the authorization, issuance, sale and delivery of sales tax revenue bonds; and

WHEREAS, the City Council desires to authorize the President and Secretary of the Port Arthur Section 4A Economic Development Corporation execute an Engagement Letter with Vinson & Elkins, L.L.P.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT ARTHUR:

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

Section 2. That the President and Secretary are herein authorized to execute an Engagement Letter in substantially the same form as attached hereto as Exhibit "A".

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

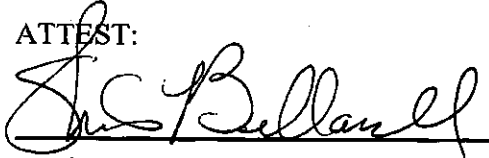
READ, ADOPTED, AND APPROVED, this 20th day of May, 2008, AD, at a Regular Meeting of the City Council of the City of Port Arthur, Texas by the following vote:

AYES: Mayor: Prince
Councilmembers: Chatman, Jones, Henderson, Flood, Beard & Lewis.

NOES: None.

Telvin Prince
Mayor

ATTEST:



Terri Hanks, Acting City Secretary

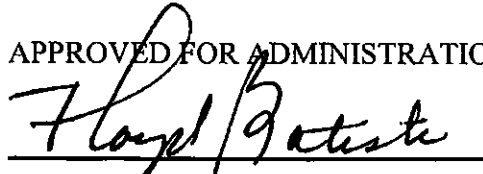
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APPROVED AS TO FORM:

Mark Sokolow May 16, 2008

Mark Sokolow, City Attorney

APPROVED FOR ADMINISTRATION:



Floyd Batiste, CEO Port Arthur EDC



Rebecca Underhill, Finance Director

EXHIBIT "A"

Thomas A. Sage tsage@velaw.com
Tel 713.758.2159 Fax 713.615.5728

May 6, 2008

City of Port Arthur Section 4A
Economic Development Corporation
444 Fourth Street
Port Arthur, Texas 77640

Re: Engagement Letter

Ladies and Gentlemen:

This letter, when accepted by you, will constitute an agreement between this firm and the City of Port Arthur Section 4A Economic Development Corporation (the "Corporation") for our services as bond counsel in connection with the authorization, issuance, sale and delivery of sales tax revenue bonds (the "Bonds") to be issued by the Corporation for the construction of a facility to house the corporate headquarters of EnGlobal, Inc.

We agree that our services as bond counsel will include the following:

1. Attendance at all meetings of the Board of Directors of the Corporation or the City Council of the City of Port Arthur as required or requested in connection with the planning and authorization of such issue, including consultation on federal income tax matters;
2. Preparation of the order of the Board of Directors authorizing issuance of the Bonds, together with all other legal documents comprising the transcript of proceedings for authorization and issuance of the Bonds;
3. Consultation with representatives of the City, the Corporation and the Corporation's financial advisor regarding information to be included in the Official Statement for the Bonds, limited solely to the description of the Bonds and the status of the Bonds and the interest thereon under federal income tax law;
4. Preparation of and submission to the Attorney General of Texas of a transcript of proceedings for the Bonds to obtain the approval of the Attorney General and registration by the Comptroller of Public Accounts of Texas;

Vinson & Elkins LLP Attorneys at Law
Abu Dhabi Austin Beijing Dallas Dubai Hong Kong Houston
London Moscow New York Shanghai Tokyo Washington

First City Tower, 1001 Fannin Street, Suite 2500
Houston, TX 77002-6760
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5. Preparation and filing of legal documents required under federal income tax law for the Bonds, and the preparation of and delivery to the Corporation of a letter explaining the federal income tax treatment of bond proceeds;
6. Supervision of the printing of the Bonds and their delivery to the purchasers;
7. Representation of the Corporation at the closing of the sale of Bonds, including preparation of closing documents; and
8. If appropriate, the delivery at closing of our approving opinion as to the validity of the Bonds under Texas law and the exclusion of interest on the Bonds from gross income of bondholders under federal income tax law.

For the services outlined above, our fee would be \$40,000, with such fee to be paid from bond proceeds, and contingent on delivery of the Bonds. If no bonds are issued, no fee would be due.

The Corporation would also reimburse us for certain charges incurred in connection with the bond issue, including travel, long distance telephone charges, and photocopy and document delivery charges. All such charges will be subject to approval by the Corporation.

The services outlined above do not include such matters as services as disclosure counsel in connection with bond issues, work on post-closing federal tax or disclosure issues, obtaining IRS rulings or clarifications of federal tax law, presentations to rating agencies or bond insurers, or "blue sky" or securities registration services. We will be pleased to provide legal services in connection with any matters not included in paragraphs 1 through 8 above, provided that such additional services are performed on mutually agreeable terms, to be set forth in a separate letter of engagement.

The firm represents the City of Port Arthur, Texas and, from time to time, a number of financial institutions, including institutions that act as financial advisors or underwriters in connection with the issuance of municipal bonds. This means that we may have represented, may currently represent, or in the future may represent financial institutions that have interests opposing your interests in connection with the Bonds. Moreover, we presently represent and in the past have represented First Southwest Company. This will not in any way affect the diligence or vigor with which we represent your interests in connection with the issuance of the Bonds. If this is a concern to you, please let us know and we will check on the particular financial institutions involved in the issuance and underwriting of the Bonds.

This agreement shall remain in force and effect until the Bonds have been sold and delivered; provided, however, that this agreement may be terminated by either party on thirty days written notice. This agreement incorporates the Standard Terms of Engagement for Legal Services, a copy of which is attached.

If the arrangement set out above meets with your approval, please execute this agreement in the space provided below and return one executed copy to the undersigned.

Very truly yours,

Thomas A. Sage

1628:2150
Attachment

ACCEPTED:

CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION

By _____

Name:

Title:

VINSON & ELKINS L.L.P.

Standard Terms of Engagement for Legal Services

This statement sets forth certain standard terms of our engagement as your lawyers and is intended as a supplement to the engagement letter that we have with you as our client. Unless modified in writing by mutual agreement, these terms will be an integral part of our agreement with you as reflected in the engagement letter. Therefore, we ask that you review this statement carefully and contact us promptly if you have any questions. We suggest that you retain this statement in your file with the engagement letter.

The Scope of Our Work

You should have a clear understanding of the legal services we will provide. Any questions that you have should be dealt with promptly.

We will at all times act on your behalf to the best of our ability. Any expressions on our part concerning the outcome of your legal matters are expressions of our best professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

It is our policy that the person or entity that we represent is the person or entity that is identified in our engagement letter, and absent an express agreement to the contrary does not include any affiliates of such person or entity (e.g., if you are a corporation or partnership, any parents, subsidiaries, employees, officers, directors, shareholders or partners of the corporation or partnership, or commonly owned corporations or partnerships; or, if you are a trade association, any members of the trade association). If you believe this engagement includes additional entities or persons as our clients you should inform us immediately.

It is also our policy that the attorney-client relationship will be considered terminated upon our completion of any services that you have retained us to perform. If you later retain us to perform further or additional services, our attorney-client relationship will be revived subject to the terms of engagement that we agree on at that time.

This engagement shall be subject to the Texas Disciplinary Rules of Professional Conduct.

Who Will Provide the Legal Services

Customarily, each client of the Firm is served by a principal attorney contact. The principal attorney should be someone in whom you have confidence and with whom you enjoy working. You are free to request a change of principal attorney at any time. Subject to the supervisory role of the principal attorney, your work or parts of it may be performed by other lawyers and non-lawyers in the Firm. Such delegation may be for the purpose of involving lawyers or non-lawyers with special expertise in a given area or for the purpose of providing

services on the most efficient and timely basis. Whenever practicable, we will advise you of the names of those attorneys and non-lawyers who work on your matters.

How Our Fees Will Be Set

Generally, our fees are based on the time spent by the lawyers and non-lawyers who work on the matter. We will charge for all time spent in representing your interests, including, by way of illustration, telephone and office conferences with you and your representatives, consultants (if any), opposing counsel, and others; conferences among our legal and non-lawyer personnel; factual investigation; legal research; responding to your requests for us to provide information to your auditors in connection with reviews or audits of financial statements; drafting letters and other documents; and travel. We will keep accurate records of the time we devote to your work in units of quarters of an hour.

The hourly rates of our lawyers and non-lawyers are, from time to time, reviewed and adjusted and may be changed with or without notice to reflect current levels of legal experience, changes in overhead costs, and other factors. London rates are set in UK pounds sterling and are converted to dollars using the official exchange rate established by the UK government at the beginning of the calendar quarter in which the time was worked.

Although we may from time to time, at the client's request, furnish estimates of legal fees and other charges that we anticipate will be incurred, these estimates are by their nature inexact (due to unforeseeable circumstances) and, therefore, the actual fees and charges ultimately billed may vary from such estimates.

With your advance agreement, the fees ultimately charged may be based upon a number of factors, such as:

- The time and effort required, the novelty and complexity of the issues presented, and the skill required to perform the legal services promptly;
- The fees customarily charged in the community for similar services and the value of the services to you;
- The amount of money or value of property involved and the results obtained;
- The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other office business;
- The nature and longevity of our professional relationship with you;
- The experience, reputation and expertise of the lawyers performing the services;
- The extent to which office procedures and systems have produced a high-quality product efficiently.

For certain well-defined services (for example, a simple business incorporation), we will (if requested) quote a flat fee. It is our policy not to accept representation on a flat-fee basis except in such defined-service areas or pursuant to a special arrangement tailored to the needs of a particular client. In all such situations, the flat fee arrangement will be expressed in a letter, setting forth both the amount of the fee and the scope of the services to be provided.

We also will, in appropriate circumstances, provide legal services on a contingent fee basis. Any contingent fee representation must be the subject of a separate and specific engagement letter.

Additional Charges

In addition to our fees, there will be other charges for items incident to the performance of our legal services, such as reprographics, couriers, travel expenses, some long distance telephone calls, facsimile transmissions, postage, overtime for secretaries and other non-legal staff, specialized computer applications such as computerized legal research, media services and practice support, records retrieval, and filing fees. The current basis for these charges in the Firm's U.S. offices is set forth below. Charges for similar services in the Firm's foreign offices may vary from those shown below. The Firm will review this schedule of charges periodically and adjust them to take into account changes in the Firm's costs and other factors.

Reprographics and Production Services

The Firm charges \$.15 per page for non-color duplicating and scanning, including printing electronic and scanned images, and printing for duplication purposes. Additional charges apply for color and oversized (over 11x17 inches) documents. There are special charges for other production services, which are available on request.

Courier Services

Charges, which may vary based on the service provider used and the service provided, are billed at the Firm's actual cost.

Computer Aided Legal Research (CALR)

Charges for services are billed at the Firm's actual cost.

Telefax

The Firm charges \$0.25 per page for outgoing telefaxes, which includes all telephone costs. There is no charge for incoming faxes.

Telephone

The Firm does not charge for local or domestic long distance calls originating in the Firm's U.S. offices. Other long distance calls, including international long

distance calls, audio conferencing services, and calling card calls are charged at the Firm's actual cost for the call or conference.

Travel-Related Expenses

Airfare, hotel, meals, ground transportation and other travel related costs are billed at the Firm's actual costs, including negotiated discounts.

All Other Costs

The Firm charges actual disbursements for third-party services such as court reporters, expert witnesses, etc., and may recoup expenses reasonably incurred in connection with services performed in-house, such as postage, non-legal staff overtime, file retrieval, media services and practice support, etc. A current schedule of these charges is available on request.

Unless special arrangements are otherwise made, fees and expenses of others (such as experts, investigators, consultants and court reporters) will be the responsibility of, and billed directly to, the client. Further, all invoices in excess of \$500 will be forwarded to the client for direct payment.

Billing Arrangements and Terms

Our billing rates are based on the assumption of prompt payment. Consequently, unless other arrangements are made, fees for services and other charges will be billed monthly and are payable within thirty days of receipt.

By engaging us, you acknowledge and agree that you are responsible for payment of fees, expenses and disbursements. In appropriate matters as an accommodation to you, we may agree to direct our bills to third-party payors (*e.g.*, an insurer), but you agree that you will remain fully responsible for timely payment of our bills if for any reason the third party does not timely pay such bills. Likewise, we agree that we owe our professional obligations to you, even when a third party pays our bills.

Advances

Clients of the Firm are sometimes asked to deposit funds as an advance payment with the Firm. The advance payment will be applied first to payment of charges for such items as photocopying, messengers, travel, etc., as more fully described above, and then to fees for services. The advance will be deposited in our client advance account and we will charge such other charges and our fees against the advance and credit them on our billing statements. In the event such other charges and our fees for services exceed the advance deposited with us, we will bill you for the excess monthly or may request additional advances. Any unused portion of amounts advanced will be refundable at the conclusion of our representation.

Confidentiality

We will preserve the confidentiality of information you provide us consistent with applicable law including the rules of professional conduct governing lawyers. This confirms your agreement that, with respect to firm brochures or other material or information regarding the firm and its practice, we may indicate the general nature of our representation of you and your identity as a firm client.

Client and Firm Documents

We will maintain any documents that you furnish to us in our client file (or files) for this matter. At your request, we will return your documents to you at the conclusion of the matter (or earlier, if appropriate). It is your obligation to tell us which, if any, of the documents that you furnish us that you want returned. We will return those documents to you promptly after our receipt of payment for outstanding fees and charges. Our own files pertaining to this matter, including the work performed by our attorneys, will be retained by the Firm. Any documents retained by the firm will be kept for a certain period of time, and ultimately we will destroy them in accordance with our record retention program schedule then in effect.

Third Party Contractors

Like many law firms and other organizations, our Firm from time to time uses or deals with third parties in connection with certain areas of our practice or operations. For instance, these third parties may include vendors, consultants, advisors, or other service providers in areas such as litigation support, storage, document management, hardware and software systems, law firm practice management, information technology, accounting and financial matters, and the like. Additionally, the Firm may use temporary lawyers and non-lawyers in certain matters. In performing their services, these parties may have some access to confidential client information, and the Firm accordingly has appropriate confidentiality arrangements with them obligating them to preserve the confidentiality of any such information. You consent to the Firm allowing non-employee contractors access to such information as described. We take our confidentiality obligations very seriously; do not hesitate to contact us with any questions.