

RESOLUTION NO. 08-222

**A RESOLUTION APPROVING AN ECONOMIC
INCENTIVE CONTRACT AND LOAN AGREEMENT
BETWEEN TEAM FABRICATORS, L.L.C. AND CITY OF
PORT ARTHUR SECTION 4A ECONOMIC
DEVELOPMENT CORPORATION**

WHEREAS, the City Council deems it in the public interest to authorize the City of Port Arthur Section 4A Economic Development Corporation to enter into an Economic Incentive Contract and Loan Agreement with Team Fabricators, L.L.C. (the "Agreement"); and

WHEREAS, Germer Gertz, L.L.P. has indicated this as a Section 4A project and has provide the Executive Summary ; and

WHEREAS, the EDC CEO Floyd Batiste has reviewed the financial information of Team Fabricators, L.L.C. and of the guarantor Team Industries and recommends approval thereof; and

WHEREAS, the average wage per hour will be \$19.95 per hour which will be inserted into the agreement; and

WHEREAS, the EDC incentive is \$650,000 for the purchase of equipment; and

WHEREAS, Team Fabricators is agreeing to employ approximately 125 employees at an annual total payroll of \$4,824,375; and

WHEREAS, the milestone schedule will increase the employees so that by March 15, 2011, there will be approximately 125 employees and the yearly addition of employees as delineated therein is annual increases; and

WHEREAS, the credits are as follows:

"Credits – Substitute Performance"

Incentive Recipient may earn credits according to the following terms, to either reduce the duration of this Agreement or reduce the amount of liquidated damages in the event Incentive Recipient breaches the Agreement.

- 1) Starting on the effective date of the Agreement and for as long as Incentive Recipient performs as specified in Section 5(b)(1) of this Agreement, Incentive Recipient will receive a \$1.00 credit for each \$9.00 of payroll paid to employees of Incentive Recipient. Payroll for both Port Arthur and non-Port Arthur residents shall be credited (the "Payroll Credit"). The Payroll Credit during the term of the Agreement shall not exceed Five Hundred Twenty-Five Thousand Dollars (\$525,000).
- 2) In addition to the credit provided in the paragraph 5(c)(1) above, Incentive Recipient shall also receive a credit of \$3,835 for Port Arthur residents employed by Incentive Recipient and for which Incentive Recipient can provide Internal Revenue Service Forms W-2 and/or W-3 for Port Arthur employees working not less than six (6) months during any year (the "Port Arthur Resident Credit"). The Port Arthur Resident Credit during the term of the Agreement shall not exceed One Hundred Twenty-Five Thousand Dollars (\$125,000)."

WHEREAS, Team Fabricators, L.L.C. has reviewed and approved the Agreement.

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 City of Port Arthur Section 4A economic Development Corporation is herein authorized to enter into an Economic Incentive Contract and Loan Agreement with Team Fabricators, L.L.C., and the President and Secretary of the City of Port Arthur Section 4A Economic Development Corporation are authorized to sign the Agreement in substantially the same form as attached hereto with Exhibits "A", "B", "C", "D", "E", "F" and "G" with the insertion of starting wages at \$19.95 per hour..

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

READ, ADOPTED AND APPROVED on this 22nd day of April A.D., 2008,
at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES:

Mayor Prince; Mayor Pro Tem Sinigal
Councilmembers Chatman, Henderson, Beard,
Williamson & Lewis.

NOES: None.

Deloris Prince

DELORIS "BOBBIE" PRINCE, MAYOR

ATTEST:

Terry Hanks
TERRI HANKS, ACTING CITY SECRETARY
(on behalf of)

APPROVED:

Floyd Batiste
FLOYD BATISTE, EDC CEO

APPROVED AS TO FORM:

Mark Sokolow
MARK T. SOKOLOW, CITY ATTORNEY

EXHIBIT "A"

to the Resolution

**ECONOMIC INCENTIVE CONTRACT & LOAN AGREEMENT BETWEEN
CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION
AND
TEAM FABRICATORS, L.L.C.
("INCENTIVE RECIPIENT")**

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**ECONOMIC INCENTIVE CONTRACT & LOAN AGREEMENT BETWEEN
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ECONOMIC DEVELOPMENT CORPORATION
AND
TEAM FABRICATORS, L.L.C. ("INCENTIVE RECIPIENT")**

INTRODUCTION

The Incentive Recipient is a Wisconsin limited liability corporation and a wholly owned subsidiary of Team Industries, Inc., a Wisconsin corporation, doing business in Port Arthur, Texas. The Incentive Recipient intends to undertake the following business: the fabrication of carbon stainless steel piping assemblies, piping modules, tanks and vessels for use by project manufacturers in various industries including petrochemical, refining, food and beverage, pulp and paper, chemical, pharmaceutical, industrial gas manufacturing, water and wastewater and electric power plant generation. Plate and tank fabricating focus on specialty tanks and custom metal commodities. Current market demands are such that Incentive Recipient plans to initiate and/or expand the above-referenced business operations at its facility in Port Arthur. The City of Port Arthur Section 4A Economic Development Corporation ("PAEDC") will assist Incentive Recipient in this business endeavor by providing the hereinafter described conditional grant and/or loan or other incentives in exchange for the promise by Incentive Recipient of creation of fulltime permanent jobs.

AGREEMENT TERM

EFFECTIVE DATE

1. This Economic Incentive Contract and Loan Agreement ("Agreement") is entered into with an effective date of April 22, 2008, but in no case later than May 31, 2008, by and between the PAEDC and Incentive Recipient.

TERMINATION DATE

2. This Agreement expires the ~~earlier of~~ , 2008, or 30 days after Team Fabricators, L.L.C. either performs fully or breaches the Agreement, subject to earlier termination or extension, voluntary or involuntary, as provided herein. The period from the effective date of this Agreement through and including the expiration date of this Agreement as provided in the previous sentence hereof, is sometimes referred to in this Agreement as the "Term" of this Agreement.

PARTIES

3. City of Port Arthur Section 4A Economic Development Corporation ("PAEDC"), located at 4173-39th Street, Port Arthur, Texas, 77642, is a corporation. It is duly authorized to do business in the State of Texas under Section 4A, Article 5190.6 V.T.C.A. (the "Development Corporation Act of 1979") and duly authorized by Resolution of the City Council of the City of Port Arthur to enter into this Agreement. As so authorized and as provided by the PAEDC bylaws, the President and Secretary of the PAEDC Board have the authority to execute this Agreement.

4. Team Fabricators, L.L.C. ("Incentive Recipient") is a Wisconsin limited liability corporation and a wholly owned subsidiary of Team Industries, Inc., a Wisconsin corporation. The registered agent in Texas for the Incentive Recipient is Edward L. Peveto at 650 Main Ave., Port Arthur, Texas 77642.

PROMISED PERFORMANCE

5. The parties agree to perform as follows.

(a) PERFORMANCE BY PAEDC

- i. PAEDC shall conditionally grant Incentive Recipient \$650,000, subject to the conditions and limitations herein, which Incentive Recipient is not required to pay back unless Incentive Recipient breaches this Agreement. If Incentive Recipient breaches this Incentive Agreement, then the grant will become a loan as provided in the Conditional Commercial Promissory Note attached hereto as Exhibit "A".
- ii. PAEDC will use its best efforts to pay invoices or reimburse Incentive Recipient within forty-five (45) days of receipt for the equipment capital outlays listed in Exhibit "D".

HOWEVER, PAEDC WILL ONLY RELEASE FUNDS IN AN AMOUNT EQUIVALENT TO EQUIPMENT FOR WHICH PAEDC HAS DULY EXECUTED COLLATERAL SECURITY INTEREST. AS TO CAPITAL OUTLAYS, AS HEREIN DESCRIBED, PAEDC WILL ONLY RELEASE FUNDS UPON RECEIPT OF REQUIRED DOCUMENTATION OF THE PURCHASE, BY INCENTIVE RECIPIENT OF SUCH CAPITAL EQUIPMENT AND MATERIALS FREE OF ANY LIEN OR ENCUMBRANCE.

These payments are PAEDC's only obligations.

(b) PERFORMANCE BY INCENTIVE RECIPIENT

- (1) By the end of the Agreement term, Incentive Recipient promises to employ approximately 125 employees at an annual total payroll of \$4,824,375,¹ as measured by Internal Revenue Service (IRS) forms W-2 and W-3.
- (2) Incentive Recipient shall make a best effort to employ Port Arthur residents and hereinafter provided will receive additional credit for wages paid to Port Arthur residents.
- (3) Further, if the Loan or conditional Grant by PAEDC to Incentive Recipient is to be secured additionally or alternatively by other collateral security agreements

¹ Payroll is based on 2080 hours per year and a starting wage of \$19.95 per hour, per Incentive Recipient's application.
an average wage

IRP
6/18/08

including by not limited to a commercial security agreement as specified in Exhibit "B" and filed of record with the Secretary of State for the State of Texas by a Uniform Commercial Code filing as described in Exhibit "C", Incentive Recipient will provide a detailed outlay of all equipment and material to be acquired and to be secured by the collateral security agreement by providing an enumeration of capital outlays as described on Exhibit "D".

- (4) Incentive Recipient shall use the Grant monies provided by the PAEDC exclusively for the capital outlays that are not materially different² from the list provided to PAEDC by Incentive Recipient, a copy of which is attached as Exhibit "D". With each invoice or request for reimbursement sent to PAEDC, Incentive Recipient will provide a listing of the specific equipment, material or other capital outlays requested for reimbursement and covenant that such request for reimbursement is being made for the specific assets and that all such assets have been acquired by the Incentive Recipient free of any lien or encumbrance. This will enable PAEDC to verify compliance with the list in Exhibit "D".
- (5) On demand by PAEDC and in response to Incentive Recipient's failure to achieve a performance milestone, Incentive Recipient shall provide PAEDC with reasonable assurances, proposed by Incentive Recipient and reasonably acceptable to PAEDC, that it has both the intention and the capabilities to perform fully its contractual obligations.

(C) CREDITS - SUBSTITUTE PERFORMANCE

Incentive Recipient may earn credits according to the following terms, to either reduce the duration of this Agreement or reduce the amount of liquidated damages in the event Incentive Recipient breaches the Agreement.

- (1) Starting on the effective date of the Agreement and for as long as Incentive Recipient performs as specified in Section 5(b)(1) of this Agreement, Incentive Recipient will receive a \$1.00 credit for each \$9.00 of payroll paid to employees of Incentive Recipient. Payroll for both Port Arthur and non-Port Arthur residents shall be credited (the "Payroll Credit"). The Payroll Credit during the term of the Agreement shall not exceed Five Hundred Twenty-Five Thousand Dollars (\$525,000).
- (2) In addition to the credit provided in the paragraph 5(c)(1) above, Incentive Recipient shall also receive a credit of \$3,835 for Port Arthur residents employed by Incentive Recipient and for which Incentive Recipient can provide Internal Revenue Service Forms W-2 and/or W-3 for Port Arthur employees working not less than six (6) months during any year (the "Port Arthur Resident Credit"). The Port Arthur Resident Credit during the term of the Agreement shall not exceed One Hundred Twenty-Five Thousand Dollars (\$125,000).

² "Materially different" is defined as a change in the type of asset that changes the overall business plan in place at the time that this contract was executed.

- (3) Total credits to the Incentive Recipient under the Agreement cannot exceed Six Hundred Fifty Thousand Dollars (\$650,000).
- (4) Incentive Recipient will forfeit any credits it earned during a period for which a report is scheduled but Incentive Recipient fails to issue the report.
- (5) Once Incentive Recipient has earned credits equal to \$650,000, the conditional Grant and all obligations to PAEDC shall terminate; however, no termination of the obligations for a conditional Grant shall eliminate the obligations of Incentive Recipient to PAEDC to repay the Conditional Commercial Promissory Note described in Exhibit "A" nor to eliminate any obligations under any collateral security agreements including by not limited to those described in Exhibit "B", "C" and "D" which shall remain in full force and effect until the Note is paid in full.

PERFORMANCE MILESTONE SCHEDULE

6. Although failure to achieve a performance milestone is not a breach of contract, a failure is grounds for PAEDC to withhold further payments to Incentive Recipient and/or demand reasonable assurances from Incentive Recipient that it can and will fully perform its contractual obligations. Failure to provide such reasonable assurances following demand of PAEDC is a breach of contract.

7. Incentive Recipient's performance milestones are contained in the table on the following page.

PERFORMANCE MILESTONE SCHEDULE

	<u>Deadline</u>	<u>Milestone</u>
(a)	May 31, 2008	Issue a <u>status report</u> ³ to PAEDC's Chief Executive Officer ("CEO") for the period from the effective date of this Agreement to April 30, 2008.
(b)	July 15, 2008	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer ("CEO") for the period of April 1, 2008 - June 30, 2008.
(c)	Sept. 15, 2008	Achieve performance of 35 full-time, permanent employees; annualized payroll of \$1,089,375.00
(d)	Oct. 15, 2008	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer ("CEO") for the period from July 1, 2008 to September 30, 2008.
(e)	Feb. 28, 2009	Issue a <u>status report</u> ⁴ to PAEDC'S Chief Executive Officer ("CEO") for the period from October 1, 2008 to January 31, 2009
(f)	Mar. 15, 2009	Achieve performance of 25 full time, permanent employees; annualized payroll of \$1,037,500.00
(g)	Aug. 31, 2009	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from February 1, 2009 to July 31, 2009.
(h)	Feb. 28, 2010	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from August 1, 2009 to January 31, 2010.
(i)	Mar. 15, 2010	Achieve performance of 25 full time, permanent employees; annualized payroll of \$1,037,500.00
(j)	Aug. 31, 2010	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from February 1, 2010 to July 31, 2010.
(k)	Feb. 28, 2011	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from August 1, 2010 to January 31, 2011.
(l)	Mar. 15, 2011	Achieve performance of 20 full time, permanent employees; annualized payroll of \$830,000.00
(m)	Aug. 31, 2011	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from February 1, 2011 to July 31, 2011.

³ Status reports shall include copies of invoices and check payments for assets purchased with PAEDC funds during the reporting period, quarterly balance sheets, quarterly profit and loss statements, and employee reports. As to job creation performance, interim status reports shall include documentation substantiating the accuracy of such reports, including, for example, 941 payment reports, Texas Workforce Commission reports, or other such reports confirming total jobs, payroll and other relevant information. Address on IRS Forms W-2 and W-3 is appropriate for interim reporting of Port Arthur residents hired. The reporting objective is to include documentation necessary for PAEDC to verify said report without further outside inquiry.

⁴ All February status reports shall also include identity of all shareholders who own more than five percent (5%) of the company. Year end reports shall be substantiated with IRS Forms W-2 and W-3.

(n)	Feb. 28, 2012	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from August 1, 2011 to January 31, 2012.
(o)	Mar. 15, 2012	Achieve performance of 20 full time, permanent employees; annualized payroll of \$830,000.00
(p)	Aug. 31, 2012	Issue a <u>status report</u> to PAEDC'S Chief Executive Officer (CEO") for the period from February 1, 2012 to July 31, 2012.
(q)	Aug. 31, 2013 ⁵	<u>Close out report</u> for presentation to the PAEDC Board at its August 2013 meeting.

PAEDC'S CONDITIONAL OBLIGATIONS AND LIMITED LIABILITY

8. It is expressly understood and agreed by the parties hereto that the PAEDC funding obligations herein are contingent upon the actual receipt of adequate sales tax revenue funds to meet the PAEDC's liabilities under this Agreement. If adequate funds are not available to make payments under this Agreement, the PAEDC shall notify Incentive Recipient in writing within a reasonable time after such fact is reasonably determined by the PAEDC Board of Directors. The PAEDC, at its sole option, may then terminate this Agreement without further liability. In the event of such termination by the PAEDC, the PAEDC may, at its sole option, immediately cease all further funding, if any, required by this Agreement and the PAEDC shall not be liable to Incentive Recipient or to any third parties for failure to make payments to Incentive Recipient under the terms and conditions of this Agreement.

9. The PAEDC shall not be liable, in Agreement or otherwise, to Incentive Recipient, or to any person or entity claiming by or through Incentive Recipient, for any expense, expenditure or cost incurred by or on behalf of Incentive Recipient related to the project made the basis of this Agreement. The PAEDC's sole liability/obligations, if any, shall be to Incentive Recipient and shall be limited to the obligations detailed in Section 5(a) of this Agreement.

10. Incentive Recipient shall not use the funds herein for any purpose(s) other than that specifically disclosed herein and as further disclosed within that certain application made by or on behalf of Incentive Recipient, which application is incorporated herein for all purposes.

11. Funds granted by the PAEDC hereunder shall not be utilized by Incentive Recipient for repayment of costs, expenditures or expenses incurred prior to the date of this Agreement.

LIQUIDATED DAMAGES FOR BREACH OF AGREEMENT

12. In the event Incentive Recipient fails to perform its obligations under this Agreement, following notice thereof from PAEDC and thirty-day (30-day) opportunity to cure the same, the PAEDC grant, minus any credits earned, will automatically convert to a loan (liquidated damages), effective on the day of breach, as agreed by Incentive Recipient in the executed

⁵ All February status reports shall also include identity of all shareholders who own more than five percent (5%) of the company. Year end reports shall be substantiated with IRS Forms W-2 and W-3.

Conditional Commercial Promissory Note attached hereto as Exhibit "A." Following such conversion to a loan as aforesaid, the PAEDC, at its sole option, may terminate its remaining funding obligations, if any, detailed in Section 5 herein. Further, the PAEDC shall be entitled to recover its reasonable and customary attorney's fees and court costs incurred in collection of said obligation and such remedies as are provided at law or in equity.

13. It is expressly understood and agreed by the parties that any right or remedy shall not preclude the exercise of any other right or remedy under this Agreement or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

RECORDS / INSPECTION / PAEDC AUDIT

14. Incentive Recipient must establish and maintain sufficient records, as reasonably determined by the PAEDC, to account for the expenditure and utilization of funds received by Incentive Recipient from PAEDC under the terms and conditions of this Agreement.

15. Incentive Recipient shall maintain records of the receipt and disposition of all funds provided hereunder as necessary to allow the PAEDC to audit and verify proper utilization of said funds in compliance with this Agreement and the representations and warranties contained herein and in Incentive Recipient's application. Incentive Recipient shall provide reports of utilization of said funds, as reasonably requested by the PAEDC, and upon termination of this Agreement.

16. Upon ten-day (10-day) advance notice, Incentive Recipient shall give the PAEDC, or any of its duly authorized representatives, access to and right to examine all books, accounts, records, reports, files and other papers, things or property belonging to or in use by Incentive Recipient. Such rights to access shall continue as long as the records are maintained by Incentive Recipient. Incentive Recipient agrees to maintain such records in an accessible location. All information obtained by the PAEDC, or its duly authorized representatives, shall be regarded as the confidential business information of Incentive Recipient and the PAEDC shall take reasonable measures to protect such information from disclosure to third parties; however, PAEDC is subject to the requirements of the Texas Open Meetings Act and Open Records Act (Tex.Gov.Code, 551 & 552). Incentive Recipient agrees that disclosures to the public required by the Texas Open Meetings Act, Texas Open Records Act, or any other legal requirement will not expose PAEDC (or any party acting by, through or under PAEDC) to any claim, liability or action by Incentive Recipient (or any party working by, through or under).

17. All records pertinent to this Agreement shall be retained by Incentive Recipient at least three years following the date of termination of this Agreement, whether said termination is a result of default or whether said termination is a result of final submission of a close out report by Incentive Recipient detailing its compliance with its obligations provided herein. Further, in the event any litigation, claim or audit arising out of or related to this Agreement is instituted before the expiration of the three (3) year period and extends beyond the three year period, the records will be maintained until all litigation, claims or audit findings involving this Agreement and the records made the basis of same have been resolved. Further, records relating to real property

acquisition, including any long-term lease, shall be retained for a period equal to the useful life of any asset purchased with PAEDC funds.

18. Incentive Recipient shall provide PAEDC with all reports necessary for PAEDC compliance with the Development Corporation Act.

19. It is expressly understood and agreed by the parties hereto that if Incentive Recipient fails to submit to PAEDC in a timely and satisfactory manner any report required by this Agreement, PAEDC may, at its sole discretion, withhold further payments to Incentive Recipient and/or demand assurances that Incentive Recipient can and will fully perform its contractual obligations. If Incentive Recipient fails to provide adequate assurances then Incentive Recipient is in breach, and any monies advanced by PAEDC automatically become a loan as herein provided. If PAEDC withholds such payments, it shall notify Incentive Recipient in writing of its decision and the reasons therefore. Payments withheld pursuant to this paragraph may be held by PAEDC until such time as the delinquent obligations for which funds are withheld are fulfilled by Incentive Recipient.

20. The PAEDC reserves the right, from time to time, to carry out field inspections/audits to ensure compliance with the requirements of this Agreement. After completion of any such audit, the PAEDC may provide Incentive Recipient with a written report of the audit findings. If the audit report details deficiencies in its performance under the terms and conditions of this Agreement, the PAEDC may establish requirements for the timely correction of any such deficiencies by Incentive Recipient.

HOLD HARMLESS

21. INCENTIVE RECIPIENT AGREES TO HOLD HARMLESS THE PAEDC AND THE CITY OF PORT ARTHUR FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF ANY KIND OR CHARACTER WHICH MAY BE ASSERTED BY ANY THIRD PARTY OCCURRING, ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT, THE PROJECT MADE THE BASIS OF THIS AGREEMENT, AND THE UTILIZATION OF GRANT FUNDS PROVIDED BY THIS AGREEMENT, PROVIDED THAT SUCH CLAIM, DEMAND OR CAUSE OF ACTION DOES NOT ARISE FROM ANY FRAUD OR MISCONDUCT ON THE PART OF THE PAEDC OR THE CITY OF PORT ARTHUR, OR ANY AGENT, EMPLOYEE OR REPRESENTATIVE OF EITHER.

SUBCONTRACTS

22. Incentive Recipient may not subcontract for performance credits described in this Agreement without obtaining PAEDC's written approval, which may be withheld for any reason. Incentive Recipient shall only subcontract for performance credits described in this Agreement after Incentive Recipient has submitted a Subcontractor Eligibility Request, as specified by PAEDC, for each proposed subcontract, and Incentive Recipient has obtained PAEDC's prior written approval. Incentive Recipient, in subcontracting for any performances described in this Agreement, expressly understands that in entering into such subcontracts, PAEDC is in no way liable to Incentive Recipient's subcontractor(s).

23. In no event shall PAEDC's prior written approval of a subcontractor's eligibility, be construed as relieving Incentive Recipient of the responsibility for ensuring that the performances rendered under all subcontracts are rendered so as to comply with all terms of this Agreement, as if such performances rendered were rendered by Incentive Recipient. PAEDC's approval does not constitute adoption, ratification, or acceptance of Incentive Recipient's or subcontractor's performance hereunder. PAEDC maintains the right to insist upon Incentive Recipient's full compliance with the terms of this Agreement, and by the act of subcontractor approval, PAEDC does not waive any right of action which may exist or which may subsequently accrue to PAEDC under this Agreement.

24. Incentive Recipient, as well as all of its approved subcontractors, shall comply with all applicable federal, state, and local laws, regulations, and ordinances for making procurement under this Agreement.

CONFLICT OF INTEREST / DISCLOSURE OBLIGATION

25. Conflict of Interest: No employee, agent, officer or elected or appointed official of the City of Port Arthur or the PAEDC who has participated in a decision making process related to this Agreement (without recusing him/herself and executing a conflict affidavit) may obtain a personal or financial interest or benefit from an PAEDC assisted activity, or have an interest in any contract, subcontract, or agreement (or proceeds thereof) with respect to an PAEDC assisted activity, during their tenure or for one (1) year thereafter. Insofar as relates to the conduct hereunder of Incentive Recipient, its agents, employees or representatives, Incentive Recipient shall ensure compliance with applicable provisions under Article 5190.6 V.T.C.A. and Chapter 171 Local Government Code V.T.C.A.

26. Disclosure: In conjunction with execution of this Agreement, Incentive Recipient has fully disclosed to PAEDC all known and potential owners of interests in Incentive Recipient (whether shareholder, partner, limited partner, manager, member or otherwise). In the event of any change in ownership or control of Incentive Recipient of five percent (5 %) or greater, Incentive Recipient shall notify PAEDC in writing. Further, Incentive Recipient shall be obligated to notify in writing the PAEDC in the event any time prior to, during or one (1) year after the term of this Agreement, any City or PAEDC employee or representative or any third party with a conflict of interest obtains or proposes to obtain a financial benefit, direct or indirect, from Incentive Recipient. Failure to provide said notice immediately or no later than five (5) business days after receipt of information shall constitute a default herein.

NONDISCRIMINATION / EMPLOYMENT / REPORTING

27. Incentive Recipient shall ensure that no person shall on the grounds of race, color, religion, sex, handicap, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under this Agreement. Additionally, funds shall be used in accordance with the following requirements:

- (a) To the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with PAEDC funds provided under this Agreement be given to Port Arthur residents; and
- (b) To the greatest extent feasible, Agreements for work to be performed in connection with any such project be awarded to Port Arthur residents and businesses, including, but not limited to, individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the City of Port Arthur, Texas.
- (c) If Incentive Recipient advertises for employment then it shall among any other advertising that it chooses to undertake covenants that it will advertise in the Port Arthur News. Incentive Recipient acknowledges that PAEDC does not intend to restrain any advertising in additional publications or media nor direct any others than that stated.

LEGAL AUTHORITY

28. Incentive Recipient assures and guarantees it possesses legal and/or corporate authority (i) to enter into this Agreement, receive funds authorized by this Agreement, and (ii) to perform the obligations hereunder. Incentive Recipient has provided, or shall provide, as requested by the PAEDC, such resolutions or other required authorizations necessary to evidence this authority.

29. The person or persons signing and executing this Agreement on behalf of Incentive Recipient, or representing themselves as signing and executing this Agreement on behalf of Incentive Recipient, do hereby warrant and guarantee that he, she, or they have been duly authorized by Incentive Recipient to execute this Agreement on behalf of Incentive Recipient and to validly and legally bind Incentive Recipient to all terms, performances, and provisions herein set forth.

NOTICE OF LEGAL OR REGULATORY CLAIMS

30. Incentive Recipient shall give PAEDC immediate notice in writing of 1) any legal or regulatory action, including any proceeding before an administrative agency filed against Incentive Recipient, directly or indirectly; and 2) any material claim against Incentive Recipient, which may impact continued operations. For purposes herein, "material" claims shall mean claims in excess of \$5,000. Except as otherwise directed by PAEDC, Incentive Recipient shall furnish immediately to PAEDC copies of all pertinent documentation of any kind received by Incentive Recipient with respect to such action or claim.

CHANGES AND AMENDMENTS

31. Except as specifically provided otherwise in this Agreement, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment in writing and executed by all

parties to this Agreement. Such amendments must be approved by the PAEDC Board of Directors and, in many cases, by the City Council for City of Port Arthur.

32. Performances under this Agreement must be rendered in accordance with the regulations promulgated under the Development Corporation Act, the assurances and certifications made to PAEDC by Incentive Recipient, and the assurances and certifications made to the City of Port Arthur with regard to the operation of the PAEDC's Projects. PAEDC may from time to time during the period of performance of this Agreement issue policy directives which serve to interpret, or clarify performance requirements under this Agreement. Such policy directives shall be promulgated by the PAEDC Board of Directors in the form of PAEDC issuances, shall be approved by the City Council and shall have the effect of qualifying the terms of this Agreement and shall be binding upon Incentive Recipient, as if written herein.

33. Any alterations, additions, or deletions to the terms of this Agreement which are required by changes in federal, state or local law are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

DEFAULT / TERMINATION

34. In the event of default of any of the obligations of Incentive Recipient detailed herein or in the event of breach of any of the representations of or warranties of Incentive Recipient either detailed herein or in its application to the PAEDC, and following any notice and opportunity to cure provided for in this Agreement, the PAEDC may, at its sole option, terminate this Agreement, in whole or in part. In the event of such termination, the PAEDC may, at its sole option, utilize one or more of the following actions to resolve or otherwise remedy said default:

- (a) Declare the Commercial Promissory Note executed in conjunction with this Agreement immediately effective. If Incentive Recipient defaults on the note, then the PAEDC may exercise its default remedies provided under collateral documentation executed in conjunction with said Note and this Agreement
- (b) Exercise any remedies provided herein and/or within the Collateral Security Documents;
- (c) Withhold, whether temporarily or otherwise, disbursement of grant proceeds pending correction of the deficiency(s) by Incentive Recipient;
- (d) Disallow all or a part of the incentives which are not in compliance with the terms and conditions of this Agreement or in compliance with the representations and warranties contained within this Agreement and Incentive Recipient's application to the PAEDC;
- (e) Withhold and/or disallow further PAEDC incentives to Incentive Recipient; and

- (f) Exercise any and all other remedies that may be legally available to the PAEDC, under the laws of the State of Texas and as authorized by the terms and conditions of this Agreement.

35. In addition to the foregoing, the parties agree that this Agreement may be terminated at any time when both parties agree, in writing, to the terms and conditions of any such voluntary termination.

COMPLIANCE AUDITS

36. If directed by PAEDC Board, Incentive Recipient shall arrange for the performance of a compliance audit, by a certified public accountant, of funds received and performances rendered under this Agreement, subject to the following conditions and limitations:

- (a) Incentive Recipient shall have a compliance audit which may be limited to use of funds received from the PAEDC, made for any of its fiscal years included within the Term of this Agreement in which Incentive Recipient receives more than \$50,000 in PAEDC financial assistance provided by PAEDC in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, or direct appropriations. Backup documentation regarding actual expenditures shall be provided by Incentive Recipient. Said audit must be received and accepted by the Chief Executive Officer of PAEDC and/or the PAEDC Board.
- (b) At the option of Incentive Recipient, each audit required by this section may cover either its entire operations or each department, agency, or establishment of Incentive Recipient which received, expended, or otherwise administered PAEDC funds;
- (c) Unless otherwise specifically authorized by PAEDC in writing, Incentive Recipient shall submit the report of such audit to PAEDC within thirty (30) days after completion of the audit, but no later than one hundred twenty (120) days after the end of each fiscal period included within the Term of this Agreement.
- (d) As a part of its audit, Incentive Recipient shall verify that the expenditures were exclusively for the assets listed in Exhibit "D". Any discrepancies in excess of \$500 shall be specifically documented in writing.

37. Incentive Recipient understands and agrees that it shall be liable to reimburse immediately PAEDC for any costs disallowed pursuant to financial and compliance audit(s) of funds received under this Agreement and it may be required to submit formal audits at its expense.

38. Incentive Recipient shall take all necessary actions to facilitate the performance of any and all such audits, whether annual, mandatory or otherwise requested under this Agreement.

39. Subject to financial privacy requirements of Incentive Recipient and properly designated requests for non-disclosure due to proprietary reasons, all approved audit reports may be made available for public inspection.

40. PAEDC shall not release any funds for costs incurred by Incentive Recipient under this Agreement until PAEDC has received certification from Incentive Recipient that its fiscal control and fund accounting procedures are adequate to assure proper disbursement of and accounting for funds provided under this Agreement. PAEDC shall specify the content and form of such certification.

ENVIRONMENTAL REQUIREMENTS

41. Incentive Recipient understands and agrees that by execution of this Agreement, Incentive Recipient shall be responsible for providing to PAEDC all information, concerning this PAEDC funded project, required for PAEDC to meet its responsibilities for environmental review, decision making, and other action which applies to PAEDC in accordance with and to the extent specified in Federal, State and Local Law. Incentive Recipient further understands and agrees that Incentive Recipient shall make all reasonable efforts to assist PAEDC in handling inquiries and complaints from persons and agencies seeking redress in relation to environmental reviews covered by approved certifications.

ORAL AND WRITTEN AGREEMENTS / PRIOR AGREEMENTS

42. All oral and written contracts between the parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

43. The documents required below are hereby made a part of this Agreement, and constitute promised performances by Incentive Recipient in accordance with this Agreement:

Required

<u>X</u>	Exhibit "A"	Conditional Commercial Promissory Note
<u>X</u>	Exhibit "B"	Commercial Security Agreement
<u>X</u>	Exhibit "C"	UCC-1 Financing Statement
<u>X</u>	Exhibit "D"	Equipment List
<u>X</u>	Exhibit "E"	Certification Regarding Lobbying
<u>X</u>	Exhibit "F"	Guaranty Agreement of Team Industries, Inc.
<u>X</u>	Exhibit "G"	Compliance Statement
<u>X</u>	Incentive Recipient Application to PAEDC	

VENUE

44. For purposes of any claim or cause of action that may accrue under this Agreement, venue shall lie in Jefferson County, Texas, where substantially all the performance under the Agreement is to be performed.

ADDRESS OF NOTICE AND COMMUNICATIONS

City of Port Arthur Section 4A Economic Development Corporation
444 4th Street
Port Arthur, Texas 77640
ATTN: Floyd Batiste, Chief Executive Officer

Incentive Recipient
1200 Maloney Road
Post Office Box 350
Kaukauna, Wisconsin 54130
ATTN: John Panetti

CAPTIONS

45. This Agreement has been supplied with captions to serve only as a guide to the contents. The caption does not control the meaning of any paragraph or in any way determine its interpretation or application.

COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

46. Incentive Recipient shall comply with all Federal, State and local laws, statutes, ordinances, resolutions, rules, regulations, orders and decrees of any court or administrative body or tribunal, including those related to the activities and performances of Incentive Recipient under this Agreement. Upon request by PAEDC and by the City, Incentive Recipient shall furnish satisfactory proof of its compliance herewith.


CONDITIONS PRECEDENT

47. This agreement has no legal consequences, and neither party shall rely on the agreement, unless and until both the PAEDC Board and the Port Arthur City Council approve the Agreement in its final executed form.

ATTORNEY APPROVALS

APPROVED AS TO FORM:

VERIFIED BY
CITY COUNCIL RESOLUTION:



Guy Goodson, General Counsel for PAEDC

Resolution Number: 08-185

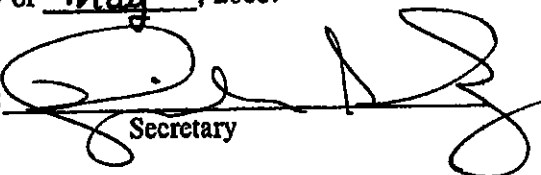
Mark T. Sokolow, City Attorney

AGREEMENT EXECUTION

CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION

SIGNED AND AGREED TO on the 2nd day of May, 2008.

By: 
President

By: 
Secretary

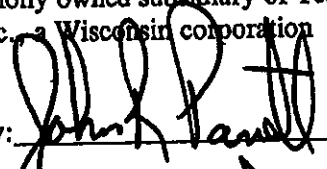
EDC Representative

EDC Representative

TEAM FABRICATORS, L.L.C.

SIGNED AND AGREED TO on the 14th day of May, 2008.

TEAM FABRICATORS, L.L.C.,
Wisconsin limited liability corporation and a
wholly owned subsidiary of Team Industries,
Inc., a Wisconsin corporation

By: 
CHAIR OF BOARD
Title



Acknowledgment

EXHIBIT "A"

CONDITIONAL COMMERCIAL PROMISSORY NOTE

Port Arthur, Texas

This COMMERCIAL PROMISSORY NOTE becomes effective on the date when Team Fabricators, L.L.C., a Wisconsin business corporation (hereinafter called "Maker") breaches that certain Economic Incentive Contract and Loan Agreement between the City of Port Arthur Section 4A Economic Development Corporation (hereinafter called "Lender") and Maker, dated April 22, 2008.

Effective Date of Note: the _____ day of _____, 2008 ("date of breach").

Principal Amount: \$ _____, which is \$650,000.00 minus the incentive credits earned by Maker according to that certain Economic Incentive Contract and Loan Agreement between the Lender and Maker (described hereinbefore).

Term of the Loan: 3 years from the Effective Date (stated above).

Payment Schedule: Monthly from the Effective Date until Principal Amount and all interest due as herein specified is paid in full.

FOR VALUE RECEIVED, the undersigned "Maker", promises to pay to Lender, at its office at P.O. Box 1089, Port Arthur, Texas, 77640-1089, or such other place or places as the holder hereof shall from time to time designate in written notice to Maker, the principal amount, in legal and lawful money of the United States of America, together with interest thereon from the date hereof until maturity at the rate of ten percent (10%) per annum as detailed herein.

All past due principal and interest shall bear interest from date of maturity until paid at the rate of fifteen percent (15%) per annum, or to the maximum extent allowed by law (whichever is greater) as may hereafter be in effect, payable on demand after maturity.

This note is due and payable as follows: Thirty-six (36) equally monthly installments of principal and interest on the 15th day of each month starting with the month immediately following the Effective Date of this Note as stated above.

Any notices required or permitted to be given by the holder hereof to Maker pursuant to the provisions of this note shall be in writing and shall be either personally delivered or transmitted by first class United States mail, addressed to Maker at the address designated below for receipt of notice (or at such other address as Maker may, from time to time, designate in writing to the holder hereof for receipt of notices hereunder). Any such notice personally delivered shall be effective as of the date of delivery, and any notice transmitted by mail, in accordance with the foregoing provisions, shall be deemed to have been given to and received by Maker as of the date on which such notice was deposited with the United States Postal Service, properly addressed and with postage prepaid.

This note is also secured by and entitled to the benefits of all other security agreements, pledges, collateral assignments, deeds of trust, guaranties, mortgages, assignments, and lien instruments, if any, of any kind executed by Maker or by any other party as security for any loans owing by Maker to the Lender. Such lien instruments shall include those executed simultaneously herewith, those heretofore executed, and those hereafter executed.

If any installment or payment of principal or interest of this note is not paid when due or any drawer, acceptor, endorser, guarantor, surety, accommodation party or other person now or hereafter primarily or secondarily liable upon or for payment of all or any part of this note (each hereinafter called an "other liable party") shall die, or become insolvent (however such insolvency may be evidenced); or if any proceeding, procedure or remedy supplementary to or in enforcement of judgment shall be resorted to or commenced against Maker or any other liable party, or with respect to any property of any of them; or if any governmental authority or any court at the instance thereof shall take possession of any substantial part of the property of or assume control over the affairs or operations of, or a receiver shall be appointed for or take possession of the property of, or a writ or order of attachment or garnishment shall be issued or made against any of the property of Maker or any other liable party; or if any indebtedness for which Maker or any other liable party is primarily or secondarily liable shall not be paid when due or shall become due and payable by acceleration of maturity thereof, or if any event or condition shall occur which shall permit the holder of any such indebtedness to declare it due and payable upon the lapse of time, giving of notice or otherwise; or if Maker or any other liable party (if other than a natural person) shall be dissolved, wound up, liquidated or otherwise terminated, or a party to any merger or consolidation without the written consent of Lender; or if Maker or any other liable party shall sell substantially all or an integral portion of its assets without the written consent of Lender; or if Maker or any other liable party fails to furnish financial information requested by Lender; or if Maker or any other liable party furnishes or has furnished any financial or other information or statements which are misleading in any respect; or if a default occurs under any instrument now or hereafter executed in connection with or as security for this note; or any event occurs or condition exists which causes Lender to in good faith deem itself insecure or in good faith believe the prospect of payment or performance by Maker or any other liable party under this note, under any instrument or agreement executed in connection with or as security for this note, or under any other indebtedness of Maker or any other liable party to Lender is impaired; thereupon, at the option of Lender, the principal balance and accrued interest of this note and any and all other indebtedness of Maker to Lender shall become and be due and payable forthwith without demand, notice of default, notice of acceleration, notice of intent to accelerate the maturity hereof, notice of nonpayment, presentment, protest or notice of dishonor, all of which are hereby expressly waived by Maker and each other liable party. Lender may waive any default without waiving any prior or subsequent default.

If this note is not paid at maturity whether by acceleration or otherwise, and is placed in the hands of any attorney for collection, or suit is filed hereon, or proceedings are had in probate, bankruptcy, receivership, reorganization, arrangement or other legal proceedings for collection hereof, Maker and each other liable party agree to pay Lender its collection costs, including court costs and a reasonable amount for attorney's fees.

It is the intention of Maker and Lender to conform strictly to applicable usury laws. Accordingly, if the transaction contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this note or under any of the other aforesaid agreements or otherwise in connection with this note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on this note by the holder hereof (or, if this note shall have been paid in full, refunded to Maker); (ii) in the event that maturity of this note is accelerated by reason of an election by the holder hereof resulting from any default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore prepaid, shall be credited on this note (or if this note shall have been paid in full, refunded to Maker); and (iii) all calculations of the rate of interest taken, reserved, contracted for, charged or

received under this note or under any of the other aforesaid agreements or otherwise in connection with this note, that are made for the purpose of determining whether such rate exceeds the maximum lawful rate shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating, and spreading such interest over the entire term of the loan evidenced by this note (including all renewal and extended terms).

Maker may prepay all or any part of the principal of this note before maturity without penalty. No partial prepayment shall reduce, postpone or delay the obligation of Maker to continue paying the installments herein provided on their respective due dates following any such partial prepayment until this note is fully paid.

The Maker shall be directly and primarily liable for the payment of all sums called for hereunder; and, except for notices specifically required to be given by the holder hereof to Maker pursuant to the earlier provisions of this note, Maker and each other liable party hereby expressly waive demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intention to accelerate maturity, notice of acceleration of maturity, and all other notice, filing of suit and diligence in collecting this note or enforcing or handling any of the security therefor, and do hereby agree to any substitution, exchange or release, in whole or in part, of any security herefor or the release of any other liable party, and do hereby consent to any and all renewals or extensions from time to time, of this note, or any part hereof, either before or after maturity, all without any notice thereof to any of them and without affecting or releasing the liability of any of them. Each holder hereof, in order to enforce payment of this note by any other liable party, shall be required to first institute suit or exhaust its remedies against Maker and to enforce its rights against any security therefor prior to enforcing payment of this Note by any other liable party.

TEAM FABRICATORS, L.L.C.

SIGNED AND AGREED TO on the 4th day of May, 2008.

TEAM FABRICATORS, L.L.C.,
Wisconsin limited liability corporation and
a wholly owned subsidiary of Team
Industries, Inc., a Wisconsin corporation

By: [Signature]

Title: Chairman of Board

[Signature]
Acknowledgment

THE STATE OF WI

COUNTY OF Outagamie §

§
§

ACKNOWLEDGEMENT

BEFORE ME, THE UNDERSIGNED Notary Public, on this day personally appeared John R. Panetti, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the same as the act and deed of Team Industries, Inc. a corporation, for the purposes and consideration therein expressed, and the Capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14th day of May, 2008.

Lou Herzfeldt
Notary Public, State of ~~Texas~~ Wisconsin
Expires 3/7/10

MAKERS' ADDRESS FOR RECEIPT OF NOTICE:

Mr. John Panetti
1200 Malone Road
P.O. Box 350
Kaukauna, Wisconsin 54130

EXHIBIT "B"

COMMERCIAL SECURITY AGREEMENT

Dated May 14, 2008

<u>Debtor(s)</u>	<u>Secured Party</u>
Team Fabricators, L.L.C.	Port Arthur Economic Development Corporation ("PAEDC")
1200 Maloney Road Post Office Box 350	4173 39 th Street
Kaukauna, Wisconsin 54130	Port Arthur, Texas 77642

(hereinafter referred to as "Debtor" whether one or more) (hereinafter referred to as "Secured Party")

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Debtor grants to Secured Party the security interest (and the pledges and assignments as applicable) hereinafter set forth and agrees with Secured Party as follows:

A. **OBLIGATIONS SECURED.** The first priority lien and pledges and assignments as applicable granted hereby are to secure punctual payment and performance of the following: (i) certain promissory note(s) of even date herewith in the original principal sum of \$650,000, executed by Debtor and payable to the order of Secured Party, and any and all extensions, renewals, modifications and rearrangements thereof, (ii) certain obligations of Debtor to Secured Party under that certain Economic Incentive Contract and Loan Agreement of even date and all extensions, renewals, modifications and rearrangements thereof, and (iii) any and all other indebtedness, liabilities and obligations whatsoever and of whatever nature of Debtor to Secured Party whether direct or indirect, absolute or contingent, primary or secondary, due or to become due and whether now existing or hereafter arising and howsoever evidenced or acquired, whether joint or several, or joint and several (all of which are herein separately and collectively referred to as the "Obligations"). Debtor acknowledges that the security interest (and pledges and assignments as applicable) hereby granted shall secure all future advances as well as any and all other indebtedness, liabilities and obligations of Debtor to Secured Party whether now in existence or hereafter arising.

B. **USE OF COLLATERAL.** Debtor represents, warrants and covenants that Collateral will be used by the Debtor primarily for business use, unless otherwise specified as follows: Personal, family or household purposes; Farming operations.

C. **DESCRIPTION OF COLLATERAL.** Debtor hereby grants to Secured Party a first priority lien in (and hereby pledges and assigns as applicable) and agrees that Secured Party shall continue to have a security interest in (and a pledge and assignment of as applicable), the following property, to wit: (DEBTOR TO INITIAL APPROPRIATE BLANKS)

☐ **All Accounts.** A security interest in all accounts now owned or existing as well as any and all that may hereafter arise or be acquired by Debtor, and all the proceeds and products thereof, including without limitation, all notes, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory.

☐ **Specific Accounts.** A security interest in the supervised account at Texas State Bank, including earned interest, described by the Deposit Agreement between the Financial Institution, the Debtor and the Secured Party. Such agreement attached or which may hereafter be attached hereto.

☐ **All Inventory.** A security interest in all of Debtor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property, wheresoever located, now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof, including, without limitation, all of such which is now or hereafter located at the following locations: (give locations)

☐ **All Fixtures.** A security interest in all of Debtor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles in substitution therefor, howsoever attached or affixed, located at the following locations: (give legal address)

The record owner of the real estate is: _____.

☐ **All Equipment.** A security interest in all equipment of every nature and description whatsoever now owned or hereafter acquired by Debtor including all appurtenances and additions thereto and substitutions therefor, wheresoever located, including all tools, parts and accessories used in connection therewith.

☐ **General Intangibles.** A security interest in all general intangibles and other personal property now owned or hereafter acquired by Debtor other than goods, accounts, chattel paper, documents and instruments.

☐ **Chattel Paper.** A security interest in all of Debtor's interest under chattel paper, lease agreements and other instruments or documents, whether now existing or owned

by Debtor or hereafter arising or acquired by Debtor, evidencing both a debt and security interest in or lease of specific goods.

☐ **Farm Products.** A security interest in all of Debtor's interest in any and all crops, livestock and supplies used or produced by Debtor in farming operations wheresoever located: Debtor's residence is in the county shown at the beginning of this Agreement and Debtor agrees to notify promptly Secured Party of any change in the county of Debtor's residence; all of Debtor's crops or livestock are presently located in the following counties: (give counties)

☐ **Securities.** A pledge and assignment of and security interest in the securities described below, together with all instruments and general intangibles related thereto and all monies, income, proceeds and benefits attributable or accruing to said property, including, but not limited to, all stock rights, options, rights to subscribe, dividends, liquidating dividends, stock dividends, dividends paid in stock, new security or other properties or benefits to which the Debtor is or may hereafter become entitled to receive on account of said property. (give description)

☐ **Certificates of Deposit.** A pledge and assignment of and security interest in all of Debtor's interest in and to the certificates of deposit described below and instruments related thereto, and all renewals or substitutions therefor, together with all monies, income, interest, proceeds and benefits attributable or accruing to said property or to which Debtor is or may hereafter be entitled to receive on account of said property. (give description)

☐ **Instruments.** A pledge and assignment of and security interest in all of Debtor's now owned or existing as well as hereafter acquired or arising instruments and documents.

☒ **Other.** A first priority lien on all of Debtor's interest, now owned or hereafter acquired, in and to all the equipment, as detailed in that certain Economic Incentive Contract and Loan Agreement between Debtor and Secured Party including that identified in Exhibit "D" to the Economic Incentive Contract and Loan Agreement. See Schedule 1 attached hereto and made a part hereof for all purposes including but not limited to the invoice from Team Industries, Inc. Invoice Number MIS-PORT dated 04/03/2008 in the amount of \$365,628.

Model Number: _____ Serial Number: _____

The term "Collateral" as used in this Agreement shall mean and include, and the security interest (and pledge and assignment as applicable) shall cover, all of the foregoing property, as well as any accessions, additions and attachments thereto and the proceeds and products thereof, including without limitation, all cash, general intangibles, accounts,

inventory, equipment, fixtures, farm products, notes, drafts, acceptances, securities, instruments, chattel paper, insurance proceeds payable because of loss or damage, or other property, benefits or rights arising therefrom, and in and to all returned or repossessed goods arising from or relating to any of the property described herein or other proceeds of any sale or other disposition of such property.

As additional security for the punctual payment and performance of the Obligations, and as part of the Collateral, Debtor hereby grants to Secured Party a security interest in, and a pledge and assignment of, any and all money, property, deposit accounts, accounts, securities, documents, chattel paper, claims, demands, instruments, items or deposits of the Debtor, and each of them, or to which any of them is a party, now held or hereafter coming within Secured Party's custody or control, including without limitation, all certificates of deposit and other depository accounts, whether such have matured or the exercise of Secured Party's rights results in loss of interest or principal or other penalty on such deposits, but excluding deposits subject to tax penalties if assigned. Without prior notice to or demand upon the Debtor, Secured Party may exercise its rights granted above at any time when a default has occurred or Secured Party deems itself insecure. Secured Party's rights and remedies under this paragraph shall be in addition to and cumulative of any other rights or remedies at law and equity, including, without limitation, any rights of set-off to which Secured Party may be entitled.

D. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR.
Debtor represents and warrants as follows:

1. **Ownership; No Encumbrances:** Except for the security interest (and pledges and assignments as applicable) granted hereby, the Debtor is, and as to any property acquired after the date hereof which is included within the Collateral, Debtor will be, the owner of all such Collateral free and clear from all charges, liens, security interests, adverse claims and encumbrances of any and every nature whatsoever.
2. **No Financing Statements:** There is no financing statement or similar filing now on file in any public office covering any part of the Collateral, and Debtor will not execute and there will not be on file in any public office any financing statement or similar filing except the financing statements filed or to be filed in favor of Secured Party.
3. **Accuracy of Information:** All information furnished to Secured Party concerning Debtor, the Collateral and the Obligations, or otherwise for the purpose of obtaining or maintaining credit, is or will be at the time the same is furnished, accurate and complete in all material respects.
4. **Authority:** Debtor has full right and authority to execute and perform this Agreement and to create the security interest (and pledges and assignment as applicable) created by this Agreement. The making and performance by Debtor of this Agreement will not violate any articles of incorporation, bylaws or similar document respecting Debtor, any provision of law, any order of court or governmental agency, or any indenture or other agreement to which Debtor is a party, or by which Debtor or any of Debtor's property is

bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture or other agreement, or result in the creation or imposition of any charge, lien, security interest, claim or encumbrance of any and every nature whatsoever upon the Collateral, except as contemplated by this Agreement.

5. **Addresses:** The address of Debtor designated at the beginning of this Agreement is Debtor's place of business if Debtor has only one place of business; Debtor's chief executive office if Debtor has more than one place of business; or Debtor's residence if Debtor has no place of business. Debtor agrees not to change such address without advance written notice to Secured Party.

E. **GENERAL COVENANTS.** Debtor covenants and agrees as follows:

1. **Operation of the Collateral:** Debtor agrees to maintain and use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable permits or licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances and regulations. Debtor shall not use the Collateral in any unlawful manner or for any unlawful purposes, or in any manner or for any purpose that would expose the Collateral to unusual risk, or to penalty, forfeiture or capture, or that would render inoperative any insurance in connection with the Collateral.

2. **Condition:** Debtor shall maintain, service and repair the Collateral so as to keep it in good operating condition. Debtor shall replace within a reasonable time all parts that may be worn out, lost, destroyed or otherwise rendered unfit for use, with appropriate replacement parts. Debtor shall obtain and maintain in good standing at all times all applicable permits, licenses, registrations and certificates respecting the Collateral.

3. **Assessments:** Debtor shall promptly pay when due all taxes, assessments, license fees, registration fees, and governmental charges levied or assessed against Debtor or with respect to the Collateral or any part thereof.

4. **No Encumbrances:** Debtor agrees not to suffer or permit any charge, lien, security interest, adverse claim or encumbrance of any and every nature whatsoever against the Collateral or any part thereof.

5. **No Removal:** Except as otherwise provided in this Agreement, Debtor shall not remove the Collateral from the county or counties designated at the beginning of this Agreement without Secured Party's prior written consent.

6. **No Transfer:** Except as otherwise provided in this Agreement with respect to inventory, Debtor shall not, without the prior written consent of Secured Party, sell, assign, transfer, lease, charter, encumber, hypothecate or dispose of the Collateral, or any part thereof, or interest therein, or offer to do any of the foregoing.

7. **Notices and Reports:** Debtor shall promptly notify Secured Party in writing of any change in the name, identity or structure of Debtor, any charge, lien, security interest, claim or encumbrance asserted against the Collateral, any litigation against Debtor or the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any other material matter adversely affecting Debtor or the Collateral. Debtor shall furnish such other reports, information and data regarding Debtor's financial condition and operations, the Collateral and such other matters as Secured Party may request from time to time.

8. **Landlord's Waivers:** Debtor shall furnish to Secured Party, if requested, a landlord's waiver of all liens with respect to any Collateral covered by this Agreement that is or may be located upon leased premises, such landlord's waivers to be in such form and upon such terms as are acceptable to Secured Party.

9. **Additional Filings:** Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other documents as Secured Party may from time to time require in order to comply with the Texas Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and to preserve and protect the Secured Party's rights to the Collateral.

10. **Protection of Collateral:** Secured Party, at its option, whether before or after default, but without any obligation whatsoever to do so, may (a) discharge taxes, claims, charges, liens, security interests, assessments or other encumbrances of any and every nature whatsoever at any time levied, placed upon or asserted against the Collateral, (b) place and pay for insurance on the Collateral, including insurance that only protects Secured Party's interest, (c) pay for the repair, improvement, testing, maintenance and preservation of the Collateral, (d) pay any filing, recording, registration, licensing or certification fees or other fees and charges related to the Collateral, or (e) take any other action to preserve and protect the Collateral and Secured Party's rights and remedies under this Agreement as Secured Party may deem necessary or appropriate. Debtor agrees that Secured Party shall have no duty or obligation whatsoever to take any of the foregoing action. Debtor agrees to promptly reimburse Secured Party upon demand for any payment made or any expense incurred by the Secured Party pursuant to this authorization. These payments and expenditures, together with interest thereon from date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

11. **Inspection:** Debtor shall at all reasonable times allow Secured Party by or through any of its officers, agents, attorneys or accountants, to examine the Collateral, wherever located, and to examine and make extracts from Debtor's books and records.

12. **Further Assurances:** Debtor shall do, make, procure, execute and deliver all such additional and further acts, things, deeds, interests and assurances as Secured Party may require from time to time to protect, assure and enforce Secured Party's rights and remedies.

13. **Insurance:** Debtor shall have and maintain insurance at all times with respect to all tangible Collateral insuring against risks of fire (including so-called extended coverage), theft and other risks as Secured Party may require, containing such terms, in such form and amounts and written by such companies as may be satisfactory to Secured Party, all of such insurance to contain toss payable clauses in favor of Secured Party as its interest may appear. All policies of insurance shall provide for ten (10) days written minimum cancellation notice to Secured Party and at the request of Secured Party shall be delivered to and held by it. Secured Party is hereby authorized to act as attorney for Debtor in obtaining, adjusting, settling and canceling such insurance and endorsing any drafts or instruments. Secured Party shall be authorized to apply the proceeds from any insurance to the Obligations secured hereby whether or not such Obligations are then due and payable. Debtor specifically authorizes Secured Party to disclose information from the policies of insurance to prospective insurers regarding the Collateral.

14. **Additional Collateral:** If Secured Party should at any time be of the opinion that the Collateral is impaired, not sufficient or has declined or may decline in value, or should Secured Party deem payment of the Obligations to be insecure, then Secured Party may call for additional security satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional security may be oral, by telegram, or United States mail addressed to Debtor, and shall not affect any other subsequent right of Secured Party to exercise the same.

F. **ADDITIONAL PROVISIONS REGARDING ACCOUNTS.** The following provisions shall apply to all accounts included within the Collateral:

1. **Definitions:** The term "account", as used in this Agreement, shall have the same meaning as set forth in the Uniform Commercial Code of Texas in effect as of the date of execution hereof, and as set forth in any amendment to the Uniform Commercial Code of Texas to become effective after the date of execution hereof, and also shall include all present and future notes, instruments, documents, general intangibles, drafts, acceptances and chattel paper of Debtor, and the proceeds thereof.

2. **Additional Warranties:** As of the time any account becomes subject to the security interest (or pledge or assignment as applicable) granted hereby, Debtor shall be deemed further to have warranted as to each and all of such accounts as follows: (a) each account and all papers and documents relating thereto are genuine and in all respects what they purport to be; (b) each account is valid and subsisting and arises out of a bona fide sale of goods sold and delivered to, or out of and for services theretofore actually rendered by the Debtor to the account debtor named in the account; (c) the amount of the account represented as owing is the correct amount actually and unconditionally owing except for normal cash discounts and is not subject to any setoffs, credits, defenses, deductions or countercharges; and (d) Debtor is the owner thereof free and clear of any charges, liens, security interests, adverse claims and encumbrances of any and every nature whatsoever.

3. **Collection of Accounts:** Secured Party shall have the right in its own name or in the name of the Debtor, whether before or after default, to require Debtor forthwith to transmit all proceeds of collection of accounts to Secured Party, to notify any and all account debtors to make payments of the accounts directly to Secured Party, to demand, collect, receive, receipt for, sue for, compound and give acquittal for, any and all amounts due or to become due on the accounts and to endorse the name of the Debtor on all commercial paper given in payment or part payment thereof, and in Secured Party's discretion to file any claim or take any other action or proceeding that Secured Party may deem necessary or appropriate to protect and preserve and realize upon the accounts and related Collateral. Unless and until Secured Party elects to collect accounts, and the privilege of Debtor to collect accounts is revoked by Secured Party in writing, Debtor shall continue to collect accounts, account for same to Secured Party, and shall not commingle the proceeds of collection of accounts with any funds of the Debtor. In order to assure collection of accounts in which Secured Party has a security interest (or pledge or assignment of as applicable) hereunder, Secured Party may notify the post office authorities to change the address for delivery of mail addressed to Debtor to such address as Secured Party may designate, and to open and dispose of such mail and receive the collections of accounts included herewith. Secured Party shall have no duty or obligation whatsoever to collect any account, or to take any other action to preserve or protect the Collateral; however, should Secured Party elect to collect any account or take possession of any Collateral, Debtor releases Secured Party from any claim or claims for loss or damage arising from any act or omission in connection therewith.

4. **Identification and Assignment of Accounts:** Upon Secured Party's request, whether before or after default, Debtor shall take such action and execute and deliver such documents as Secured Party may reasonably request in order to identify, confirm, mark, segregate and assign accounts and to evidence Secured Party's interest in same. Without limitation of the foregoing, Debtor, upon request, agrees to assign accounts to Secured Party, identify and mark accounts as being subject to the security interest (or pledge or assignment as applicable) granted hereby, mark Debtor's books and records to reflect such assignments, and forthwith to transmit to Secured Party in the form as received by Debtor any and all proceeds of collection of such accounts.

5. **Account Reports:** Debtor will deliver to Secured Party, prior to the tenth (10) day of each month, or on such other frequency as Secured Party may request, a written report in form and content satisfactory to Secured Party, showing a listing and aging of accounts and such other information as Secured Party may request from time to time. Debtor shall immediately notify Secured Party of the assertion by any account debtor of any set-off, defense or claim regarding an account or any other matter adversely affecting an account.

6. **Segregation of Returned Goods:** Returned or repossessed goods arising from or relating to any accounts included within the Collateral shall if requested by Secured Party be held separate and apart from any other property. Debtor shall as often as requested by Secured Party, but not less often than weekly even though no special request has been made, report to Secured Party the appropriate identifying information with respect to any such returned or

repossessed goods relating to accounts included in assignments or identifications made pursuant hereto.

G. **ADDITIONAL PROVISIONS REGARDING INVENTORY.** The following provisions shall apply to all inventory included within the Collateral:

1. **Inventory Reports:** Debtor will deliver to Secured Party, prior to the tenth (10th) day of each month, or on such other frequency as Secured Party may request, a written report in form and content satisfactory to Secured Party, with respect to the preceding month or other applicable period, showing Debtor's opening inventory, inventory acquired, inventory sold, inventory returned, inventory used in Debtor's business, closing inventory, any other inventory not within the preceding categories, and such other information as Secured Party may request from time to time. Debtor shall immediately notify Secured Party of any matter adversely affecting the inventory, including, without limitation, any event causing loss or depreciation in the value of the inventory and the amount of such possible loss or depreciation.

2. **Location of Inventory:** Debtor will promptly notify Secured Party in writing of any addition to, change in or discontinuance of its place(s) of business as shown in this agreement, the places at which inventory is located as shown herein, the location of its chief executive office and the location of the office where it keeps its records as set forth herein. All Collateral will be located at the place(s) of business shown at the beginning of this agreement as modified by any written notice(s) given pursuant hereto.

3. **Use of Inventory:** Unless and until the privilege of Debtor to use inventory in the ordinary course-of Debtor's business is revoked by Secured Party in the event of default or if Secured Party deems itself insecure, Debtor may use the inventory in any manner not inconsistent with this Agreement, may sell that part of the Collateral consisting of inventory provided that all such sales are in the ordinary course of business, and may use and consume any raw materials or supplies that are necessary in order to carry on Debtor's business. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of a debt.

4. **Accounts as Proceeds:** All accounts that are proceeds of the inventory included within the Collateral shall be subject to all of the terms and provisions hereof pertaining to accounts.

5. **Protection of Inventory:** Debtor shall take all action necessary to protect and preserve the inventory.

H. **ADDITIONAL PROVISIONS REGARDING SECURITIES AND SIMILAR COLLATERAL.** The following provisions shall apply to all securities and similar property included within the Collateral:

1. **Additional Warranties:** As to each and all securities and similar property included within the Collateral (including securities hereafter acquired that are part of the

Collateral), Debtor further represents and warrants (as of the time of delivery of same to Secured Party) as follows: (a) such securities are genuine, validly issued and outstanding, fully paid and non-assessable, and are not issued in violation of the preemptive rights of any person or of any agreement by which the issuer or obligor thereof or Debtor is bound; (b) such securities are not subject to any interest, option or right of any third person; (c) such securities are in compliance with applicable law concerning form, content and manner of preparation and execution; and (d) Debtor acquired and holds the securities in compliance with all applicable laws and regulations.

2. **Dividends and Proceeds:** Any and all payments, dividends, other distributions (including stock redemption proceeds), or other securities in respect of or in exchange for the Collateral, whether by way of dividends, stock dividends, recapitalizations, mergers, consolidations, stock splits, combinations or exchanges of shares or otherwise, received by Debtor shall be held by Debtor in trust for Secured Party and Debtor shall immediately deliver same to Secured Party to be held as part of the Collateral. Debtor may retain ordinary cash dividends unless and until Secured Party requests that same be paid and delivered to Secured Party (which Secured Party may request either before or after default).

3. **Collections:** Secured Party shall have the right at any time and from time to time (whether before or after default) to notify and direct the issuer or obligor to make all payments, dividends and distributions regarding the Collateral directly to Secured Party. Secured Party shall have the authority to demand of the issuer or obligor, and to receive and receipt for, any and all payments, dividends and other distributions payable in respect thereof, regardless of the medium in which paid and whether they are ordinary or extraordinary. Each issuer and obligor making payment to Secured Party hereunder shall be fully protected in relying on the written statement of Secured Party that it then holds a security interest which entitles it to receive such payment, and the receipt by Secured Party for such payment shall be full acquittance therefor to the one making such payment.

4. **Voting Rights:** Upon default, or if Secured Party deems itself insecure, Secured Party shall have the right, at its discretion, to transfer to or register in the name of Secured Party or any nominee of Secured Party any of the Collateral and/or to exercise any or all voting rights as to any or all of the Collateral. For such purposes, Debtor hereby names, constitutes and appoints the President or any Vice President of Secured Party as Debtor's proxy in the Debtor's name, place and stead to vote any and all of the securities, as such proxy may elect, for and in the name, place and stead of Debtor, as to all matters coming before shareholders, such proxy to be irrevocable and deemed coupled with an interest. The rights, powers and authority of said proxy shall remain in full force and effect, and shall not be rescinded, revoked, terminated, amended or otherwise modified, until all Obligations have been fully satisfied.

5. **No Duty:** Secured Party shall never be liable for its failure to give notice to Debtor of default in the payment of or, upon the Collateral: Secured Party shall have no duty to fix or preserve rights against prior parties to the Collateral and shall never be liable for its failure to use diligence to collect any amount payable in respect to the Collateral, but shall be

liable only to account to Debtor for what it may actually collect or receive thereon. Without limiting the foregoing, it is specifically understood and agreed that Secured Party shall have no responsibility for ascertaining any maturities, calls, conversions, exchanges, offers, tenders, or similar matters relating to any of the Collateral or for informing Debtor with respect to any of such matters (irrespective of whether Secured Party actually has, or may be deemed to have, knowledge thereof). The foregoing provisions of this paragraph shall be fully applicable to all securities or similar property held in pledge hereunder, irrespective of whether Secured Party may have exercised any right to have such securities or similar property registered in its name or in the name of a nominee.

6. **Further Assurances:** Debtor agrees to execute such stock powers, endorse such instruments, or execute such additional pledge agreements or other documents as may be required by the Secured Party in order effectively to grant to Secured Party the security interest in (and pledge and assignment of) the Collateral and to enforce and exercise Secured Party's rights regarding same.

7. **Securities Laws:** Debtor hereby agrees to cooperate fully with Secured Party in order to permit Secured Party to sell, at foreclosure or other private sale, the Collateral pledged hereunder. Specifically, Debtor agrees to fully comply with the securities laws of the United States and of the State of Texas and to take such action as may be necessary to permit Secured Party to sell or otherwise transfer the securities pledged hereunder in compliance with such laws. Without limiting the foregoing, Debtor, at its own expense, upon request by Secured Party, agrees to effect and obtain such registrations, filings, statements, rulings, consents and other matters as Secured Party may request.

8. **Power of Attorney:** Debtor hereby makes, constitutes, and appoints Secured Party or its nominee, its true and lawful attorney in fact and in its name, place and stead, and on its behalf, and for its use and benefit to complete, execute and file 'with the United States Securities and Exchange Commission one or more notices of proposed sale of securities pursuant to Rule 144 under the Securities Act of 1933 and/or any similar filings or notices with any applicable state agencies, and said attorney in fact shall have full power and authority to do, take and perform all and every act and thing whatsoever requisite, proper or necessary to be done, in the exercise of the rights and powers herein granted, as fully to all intents and purposes as Debtor might or could do if personally present. This power shall be irrevocable and deemed coupled with an interest. The rights, powers and authority of said attorney in fact herein granted shall commence and be in full force and effect from the date of this agreement, and such rights, powers and authority shall remain in full force and effect, and this power of attorney shall not be rescinded, revoked, terminated, amended or otherwise modified, until all Obligations have been fully satisfied.

9. **Private Sales:** Because of the Securities Act of 1933, as amended, or any other laws or regulations, there may be legal restrictions or limitations affecting Secured Party in any attempts to dispose of certain portions of the Collateral in the enforcement of its rights and remedies hereunder. For these reasons Secured Party is hereby authorized by Debtor, but not obligated, in the event any default hereunder, to sell all or any part of the Collateral at private

sale, subject to investment letter or in any other manner which will not require the Collateral, or any part thereof, to be registered in accordance with the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder, or any other law or regulation. Secured Party is also hereby authorized by Debtor, but not obligated, to take such actions, give such notices, obtain such rulings and consents, and do such other things as Secured Party may deem appropriate in the event of a sale or disposition of any of the Collateral. Debtor clearly understands that Secured Party may in its discretion approach a restricted number of potential purchasers and that a sale under such circumstances may yield a lower price for the Collateral or any part or parts thereof than would otherwise be obtainable if same were registered and sold in the open market, and Debtor agrees that such private sales shall constitute a commercially reasonable method of disposing of the Collateral.

I. ADDITIONAL PROVISIONS REGARDING CERTIFICATES OF DEPOSIT AND SIMILAR COLLATERAL. The following provisions shall apply to certificates of deposit and similar property included within the Collateral:

1. **Collection of Deposits:** Debtor agrees that Secured Party may, at any time (whether before or after default) and in its sole discretion, surrender for payment and obtain payment of any portion of the Collateral, whether such have matured or the exercise of Secured Party's rights results in loss of interest or principal or other penalty on such deposits, and, in connection therewith, cause payment to be made directly to Secured Party.

2. **Notice to Third Party Issuer:** With regard to any certificates of deposit or similar Collateral for which Secured Party is not the issuer, Debtor agrees to notify the issuer or obligor of the interests hereby granted to Secured Party and to obtain from such issuer or obligor acknowledgement of the interests in favor of Secured Party and the issuer's or obligor's agreement to waive in favor of Secured Party any and all rights of set-off or similar rights or remedies to which such issuer or obligor may be entitled, and, in connection therewith, to execute and cause the issuer or obligor to execute, any and all acknowledgments, waivers and other agreements in such form and upon such terms as Secured Party may request.

3. **Proceeds:** Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Debtor shall be held by Debtor in trust for Secured Party and immediately delivered to Secured Party to be held as part of the Collateral.

4. **No Duty:** Secured Party shall never be liable for its failure to give notice to Debtor of default in the payment of or upon the Collateral. Secured Party shall have no duty to fix or preserve rights against prior parties to the Collateral and shall never be liable for its failure to use diligence to collect any amount payable in respect to the Collateral, but shall be liable only to account to Debtor for what it may actually collect or receive thereon. Without limiting the foregoing, it is specifically understood and agreed that Secured Party shall have no responsibility for ascertaining any maturities or similar matters relating to any of the Collateral or for informing Debtor with respect to any of such matters (irrespective of whether Secured Party actually has, or may be deemed, to have, knowledge thereof).

J. **EVENTS OF DEFAULT.** Debtor shall be in default hereunder upon the happening of any of the following events or conditions: (i) non-payment when due (whether by acceleration of maturity or otherwise) of any payment of principal, interest or other amount due on any Obligation; (ii) the occurrence of any event which under the terms of any evidence of indebtedness, indenture, loan agreement, security agreement or, similar instrument permits the acceleration of maturity of any obligation of Debtor (whether to Secured Party or to others); (iii) any representation or warranty made by Debtor to Secured Party in connection with this Agreement, the Collateral or the Obligations, or in any statements or certificates, proves incorrect in any material respect as of the date of the making or the issuance thereof; (iv) default occurs in the observance or performance of, or if Debtor fails to furnish adequate evidence of performance of, any provision of this Agreement or of any note, assignment, transfer, other agreement, document or instrument delivered by Debtor to Secured Party in connection with this Agreement, the Collateral or the Obligations; (v) death, dissolution, liquidation, termination of existence, insolvency, business failure or winding-up of Debtor or any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations; (vi) the commission of an act of bankruptcy by, or the application for appointment of a receiver or any other legal custodian for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy, arrangement, reorganization, insolvency or similar laws for the relief of debtors by or against, the Debtor or any maker, endorser, guarantor, surety or other party primarily or secondarily liable for any of the Obligations; (vii) the Collateral becomes, in the judgment of Secured Party, impaired, unsatisfactory or insufficient in character or value; or (viii) the filing of any levy, attachment, execution, garnishment or other process against the Debtor or any of the Collateral or any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.

K. **REMEDIES:** Upon the occurrence of an event of default, or if Secured Party deems payment of the Obligations to be insecure, Secured Party, at its option, shall be entitled to exercise any one or more of the following remedies (all of which are cumulative):

1. **Declare Obligations Due:** Secured Party, at its option, may declare the Obligations or any part thereof immediately due and payable, without demand, notice of intention to accelerate, notice of acceleration, notice of non-payment, presentment, protest, notice of dishonor, or any other notice whatsoever, all of which are hereby waived by Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.

2. **Remedies:** Secured Party shall have all of the rights and remedies provided for in this Agreement and in any other agreements executed by Debtor, the rights and remedies of the Uniform Commercial Code of Texas, and any and all of the rights and remedies at law and in equity, all of which shall be deemed cumulative. Without limiting the foregoing, Debtor agrees that Secured Party shall have the right to: (a) require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party that is reasonably convenient to both parties, which Debtor agrees to do; (b) peaceably take

possession of the Collateral and remove same, with or without judicial process; (c) without removal, render equipment included within the Collateral unusable, and dispose of the Collateral on the Debtor's premises; (d) sell, lease or otherwise dispose of the Collateral, at one or more locations, by public or private proceedings for cash or credit, without assumption of credit risk; and/or (e) whether before or after default, collect and receipt for, compound, compromise, and settle, and give releases, discharges and acquittances with respect to, any and all amounts owed by any person or entity with respect to the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition will be made. Any requirement of reasonable notice to Debtor shall be met if such notice is mailed, postage prepaid, to Debtor at the address of Debtor designated at the beginning of this Agreement, at least five (5) days before the day of any public sale or at least five (5) days before the time after which any private sale or other disposition will be made.

3. **Expenses:** Debtor shall be liable for and agrees to pay the reasonable expenses incurred by Secured Party in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorneys' fees and legal expenses incurred by Secured Party. These expenses, together with interest thereon from date incurred until paid by Debtor at the maximum contract rate allowed under applicable laws, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

4. **Proceeds, Surplus, Deficiencies:** Proceeds received by Secured Party from disposition of the Collateral shall be applied toward Secured Party's expenses and other Obligations in such order or manner as Secured Party may elect. Debtor shall be entitled to any surplus if one results after lawful application of the proceeds. Debtor shall remain liable for any deficiency.

5. **Remedies Cumulative:** The rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

L. OTHER AGREEMENTS.

1. **Savings Clause:** Notwithstanding any provision to the contrary herein, or in any of the documents evidencing the Obligations or otherwise relating thereto, no such provision shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable usury laws. If any such excessive interest is so provided for, then in such event (i) the provisions of this paragraph shall govern and control; (ii) neither the Debtor nor his heirs, legal representatives, successors or assigns or any other party liable for the payment thereof, shall be obligated to pay the amount of such interest to the extent that is in

excess of the maximum amount permitted by law; (iii) any such excess interest that may have been collected shall be, at the option of the holder of the instrument evidencing the Obligations, either applied as a credit against the then unpaid principal amount thereof or refunded to the maker thereof; and (iv) the effective rate of interest shall be automatically reduced to the maximum lawful rate under applicable usury laws as now or hereafter construed by the courts having jurisdiction.

2. **Joint and Several Responsibility:** If this Security Agreement is executed by more than one Debtor, the obligations of all such Debtors shall be joint and several.

3. **Waivers:** Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity respecting the Obligations hereby waive demand, notice of intention to accelerate, notice of acceleration, notice of non-payment, presentment, protest, notice of dishonor and any other similar notice whatsoever.

4. **Severability:** Any provision hereof found to be invalid by courts having jurisdiction shall be invalid only with respect to such provision (and then only to the extent necessary to avoid such invalidity). The offending provision shall be modified to the maximum extent possible to confer upon Secured Party the benefits intended thereby. Such provision as modified and the remaining provisions hereof shall be construed and enforced to the same effect as if such offending provision (or portion thereof) had not been contained herein, to the maximum extent possible.

5. **Use of Copies:** Any carbon, photographic or other reproduction of any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state.

6. **Relationship to Other Agreements:** This Security Agreement and the security interests (and pledges and assignments as applicable) herein granted are in addition to (and not in substitution, novation or discharge of) any and all prior or contemporaneous security agreements, security interests, pledges, assignments, liens, rights, titles or other interests in favor of Secured Party or assigned to Secured Party by others in connection with the Obligations. All rights and remedies of Secured Party in all such agreements are cumulative, but in the event of actual conflict in terms and conditions, the terms and conditions of the latest security agreement shall govern and control.

7. **Notices:** Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations, shall be deemed given and effective upon deposit in the United States mail, postage prepaid, addressed to Debtor at the address of Debtor designated at the beginning of this Agreement. Actual notice to Debtor shall always be effective no matter how given or received.

8. **Headings and Gender:** Paragraph headings in this Agreement are for convenience only and shall be given no meaning or significance in interpreting this Agreement. All words used herein shall be construed to be of such gender or number as the circumstances require.

9. **Amendments:** Neither this Agreement nor any of its provisions may be changed, amended, modified, waived or discharged orally, but only by an instrument in writing signed by the party against whom enforcement of the change, amendment, modification, waiver or discharge is sought.

10. **Continuing Agreement:** The security interest (and pledges and assignments as applicable) hereby granted and all of the terms and provisions in this Agreement shall be deemed a continuing agreement and shall continue in full force and effect until terminated in writing. Any such revocation or termination shall only be effective if explicitly confirmed in a signed writing issued by Secured Party to such effect and shall in no way impair or affect any transactions entered into or rights created or Obligations incurred or arising prior to such revocation or termination, as to which this Agreement shall be fully operative until same are repaid and discharged in full. Unless otherwise required by applicable law Secured Party shall be under no obligation to issue a termination statement or similar documents unless Debtor requests same in writing and, provided further, that all Obligations have been repaid and discharged in full and there are no commitments to make advances, incur any Obligations or otherwise give value.

11. **Binding Effect:** The provisions of this Security Agreement shall be binding upon the heirs, personal representatives, successors and assigns of Debtor and the rights, powers and remedies of Secured Party hereunder shall inure to the benefit of the successors and assigns of Secured Party.

12. **Governing Law:** This Security Agreement shall be governed by the law of the State of Texas and applicable federal law.

EXECUTED this ____ day of _____, 2008.

TEAM FABRICATORS, L.L.C.

SIGNED AND AGREED TO on the 14th day of May, 2008.

TEAM FABRICATORS, L.L.C.,
Wisconsin limited liability corporation and
a wholly owned subsidiary of Team
Industries, Inc., a Wisconsin corporation

By: 

CHAIRMAN of the BOARD

Title

Lou Herzfeldt

Acknowledgment

EXHIBIT "C"

UCC-1

To be Provided.

EXHIBIT "D"
EQUIPMENT LIST

See Attached.



INDUSTRIES, INC.

Team Fabricators, LLC
Port Arthur, TX

WEH 3000# Generation III	14,996.00
S/N: WEH-008207	
Model 45 Gripper	4,045.00
S/N: JRP45-000208	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-008407	
Model 45 Gripper	4,045.00
S/N: JRP45-000308	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-008507	
Model 45 Gripper	4,045.00
S/N: JRP45-000408	
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-008607	
Model 45 Gripper	4,045.00
S/N: JRP45-000508	
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000108	
Model 45 Gripper	4,045.00
S/N: JRP45-003408	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000208	
Model 45 Gripper	4,045.00
S/N: JRP45-003508	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
Sub Total	\$ 120,704.00



INDUSTRIES, INC.

Team Fabricators, LLC
Port Arthur, TX

WEH 3000# Generation III	14,996.00
S/N: WEH-000308	
Model 45 Gripper	4,045.00
S/N: JRP45-009608	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000408	
Model 45 Gripper	4,045.00
S/N: JRP45-002508	
3:1 Gear Reducer	367.00
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000508	
Model 45 Gripper	4,045.00
S/N: JRP45-002608	
3:1 Gear Reducer	367.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000608	
Model 45 Gripper	4,045.00
S/N: JRP45-003708	
3:1 Gear Reducer	367.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000708	
Model 45 Gripper	4,045.00
S/N: JRP45-002808	
110V 26" Circular Fan w/Mounting Bracket	445.00
WEH 3000# Generation III	14,996.00
S/N: WEH-000808	
Model 45 Gripper	4,045.00
S/N: JRP45-002908	
110V 26" Circular Fan w/Mounting Bracket	445.00
Sub Total	\$ 119,544.00



INDUSTRIES, INC.

Team Fabricators, LLC
Port Arthur, TX

WEHVHL 3000# Generation IV	24,315.00
S/N: WEHVHL-000707	
Model 45 Gripper	4,045.00
S/N: JRP45-001808	
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEHVHL 3000# Generation IV	24,315.00
S/N: WEHVHL-000807	
Model 45 Gripper	4,045.00
S/N: JRP45-001908	
THRU Hole Purge System	580.00
110V 26" Circular Fan w/Mounting Bracket	445.00
WEHVHL 3000# Generation IV	24,315.00
S/N: WEHVHL-000907	
Model 45 Gripper	4,045.00
S/N: JRP45-002008	
110V 26" Circular Fan w/Mounting Bracket	445.00
WEHVHL 3000# Generation IV	24,315.00
S/N: WEHVHL-001007	
Model 45 Gripper	4,045.00
S/N: JRP45-002108	
110V 26" Circular Fan w/Mounting Bracket	445.00
Sub Total	\$ 116,380.00
Total	\$ 356,628.00



INDUSTRIES, INC.

Vernon Pantograph Cost Break Down

Vernon Pipe Cutting Machine V32822 S/N: 9620X	\$316,590.00
40' Entrance Conveyor V32189	\$26,240.00
40' Discharge Conveyor V32265	\$32,500.00
Hypertherm Plasma Cutter V5984	\$30,595.00
WIN MPM-DT Desk Top Software	\$3,750.00
Software/Single Pass ID-OD	\$3,250.00
Software/Transition On Elbow Supports	\$3,250.00
Total	<u>\$415,175.00</u>

4/13/2008

EXHIBIT "E"

CERTIFICATION REGARDING LOBBYING

For Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his knowledge and belief, that:

1. No funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a member of the City or of the PAEDC in connection with the awarding of any contract, the making of any grant, the making of any loan, the entering into of any cooperative agreement, or modification of any contract, grant, loan, or cooperative agreement.
2. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements), and that all Subs shall certify and disclose accordingly.

This certification is material representation of fact which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction.

TEAM FABRICATORS, L.L.C.

SIGNED AND AGREED TO on the 14th day of May, 2008.

TEAM FABRICATORS, L.L.C.,
Wisconsin limited liability corporation and
a wholly owned subsidiary of Team
Industries, Inc., a Wisconsin corporation

By: [Signature]

CHAIRMAN OF THE BOARD
Title

[Signature]
Acknowledgment

EXHIBIT "F"

TEAM INDUSTRIES, INC. GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of _____, 2008 (the "Guaranty"), is made between the City of Port Arthur Section 4A Economic Development Corporation (the "PAEDC"), a corporation validly existing under its Charter and the constitution and laws of the State of Texas, and Team Industries, Inc. (the "Guarantor"), a business corporation duly organized and validly existing under the laws of the State of Wisconsin. Capitalized terms used in this Guaranty and not defined otherwise are used herein as defined in the Economic Incentive Contract and Loan Agreement, dated April 22, 2008 (the "Agreement"), between the PAEDC, as grantor, and Team Fabricators, L.L.C., a Wisconsin limited liability corporation as grantee (the "Grantee"). Those definitions are incorporated in this Guaranty by reference.

WITNESSETH THAT: WHEREAS,

A. Upon the terms and conditions set forth in the Agreement, the PAEDC is willing to convey certain real property to the Grantee and make certain financial grants to the Grantee to enable the Grantee to improve and construct the Project, and the Grantee is willing to agree to provide certain employment and economic opportunities to the residents of Port Arthur, Texas.

B. In order to enhance the security of the PAEDC that the benefits under the Agreement will inure to the benefit of the residents of Port Arthur, Texas, the Guarantor is willing, in this Guaranty, to guaranty the obligations of the Grantee under the Agreement.

C. The PAEDC and the Guarantor each have full right and lawful authority to enter into this Guaranty and to perform and observe the provisions hereof on their respective parts to be performed and observed.

NOW, THEREFORE, in consideration of the premises and representations and agreements hereinafter contained and subject to the terms hereof, and for other good and valuable consideration, the receipt of which is acknowledged hereby, the Guarantor agrees with the PAEDC as follows:

ARTICLE I.

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1. The Guarantor represents and warrants as follows:

(a) The Guarantor has full corporate power under applicable law and its articles of incorporation, code of regulations and bylaws, each as amended to date, to enter into, observe and perform all covenants, agreements and obligations on its part hereunder.

(b) The Guarantor has authorized the signing and delivery of this Guaranty by all necessary and proper corporate action.

(c) The signing, delivery, observance and performance by the Guarantor of this Guaranty and the Guarantor's covenants, agreements and obligations hereunder do not, and will not, (i) violate any law now existing, (ii) contravene or constitute a

default under any agreement, indenture, trust agreement or understanding to which the Guarantor is a party or by which it or its property may be bound, or (iii) contravene any provision of the Guarantor's articles of incorporation, code of regulations or bylaws, each as amended to date.

(d) This Guaranty (i) is made in furtherance of the purposes for which the Guarantor was incorporated, (ii) is necessary to promote and further the business of the Guarantor and is, in the estimation of the Guarantor, desirable to promote the best interests and further the mission of the Guarantor, and (iii) will result in direct financial benefits to the Guarantor.

ARTICLE II.

COVENANTS AND GUARANTEES

Section 2.1. The Guarantor, jointly and severally with any other guarantor to the PAEDC of the obligations of the Grantee herein guaranteed, hereby absolutely and unconditionally guarantees to the PAEDC at any time:

(a) the full and prompt performance of all covenants, agreements and obligations of the Grantee under the Agreement, and

(b) the payment of all principal, interest and other sums due, whether by acceleration or otherwise, together with all late charges, disbursements, expenses, and deficiencies pursuant to that certain Commercial Promissory Note made by the Grantee to the PAEDC as of even date herewith (collectively the "Guaranteed Debt") together with the performance of Grantee's obligations under any documents or instruments executed in connection with or given to secure the Guaranteed Debt, and

(c) the full and prompt payment of all expenses and charges, including without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses, paid or incurred by the PAEDC acting as Grantor under the Agreement and in realizing any of the payments guaranteed hereby or in enforcing this Guaranty.

The Guarantor will pay all payments in lawful money of the United States of America. Each default in payment of any amount payable hereunder shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 2.2. The Guarantor's covenants, agreements and obligations under this Guaranty are absolute and unconditional, are a present, and shall be a continuing, guaranty of performance and payment and not collectibility, and shall remain in full force and effect until all covenants, agreements and obligations of the Grantee under the Agreement have been performed or met, and all other amounts payable hereunder shall have been paid or provision shall have been made therefor to the satisfaction of the PAEDC, regardless of the legality, validity, regularity or enforceability of the Agreement or any other document.

The obligations of the Guarantor described in the preceding paragraph shall not be amended, modified or impaired upon the happening of any event, including without limitation, any of the following, regardless of whether there is notice to or consent of the Guarantor with respect thereto:

(a) the compromise, settlement, release or termination of any or all of the covenants, agreements or obligations of the PAEDC under the Agreement;

(b) the failure to give notice to the Guarantor of the occurrence of a default under this Guaranty or an Event of Default under the Agreement, except as provided specifically in this Guaranty;

(c) the waiver of the payment, observance or performance by the PAEDC or the Guarantor of any of their covenants, agreements or obligations under this Guaranty or the Agreement;

(d) the extension of the time for observance or performance of any covenant, agreement or obligation under this Guaranty or the Agreement, or the extension or the renewal of any extension;

(e) the modification or amendment of any covenant, agreement or obligation under the Agreement;

(f) the taking or the omission of any action under this Guaranty or the Agreement;

(g) any failure, omission or delay on the part of the PAEDC to enforce, assert or exercise any right, power or remedy conferred on the PAEDC under this Guaranty or the Agreement, or any act or omission on the part of the PAEDC at any time;

(h) the dissolution or liquidation of the Guarantor or any failure by the Guarantor to vacate promptly any execution, garnishment or attachment of such consequence that it will impair the Guarantor's ability to observe and perform its covenants, agreements and obligations under any agreement, contract or other instrument or document to which it is a party or by which it or its property is or may be bound; provided that the term "dissolution or liquidation," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Guarantor resulting either from a merger or consolidation of the Guarantor into or with another Person, or from a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety;

(i) the occurrence of any of the following:

(i) the admission by the Guarantor in writing of its inability to pay its debts generally as they become due,

(ii) the entering of an order for relief in any case commenced by or against the Guarantor (except cases commenced by the Guarantor against third parties) under federal bankruptcy law, as in effect from time to time,

(iii) a general assignment by the Guarantor for the benefit of creditors, or

(iv) the appointment of a receiver for the Guarantor or for the whole or any substantial part of its property;

(j) to the extent permitted by law, the release or discharge by operation of law of the Guarantor from the observance or performance of any covenant, agreement or obligation under this Guaranty or any other agreement, contract or other

instrument or document to which it is a party or by which it or its property is or may be bound;

(k) the default or failure of the Guarantor to observe or perform fully any of its covenants, agreements or obligations under this Guaranty or any other agreement, contract or other instrument or document to which it is a party or by which it or its property is or may be bound;

(l) the default of the PAEDC under the Agreement; or

(m) to the extent permitted by law, the invalidity of the Agreement, this Guaranty, any agreement, contract or other instrument or document to which the Guarantor is a party or by which it or its property is or may be bound.

Section 2.3. No setoff, counterclaim, reduction, or diminution of any covenant, agreement or obligation, or any defense of any kind, which the Guarantor has or may have against the PAEDC or the Grantee, shall be available hereunder to the Guarantor against the PAEDC; provided, however, that the Guarantor shall be entitled to assert in a timely manner in a separate action against the PAEDC or the Grantee, as the case may be, any rights that could not be asserted, by virtue of this Section 2.3, by the Guarantor as a setoff, counterclaim, reduction, diminution or defense in the action on this Guaranty. The Guarantor shall not exercise any right of subrogation under this Guaranty until its obligations hereunder have been discharged in full, and such obligations shall not be discharged by virtue of any impairment of such rights of subrogation.

Section 2.4. If there is a default by the Grantee under the Agreement or the Commercial Promissory Note made by the Grantee thereunder, the PAEDC shall proceed first against the Grantee, but is not required to exhaust its remedies against the Grantee and its security or other rights in the collateral of the Grantee, prior to resorting to any remedy of the PAEDC as to the Guarantor; however, Guarantor will pay all reasonable costs, expenses and fees (including without limitation, to the extent permitted by law, all court costs, attorneys' fees, expenses, prejudgment interest and post-judgment interest) that the PAEDC incurs in the process of exercising its remedies against Grantee, to comply with this section. If Guarantor finds that further action against Grantee is futile, Guarantor may request in writing that PAEDC halt executing remedies against Grantee, after which PAEDC may proceed with remedies against Guarantor.

Section 2.5. The Guarantor covenants and agrees to pay all reasonable costs, expenses and fees (including without limitation, to the extent permitted by law, all court costs and attorneys' fees) that may be incurred by the PAEDC in enforcing or attempting to enforce this Guaranty, whether by suit or otherwise, following any default on the part of the Guarantor under this Guaranty.

Section 2.6. The Guarantor covenants and agrees that, so long as the Agreement is in effect, the Guarantor will preserve and will keep in full force and effect its corporate existence.

Section 2.7. (a) The failure of the Guarantor to abide by or to observe or perform any covenant, agreement or obligation hereunder, or any inaccuracy in any material adverse respect of, or any material adverse omission from, any representation or warranty herein, shall constitute a default hereunder.

(b) The occurrence of any of the following shall also constitute a default hereunder:

- (i) the admission by the Guarantor in writing of its inability to pay its debts generally as they become due;
- (ii) the entering of an order for relief in any case commenced by or against the Guarantor (except any case commenced by the Guarantor against a third party) under federal bankruptcy law, as in effect from time to time;
- (iii) a general assignment by the Guarantor for the benefit of creditors;
- (iv) the appointment of a receiver for the Guarantor or for the whole or any substantial part of its property; or
- (v) the dissolution or liquidation of the Guarantor or the failure by the Guarantor to vacate within 90 days any execution, garnishment or attachment of such a consequence that it will impair the Guarantor's ability to carry out its covenants, agreements and obligations hereunder. The term "dissolution or liquidation of the Guarantor," as used in this clause, shall not be construed to include the cessation of the corporate existence of the Guarantor resulting either from a merger or consolidation of the Guarantor into or with another Person, or from a dissolution or liquidation of the Guarantor following a transfer of all or substantially all of its assets as an entirety, in accordance with the Agreement.

The declaration of a default hereunder and the exercise of remedies upon the declaration shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding the declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

(c) If the default hereunder shall consist of the breach of any of the covenants, agreements or obligations of the Guarantor under Section 2.1, or if any default shall occur under Section 2.7(b), upon written demand by the PAEDC, the Guarantor shall (i) cause any such covenant, agreement or obligation to be performed or met and (ii) pay forthwith, or make provision for payment, to the PAEDC without further demand or notice and regardless of whether there has been any other default or event of default under the Agreement, the amount due and payable under the Agreement and the Guaranty.

In the event that the Guarantor shall be required to make payment to the PAEDC as described in the preceding paragraph, in addition to that payment, the Guarantor shall (i) cause any such covenant, agreement or obligation to be performed or met and (ii) pay to the PAEDC any further amount that is necessary to cover (i) the reasonable costs and expenses of collection, including reasonable compensation to the PAEDC, its agents and, to the extent permitted by law, the PAEDC's attorneys and counsel, and (ii) any reasonable expenses or liabilities incurred by the PAEDC hereunder.

(d) In the case of a default hereunder, other than under Sections 2.1 and 2.7(b), the PAEDC upon obtaining knowledge of such default shall promptly give the Guarantor written notice of the default at the Guarantor's Notice Address, by registered or certified mail, postage prepaid, return receipt requested, and if the default continues unremedied for 30 days following the giving of the notice, the PAEDC shall have the rights, remedies and powers, and the Guarantor shall make the payments, described in Section 2.7(c); provided, however, that if the default (other

than a default under Sections 2.1 or 2.7(b)) can be remedied but not within that period, that failure shall not constitute a default, so long as the Guarantor is taking appropriate corrective action as permitted under the Agreement.

Section 2.8. Rights, remedies and powers under this Guaranty may be exercised, either separately or cumulatively, in the event of one or more defaults under this Guaranty.

ARTICLE III.

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 3.1. The Guarantor covenants and agrees that it is subject to service of process in the State of Texas, and that it will remain so subject to that service of process so long as the Agreement remains in full force and effect or any obligations of the Grantee remain outstanding thereunder. If the Guarantor should not be subject to that service of process for any reason, it designates and appoints as the Guarantor's agent, without power of revocation,

(a) the Facility MGR. Edward L. Pereto,
650 Main Ave., Port Arthur, Texas 77642 and his successors, or

(b) if that agent shall cease to act, the Secretary of State of the State of
Texas,

upon whom shall be served all process, pleadings, notices or other papers that may be served upon the Guarantor as a result of any of its covenants, agreements and obligations under this Guaranty.

Section 3.2. Any process, pleadings, notices or other papers served upon any agent appointed in the preceding Section shall be sent at the same time by registered or certified mail, postage prepaid, to the Guarantor's Notice Address and to any other addresses that may be furnished by the Guarantor to the PAEDC in writing from time to time.

ARTICLE IV.

MISCELLANEOUS

Section 4.1. The covenants, agreements and obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Agreement becomes effective.

Section 4.2. No remedy, right or power conferred herein upon or reserved hereunder to the PAEDC is intended to be exclusive of any other available remedy, right or power, but each remedy, right and power shall be cumulative and shall be in addition to every other remedy, right and power under the Agreement or any other document entered into in connection with the Agreement or existing at law, in equity or by statute or otherwise from time to time.

No delay in exercising, or omission to exercise, any remedy, right or power upon any default, omission or failure of observance or performance hereunder shall impair any remedy, right or power or shall be construed to be a waiver thereof, but any remedy, right and power may be exercised whenever and as often as may be deemed expedient.

To entitle the PAEDC to exercise any remedy, right or power reserved to it under this Guaranty, it shall not be necessary for the PAEDC to give any notice, other than any notice that may be expressly required herein.

In the event any provision contained in this Guaranty shall be breached by any party and the breach shall be duly waived thereafter by the other party so empowered to act, the waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, modification or release of this Guaranty shall be established by conduct, custom or course of dealing, but any amendment, modification or release shall be made solely by an instrument or document in writing duly signed by the parties hereto who have been duly authorized by this Guaranty so to amend this Guaranty.

Section 4.3. This Guaranty may be amended and supplemented, to the same extent and upon the same conditions that the Agreement may be amended and supplemented, by a written agreement signed by the parties hereto. The purposes for which an amendment of or supplement to this Guaranty may be made pursuant to this Section include, without limitation, the addition of, or substitution for the Guarantor as guarantor hereunder of, any Person that succeeds to or assumes, as the case may be, the Guarantor's covenants, agreements and obligations hereunder.

Section 4.4. This Guaranty shall inure to the benefit of the PAEDC and its respective successors and assigns and is binding upon the PAEDC and the Guarantor and their respective successors and assigns.

Section 4.5. This Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the Guarantor and the PAEDC with respect to the subject matter hereof. This Guaranty may be signed simultaneously in several counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute but one and the same instrument. It shall not be necessary in proving this Guaranty to produce or account for more than one of those counterparts.

Section 4.6. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections contained in this Guaranty shall not affect the validity or enforceability of the remaining phrases, sentences, clauses and sections hereof.

Section 4.7. This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas.

Section 4.8. All representations and warranties herein shall survive the signing and delivery hereof.

IN WITNESS WHEREOF, this Guaranty has been duly signed and delivered for and in the name and on behalf of the Guarantor and the PAEDC by their duly authorized officers or representatives, as of the date first above written.

CITY OF PORT ARTHUR SECTION 4A
ECONOMIC DEVELOPMENT CORPORATION

By: 
President

By: 
Secretary

TEAM INDUSTRIES INC.

SIGNED AND AGREED TO on the 14th day of MAY, 2008.

TEAM INDUSTRIES, INC.,
a Wisconsin Business Corporation

By: [Signature]

Title

Acknowledgment

CHAIRMAN OF BOARD

[Signature]

APPROVED AS TO FORM: [Signature]

Guy N. Goodson, GERMER GERTZ, L.L.P.

STATE OF TEXAS

§
§
§

COUNTY OF JEFFERSON

On this 2nd day of May, 2008, before me, a Notary Public in and for said County and State, personally appeared Keith Bunn, President of the PAEDC, who acknowledged that, with due authorization, he did sign the foregoing instrument on behalf of the PAEDC and that the same is his free act and deed individually as such officer and the free act and deed of the PAEDC.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Carmelia Staley
Notary Public, State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF JEFFERSON



On this 1st day of May, 2008, before me, a Notary Public in and for said County and State, personally appeared Carmelia Staley, Secretary of the PAEDC, who acknowledged that, with due authorization, she did sign the foregoing instrument on behalf of the PAEDC and that the same is her free act and deed individually as such officer and the free act and deed of the PAEDC.

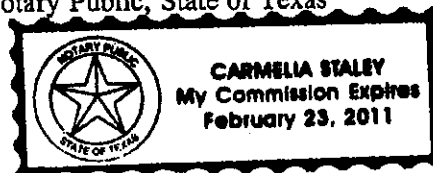
IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Carmelia Staley
Notary Public, State of Texas

STATE OF WI

§
§
§

COUNTY OF outagamie



On this 14th day of May, 2008, before me, a Notary Public in and for said County and State, personally appeared John Panetti, Chairman of Team Fabricators, who acknowledged that, with due authorization, he did sign the foregoing instrument on behalf of Team Fabricators and that the same is his free act and deed individually as such officer and the free act and deed of Team Fabricators.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Lou Herzfeldt
Notary Public, State of WI

EXHIBIT "G"

COMPLIANCE STATEMENT

Team Fabricators, L.L.C. hereby certifies that it has fully complied with Local Government Code §176.006, effective June 18, 2005, which mandates the disclosure requirements for persons who contract or seek to contract with a local governmental entity.

TEAM FABRICATORS, L.L.C.

SIGNED AND AGREED TO on the 14th day of MAY, 2008.

TEAM FABRICATORS, L.L.C.,
Wisconsin limited liability corporation and
a wholly owned subsidiary of Team
Industries, Inc. a Wisconsin corporation

By: John R. Rasmussen

Title

Acknowledgment

CHAIRMAN of BOARD

Reichertzfeldt