

RESOLUTION NO. 13-274

A RESOLUTION AUTHORIZING THE PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION TO ENGAGE IN NEW MARKET TAX CREDIT FINANCING FOR THE REDEVELOPMENT OF THE OLD FIRST NATIONAL BANK BUILDING (501 PROCTER STREET) AND PAYMENT OF A DEPOSIT OF \$30,000.00 TO JPMORGAN CHASE BANK, N.A.

WHEREAS, it is deemed in the best interest of the citizens of Port Arthur to enhance the appearance of the downtown area and to create an environment that promotes business and entertainment activities for the community; and

WHEREAS, the City of Port Arthur Section 4A Economic Development Corporation (the "PAEDC") desires to relocate its offices to downtown Port Arthur; and

WHEREAS, per Resolution No 12-641, the City Council authorized PAEDC to pursue the building development plan to retrofit the property at 501 Procter; and

WHEREAS, Chase Community Equity, LLC, a Delaware limited liability company, a wholly owned subsidiary of JPMorgan Chase Bank, N.A., a national banking association, and Chase New Markets Corporation, a Delaware corporation, a wholly owned subsidiary of Chase (the "Investor"), and HEDC New Markets, Inc., a Delaware nonprofit corporation propose to provide to 501 Procter Inc., a Texas nonprofit corporation, New Markets Tax Credit financing for the development of the Old First National Bank (501 Procter) (the "Project"); and

WHEREAS, in consideration for the Investor initiating a Term Sheet and evaluation of the Project, PAEDC has agreed to deposit with JPMorgan Chase Bank, N.A. ("Chase") an amount equal to Thirty Thousand Dollars and 00/100 (\$30,000.00); and

WHEREAS, the Investor shall make an equity investment, estimated at \$1,758,900 (the New Markets Tax Credit Equity was priced at 0.79 per \$1.00 of New Markets Tax Credit generated by the Qualified Equity Investments) through Chase New Markets Tax Credit 501

Procter, Inc, which will be formed as a Delaware limited liability company, as noted in **Exhibit "A"** and;

WHEREAS, on June 24, 2013, the PAEDC Board of Directors voted to deposit with Chase an amount equal to Thirty Thousand Dollars and 00/100 (\$30,000.00) and to undertake the additional financial commitment, indemnification and exclusivity provisions as specified in **Exhibit "A"**.

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

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

Section 2. That the City Council authorizes the PAEDC to deposit with Chase an amount equal to Thirty Thousand Dollars and N0/100 (\$30,000.00) and to undertake the additional financial commitment, indemnification and exclusivity provisions as specified in **Exhibit "A"**.

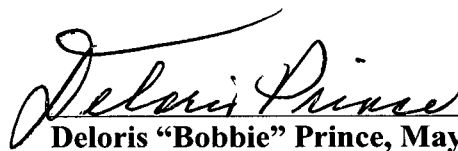
Section 3. That a copy of the caption of this Resolution be spread upon the Minutes of the City Council.

READ, ADOPTED AND APPROVED on this 25th day of June A.D., 2013, at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES:

Mayor Prince; Mayor Pro Tem Williamson
Councilmembers Scott Segler, Albright, Troy Lewis and Freeman

NOES: None


Deloris "Bobbie" Prince, Mayor

ATTEST:



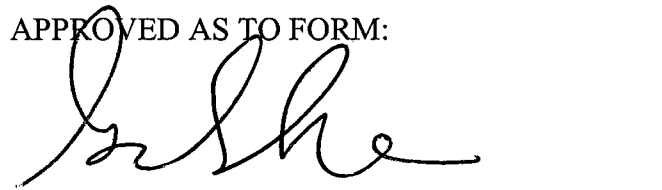
Sherri Bellard, City Secretary

APPROVED:



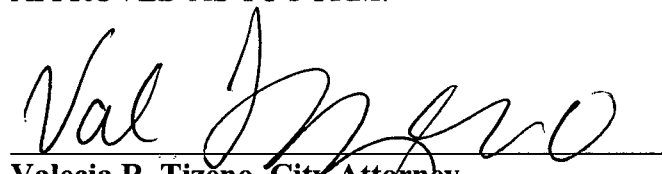
Floyd Batisse, PAEDC CEO

APPROVED AS TO FORM:



Guy N. Goodson, PAEDC Attorney

APPROVED AS TO FORM:



Valecia R. Tizeno, City Attorney

APPROVED AS TO AVAILABILITY OF FUNDS:



Deborah Echols, Finance Director
120-1429-582.54-00

EXHIBIT “A”



June 6, 2013

Port Arthur Economic Development Corporation
Attn: Mr. Floyd Batiste
PO Box 3934
Port Arthur, TX 77642

Re: New Markets Tax Credit Financing for Port Arthur Economic Development Corporation – Downtown Development Project in Port Arthur, Texas

Dear Mr. Batiste,

JPMorgan Chase Bank, N.A. ("Chase") is pleased to consider making a New Markets Tax Credit ("NMTC") equity investment in connection with the financing for the Port Arthur Economic Development Corporation – Downtown Development Project in Port Arthur, Texas.

Proposed Transaction and Term Sheet Discussions

Port Arthur Economic Development Corporation or an affiliate ("Borrower") proposes to fund the rehabilitation of the Port Arthur Savings Building located at 501 Procter Street, Port Arthur, Texas 77642 (the "Project"), financed in part with favorable financing from a "qualified community development entity" (a "CDE"), as that term is defined for purposes of Section 45D of the Internal Revenue Code of 1986, as amended (the "Code"). The Borrower and Chase have undertaken and expect to continue discussions in order to agree upon a term sheet ("Term Sheet") that would summarize the terms and conditions of a proposed transaction (the "Proposed Transaction") pursuant to which Chase would make an equity investment in an investment fund ("Fund"), which the Fund would aggregate with borrowed funds to make one or more "qualified equity investments" ("QEIs") in a CDE eligible for NMTCs under Section 45D of the Code. Such CDE would, in turn, provide favorable financing to the Borrower for the Project.

Chase intends to engage outside counsel and other third party service providers and may also incur other costs and expenses in connection with Chase's discussions with Borrower regarding the Term Sheet and the Proposed Transaction.

Deposit and Indemnification

In consideration for Chase undertaking the process of preparing a Term Sheet and evaluating the Proposed Transaction, the Borrower, by its acceptance of this letter, agrees to deposit with Chase an amount equal to \$30,000.00 (the "Deposit") no later than June 13, 2013 by wire transfer in accordance with the wire transfer instructions set forth on Exhibit A of this letter.

Chase may apply the Deposit to the payment of costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by Chase in connection with the preparation and negotiation of the Term Sheet and evaluation of the Proposed Transaction, whether or not a

Term Sheet between Chase and the Borrower is executed. If a Term Sheet between Chase and the Borrower is executed, Chase may also apply the Deposit to the payment of costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by Chase in connection with the evaluation and negotiation of the Proposed Transaction after the time such Term Sheet is executed, whether or not the Proposed Transaction closes. If a Term Sheet is not executed or if the Proposed Transaction does not close, Chase will return to the Borrower any remaining portion of the Deposit after Chase has paid all of its costs and expenses incurred in connection with the Term Sheet and the Proposed Transaction. If Chase's costs and expense incurred in connection with the Term Sheet and the Proposed Transaction exceed the amount of the Deposit, then Borrower shall, within seven (7) days after notice from Chase, reimburse Chase for the amount of such excess.

The Borrower also agrees to indemnify and hold harmless Chase and its officers, employees, agents, attorneys, directors, and affiliates (collectively, the "Indemnified Persons") against any and all losses, claims, damages, or liabilities of every kind whatsoever to which the Indemnified Persons may become subject in connection in any way with the transaction which is the subject of this Letter, except to the extent any of the foregoing is found in a final judgment to have arisen from such Indemnified Person's gross negligence or willful misconduct. The Borrower also agrees to assert no claim against Chase or any other Indemnified Persons, on any theory of liability, for special, indirect, consequential or punitive damages.

Exclusivity

In consideration for Chase undertaking the process of preparing a Term Sheet and evaluating the Proposed Transaction, the Borrower hereby agrees, by its acceptance of this letter, that, for a period commencing on the date of this letter, and ending October 4, 2013 (120) days after the date of this letter (the "Exclusivity Period"), the Borrower will negotiate exclusively with Chase and no other party regarding the provision of equity to be used directly or indirectly to make a QEI in a CDE that will make loans to the Borrower. In furtherance thereof, during the Exclusivity Period, neither the Borrower, nor any other party controlling, controlled by, or under common control with the Borrower shall, directly or indirectly, enter into negotiations with, or offer the opportunity to invest equity with respect to the Proposed Transaction or the Project to, any third party.

Qualifications

Final approvals for the Proposed Transaction have not yet been received, and will be subject to, among other things, Chase's review and approval of customary real estate and NMTC due diligence in connection with the Borrower and the Project. This is not a commitment to lend or provide capital. Except for the provisions of this letter under the headings "Deposit" and "Exclusivity" no other agreement regarding the Proposed Transaction shall be final, enforceable or binding against Chase, the Borrower, or any other parties unless and until definitive written agreements have been executed and delivered by authorized representatives of the parties to be bound thereby.

Port Arthur Economic Development Corporation
June 6, 2013
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Please note that Chase and/or its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction described herein or otherwise.

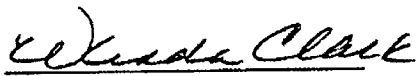
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Please indicate your acceptance of the terms above by signing and returning an executed copy of this letter to the undersigned within seven (7) business days of the date of this letter. This letter may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument. Faxed, scanned or photocopied signatures shall be deemed equivalent to original signatures.

Sincerely,

JPMORGAN CHASE BANK, N.A.

By: 
Name: Wanda Clark
Title: Vice President

ACCEPTED AND AGREED TO:

Port Arthur Economic Development Corporation

By: _____
Name: Floyd Batiste
Title: President/CEO