

**CITY OF SOUTH PADRE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION  
NOTICE OF REGULAR MEETING**

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**Note:** One or more members of the South Padre Island City Council may attend this meeting. If so, this statement satisfies the requirements of the Open Meetings Act

Notice is hereby given that the Economic Development Corporation Board of Directors of the City of South Padre Island, Texas, will hold its **Regular Meeting Tuesday, March 29<sup>th</sup>, 2016 at 9:00 a.m. at the Municipal Complex, 2<sup>nd</sup> floor Joyce Adams Conference Room, 4601 Padre Blvd.,** South Padre Island, Texas. Following is the agenda on which action may be taken:

1. **Call to order**
2. **Pledge of Allegiance**
3. **Public Comments and Announcements**  
*This is an opportunity for citizens to speak to the Board relating to agenda or non-agenda items. Speakers are required to give their name before addressing their concerns. (Note: State law will not permit the Board to discuss, debate, or consider items that are not on the agenda. Citizen comments may be referred to staff or may be placed on the agenda of a future Board meeting)*
4. **Presentation by Dave Gordon, with Estrada Hinojosa regarding Sales Tax Revenue Refunding Bonds, Series 2016 for the Birding and Nature Center facility**
5. **Discussion and action to approve a Resolution Authorizing the Issuance of up to \$3,700,000 in Aggregate Principal Amount of South Padre Island Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting, a Competitive Sale, or a Private Placement; Approving and Authorizing the Execution of All Instruments and Procedures Related Thereto; Delegating Authority to Certain Officials to Determine the Method of Sale, to Approve All Final Terms with Respect to the Sale of the Bonds, to Select a Paying Agent/Registrar and an Escrow Agent and Approve Related Agreements, and to Approve Other Matters; and Calling Certain Obligations for Redemption**
6. **Approve the Consent Agenda:**
  - 6a. **Approve the Minutes from Regular Meeting of February 16<sup>th</sup>, 2016**
  - 6b. **Financial Report for EDC- February 2016**
  - 6c. **Activity Report from the Birding and Nature Center-February 2016**

**6d. Approve the Financial Reports for the Birding & Nature Center-  
February 2016**

**6e. Approve excused absence for Beth Vance from the March 29<sup>th</sup>,  
2016 meeting**

- 7. Report regarding submitting a RESTORE act grant application for a  
SPI Fish and Wildlife Center on permitted property owned by the EDC**
- 8. Discussion and action to approve the reduction in Dr. Malki's  
proposal for an economic study for the EDC's grant application in the  
amount of \$7,600**
- 9. Discussion and possible action to approve a cost share for an  
economic impact study for the City's RESTORE Act grant proposals  
in the amount of \$8,000**
- 10. Executive Director's Activity Report**
- 11. Adjournment**

We reserve the right to go into Executive Session regarding any of the items posted on this agenda, pursuant to Sections 551-071, Consultation with Attorney; 551.072, Deliberations about Real Property; 551.073, Deliberations about Gifts & Donations; 551-074, Personnel Matters; 551-076, Deliberations about Security Devices; and/or 551.086, Discuss (A) Commercial or Financial Information Received from a Business Prospect with which the Economic Development Corporation is Conducting Negotiations, or (B) Financial or Other Incentives to the Business Project.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Directors of the City of South Padre Island Economic Development Corporation is a true and correct copy of said Notice and that I posted a true and correct copy of said notice on the bulletin board at City Hall which will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

***Dated this the 25th day of March, 2016***

S E A L

  
\_\_\_\_\_  
Darla Lapeyre, Executive Director

*This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact Jay Mitchim, ADA-designated responsible party, at (956)761-1025.*

**5.**

**From:** Dave Gordon <dgordon@ehmuni.com>

**To:** Tom Spurgeon <tspurgeon@mphlegal.com>; spiedc <spiedc@aol.com>

**Cc:** Kathy Cooper <kcooper@mphlegal.com>

**Subject:** RE: South Padre Island Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016

**Date:** Fri, Mar 25, 2016 9:22 am

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Tom, there's a small typo in this paragraph. It should be 2007 bonds.

(c) *Delegation of Authority to Select Series 2007 Bonds for Refunding.* Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the Issuer, is hereby authorized to select all or any portion of the Series 200 Bonds maturing on and after October 1, 2018, to be refunded with proceeds of the Bonds and to evidence the selection of such Series 2007 Bonds by executing and attaching to this Resolution as *Exhibit B* a certificate describing the maturities and the principal amount of such maturities of the Series 2007 Bonds to be refunded with the proceeds of the Bonds.

\* Right now we have a 1.25X test for the ABT. I would like to discuss increasing that to, say, 1.40X or so since we will getting these bonds rated. Darla, we can discuss the implications of this at the meeting and make the change then.

Thanks,

Dave Gordon

Managing Director

**Estrada Hinojosa & Company, Inc.**

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**From:** Tom Spurgeon [<mailto:tspurgeon@mphlegal.com>]

**Sent:** Thursday, March 24, 2016 1:04 PM

**To:** [spiedc@aol.com](mailto:spiedc@aol.com); Dave Gordon

**Cc:** Kathy Cooper

**Subject:** South Padre Island Economic Development Corporation Sales Tax Revenue Refunding Bonds, Series 2016

Darla and Dave:

Attached is a file containing the initial draft of the Bond Resolution to authorize the issuance of the captioned Bonds. As noted in the caption, the Resolution will delegate to certain officers the authority to delegate final terms of the Bonds and numerous other matters related to their issuance (including approving the method of sale, determining the paying agent and escrow agent and approving forms of related agreements, etc.) Virtually all blanks you see in the Resolution will not be completed until after the Bonds are priced.

Please let us know if you have any questions.

Cordially yours,

Thomas K. Spurgeon  
McCall, Parkhurst & Horton L.L.P.  
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**RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$3,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF *SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2016*; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING, A COMPETITIVE SALE, OR A PRIVATE PLACEMENT; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN OFFICIALS TO DETERMINE THE METHOD OF SALE, TO APPROVE ALL FINAL TERMS WITH RESPECT TO THE SALE OF THE BONDS, TO SELECT A PAYING AGENT/REGISTRAR AND AN ESCROW AGENT AND APPROVE RELATED AGREEMENTS, AND TO APPROVE OTHER MATTERS; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION**

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DATE OF APPROVAL: MARCH 29, 2016

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**RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$3,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF *SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2016*; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE CONTRACT, AND OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO; DELEGATING AUTHORITY TO CERTAIN OFFICIALS TO SELECT OUTSTANDING OBLIGATIONS TO BE REFUNDED AND APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AN OFFICIAL STATEMENT, IF NECESSARY; AND CALLING CERTAIN OBLIGATIONS FOR REDEMPTION**

**THE STATE OF TEXAS** §  
**COUNTY OF CAMERON** §  
**SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION** §

**WHEREAS**, the Board of Aldermen of the **TOWN OF SOUTH PADRE ISLAND, TEXAS** (the "**Town**") called an election for the purpose of receiving authority to levy a sales and use tax for the benefit of an industrial development corporation created under authority of the Development Corporation Act of 1979, (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the "Issuer" described below - in Chapters 501, 502, and 504 of the Texas Local Government Code) (collectively, the "**Act**"), all pursuant to the provisions of the former Section 4A of the Act; and

**WHEREAS**, at such election held on May 2, 1992, a majority of the citizens of the Town voting at said election authorized the Town to levy a sales and use tax on the receipts at retail of taxable items within the Town at a rate of one-half of one percent (½ of 1%) pursuant to the provisions of the former Section 4A of the Act (the "**4A Sales Tax**"); and

**WHEREAS**, pursuant to the provisions of the Act, the Town created the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION** (the "**Issuer**"), a nonstock, nonprofit industrial development corporation created to act on behalf of the Town to satisfy the public purposes set forth in the former Section 4A of the Act; and

**WHEREAS**, the Board of Aldermen of the Town levied the 4A Sales Tax for the benefit of the Issuer, and such tax began to be collected in the Town on October 1, 1992; and

**WHEREAS**, in accordance with the provisions of the former Section 4A(f) of the Act (now codified as Section 504.301, Texas Local Government Code) and the terms and conditions of that certain *Sales Tax Remittance Agreement*, dated as of June 15, 2007 (the "**Transfer Agreement**"), between the Town and the Issuer, the Town is required to timely transfer to the Issuer the proceeds of the aforesaid sales and use tax; and

**WHEREAS**, former Section 4A(s)(1) of the Act (now codified as Section 504.152 of the Act) authorized the Board of Aldermen of the Town to submit to the voters of the Town "*at a separate election to be held on a uniform election date or at an election held under another provision of this Act, including the election at which the proposition to initially authorize the*

*collection of a sales and use tax for the benefit of the corporation is submitted, a ballot proposition that authorizes the corporation to use the sales and use tax, including any amount previously authorized and collected, for a specific project or for a specific category of projects, including a sports venue and related infrastructure, that does not qualify under this section but qualifies under Section 4B of this Act"; and*

**WHEREAS**, pursuant to such authority, the Board of Aldermen submitted to the voters of the Town, at an election held on September 10, 2005 (at the time, a uniform election), a ballot proposition "*authorizing the South Padre Island Economic Development Corporation's use of Section 4A sales tax funds for a public park facility, the South Padre Island Birding and Nature Center*" and authorizing the use of Section 4A tax proceeds to "*be expended on the construction, maintenance and operating costs of the above described facility*" (the "***Birding and Nature Center Proposition***"); and

**WHEREAS**, before such election was held, a public hearing was held in the Town on August 25, 2005, to inform the residents of the Town of the cost and impact of the birding and nature center project, and before the date set for such hearing, a notice of the date, time, place, and subject of such hearing was published in the ***Port Isabel/South Padre Press***, being a newspaper with general circulation in the Town, on August 4, 2005 and on a weekly basis thereafter until the date of such hearing, in substantial compliance with the provisions of former Section 4A(s)(3) of the Act; and

**WHEREAS**, the Birding and Nature Center Proposition was approved by the voters of the Town by a vote of 165 votes "for" to 41 votes "against"; and

**WHEREAS**, following the approval of the Birding and Nature Center Proposition, the Board of Directors of the Issuer, on June 20, 2007, approved a resolution (the "***2007 Bond Resolution***") which authorized the issuance and delivery of the Issuer's *South Padre Island Economic Development Corporation Sales Tax Revenue Bond, Series 2007*, dated as of June 15, 2007 (the "***Series 2007 Bonds***"), in the original aggregate principal amount of \$5,200,000, the proceeds of which were used to finance land, buildings, equipment, facilities, and improvements relating to the construction of the birding and nature center approved by the voters of the Town ; and

**WHEREAS**, the Series 2007 Bonds currently are outstanding in the aggregate principal amount of \$3,955,000; and

**WHEREAS**, pursuant to the 2007 Bond Resolution, the Series 2007 Bonds maturing on and after October 1, 2018, are subject to redemption at the option of the Issuer on *October 1, 2017*, and on any date thereafter, and at the redemption price of par plus accrued interest to the redemption date; and

**WHEREAS**, the Issuer now desires to authorize the refunding of all or a portion of the Series 2007 Bonds that are subject to optional redemption as described in the preceding recital, which are more fully described as follows:

**SERIES 2007 BONDS ELIGIBLE TO BE REFUNDED**

<u>MATURITY (OCT. 1)</u>	<u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u>	<u>PRINCIPAL AMOUNT ELIGIBLE TO BE REFUNDED (\$)</u>	<u>STATED INTEREST RATE (%)</u>
2018	280,000	280,000	4.370
2019	290,000	290,000	4.370
2020	305,000	305,000	4.370
2021	315,000	315,000	4.370
2022	335,000	335,000	4.370
2023	350,000	350,000	4.370
2024	365,000	365,000	4.370
2025	380,000	380,000	4.370
2026	400,000	400,000	4.370
2027	<u>420,000</u>	<u>420,000</u>	4.370
Totals	<u>3,440,000</u>	<u>3,440,000</u>	***

**WHEREAS**, the Issuer now desires to delegate to a "Designated Officer" (as defined in Section 1(a) below) the authority, individually or collectively, to select the specific maturities and principal amounts of the Series 2007 Bonds described in the preceding recital to be refunded with proceeds of the bonds authorized pursuant to this Resolution and effect the sale of such bonds; and

**WHEREAS**, the Series 2007 Bonds selected by a Designated Officer to be refunded as authorized by Section 1(c) of this Resolution are hereafter referred to as the "**Refunded Bonds**"; and

**WHEREAS**, *Frost Bank* currently serves as the paying agent/registrar for the Series 2007 Bonds; and

**WHEREAS**, the Board of Directors of the Issuer hereby finds and declares a public purpose and deems it advisable and in the best interests of the Issuer to issue a series of bonds (defined in Section 2 hereof as the "**Bonds**"), the proceeds of which will be used to pay costs of issuance and refund the Refunded Bonds in order to achieve a net present value debt service savings for the benefit of the taxpayers of the Issuer; provided, however, in no event shall Bonds be issued unless the Issuer is able to achieve a net present value debt service savings of at least 5.00% of the principal of the Refunded Bonds; and

**WHEREAS**, the Bonds hereinafter authorized and designated are to be issued and delivered pursuant to the Act, including but not limited to Section 501.213 thereof; and

**WHEREAS**, at an election held on November 3, 2009, the voters of the Town approved a proposition to adopt a home-rule charter, pursuant to which the Town became a home-rule municipality under the laws of the State of Texas known as the **CITY OF SOUTH PADRE ISLAND**,

TEXAS (the "City"), and all actions previously taken or incurred by the Town are the responsibility of the City; and

*WHEREAS*, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

***THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION THAT:***

**SECTION 1. AMOUNT AND PURPOSE OF THE BONDS; DELEGATION OF AUTHORITY TO CERTAIN OFFICIALS.**

(a) *Authorization to Issue Sales Tax Revenue Refunding Bonds.* Sales tax revenue bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the President, Vice President and/or the Executive Director of the Issuer (each a "Designated Officer") pursuant to the provisions of Section 1(b) of this Resolution ***FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 2007, AND TO PAY FOR COSTS OF ISSUANCE.***

(b) *Delegation of Final Terms.* Each Designated Officer, acting individually or in combination with another Designated Officer, is hereby authorized, appointed, and designated as an officer of the Issuer authorized to act on behalf of the Issuer to effect the sale of the Bonds and establish the terms and details related to the issuance and sale of the Bonds including determining the method of sale (either through a negotiated underwriting, a competitive sale, or a private placement following the receipt of bids), the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$3,700,000 in aggregate principal amount), the price at which the Bonds will be sold (but in no event shall the Bonds be sold at a price which would result in a net present value debt service savings of less than 5.00% of the principal amount of the Refunded Bonds), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than *October 1, 2027*), the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost rate for all of the Bonds of 3.50% per annum), the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to any mandatory sinking fund redemption provisions for any maturity, and all other matters relating to the issuance, sale and delivery of the Bonds. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the Issuer, is further authorized to (i) complete and attach *Exhibit A* of this Resolution, (ii) revise and complete the FORM OF BOND set forth in Section 5 of this Resolution, with the final terms of the Bonds approved pursuant to the authority granted herein, (iii) select a financial institution to serve as the paying agent/registrars for the Bonds (herein referred to as the "*Paying Agent/Registrar*"), and to approve and execute a Paying Agent/Registrar Agreement between the Issuer and the Paying Agent/Registrar (upon consultation with the Issuer's Bond Counsel), (iv) select a financial institution to serve as the escrow agent for the Bonds (herein referred to as the "*Escrow Agent*"), and to approve and execute an Escrow Agreement between the Issuer the Escrow Agent (upon consultation

with the Issuer's Bond Counsel), (v) if it is determined to sell the Bonds pursuant to a negotiated underwriting, approve the form, enter into, execute and carry out a Purchase Contract to purchase the Bonds (in the form approved by Bond Counsel for the Issuer) with one or more investment banking firms selected by a Designated Officer to serve as the underwriters for the Bonds (which firms shall be named in Exhibit A of this Resolution), (vi) if it is determined to sell the Bonds pursuant to a competitive sale, approve the form of a Notice of Sale related to such competitive sale and execute the bid submitted by the winning bidder (which shall be named in Exhibit A of this Resolution), and (vii) if it is determined to sell the Bonds pursuant to a private placement, approve bidding documents to be sent to potential bidders, approve the bid providing the most advantageous terms for the Issuer, and execute a Purchase Contract to purchase the Bonds (in the form approved by Bond Counsel for the Issuer) with the winning bidder (which shall be named in Exhibit A of this Resolution).

(c) Delegation of Authority to Select Series 2007 Bonds for Refunding. Each Designated Officer, acting individually or in combination with another Designated Officer for and on behalf of the Issuer, is hereby authorized to select all or any portion of the Series 200 Bonds maturing on and after October 1, 2018, to be refunded with proceeds of the Bonds and to evidence the selection of such Series 2007 Bonds by executing and attaching to this Resolution as Exhibit B a certificate describing the maturities and the principal amount of such maturities of the Series 2007 Bonds to be refunded with the proceeds of the Bonds.

(d) Determination Required by Section 1201.022(a)(3), Texas Government Code. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the Board of Directors hereby determines that the delegation of the authority to each Designated Officer to approve the final terms of the Bonds set forth in this Resolution is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit A will be, in the Issuer's best interests, and each Designated Officer is hereby authorized to make and include in Exhibit A an appropriate finding to that effect.

(e) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to Sections 1(b) and (c) above shall expire on September 29, 2016.

**SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS.** Each Bond issued pursuant to this Resolution shall be designated **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BOND, SERIES 2016**, and initially there shall be issued, sold and delivered hereunder one fully registered bond, numbered T-1 (the "**Initial Bond**"), without interest coupons, dated as of the date determined by a Designated Officer and set forth in Exhibit A, and payable on the dates and in the principal amounts determined by a Designated Officer and set forth in Exhibit A, with Bonds issued and delivered in substitution for the Initial Bond being in the denomination of \$5,000 or any integral multiple thereof, being numbered consecutively from R-1 upward, and being payable to the initial registered owner designated in Section 27 hereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (the "**Registered Owner**").

**SECTION 3. INTEREST.** The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Resolution to their respective dates of maturity at the rates per annum determined by a Designated Officer as set forth in Exhibit A attached hereto. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Resolution.

**SECTION 4. CHARACTERISTICS OF THE BONDS.**

(a) Registration, Transfer, and Exchange; Authentication. The Issuer shall keep or cause to be kept books or records for the registration of the transfer, conversion and exchange of the Bonds (the "**Registration Books**") at the designated corporate trust or commercial banking office (the "**Designated Office**") of the Paying Agent/Registrar selected and approved by a Designated Officer pursuant to Section 1(b) hereof. The Paying Agent/Registrar shall serve as the Issuer's registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and the Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Resolution. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Sections 1201.061 through 1201.067 of the Public Securities Code, Chapter 1201, Texas Government Code,

the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be transferred and assigned, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF BOND below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the

Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

*[Subsections (e) through (h) below will apply only in the event the Bonds are sold pursuant to a negotiated underwriting or a competitive sale in the public markets or in the event the Bonds are sold pursuant to private placement and the purchaser of the Bonds elects to have the Bonds held under the book-entry-only system of The Depository Trust Company as described in such subsections.]*

(e) Book-Entry Only System for Bonds. The Bonds issued in exchange for the Bonds initially issued to the purchaser specified in Section 27 herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to



substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(h) DTC Letter of Representation. The officers of the Issuer are herein authorized for and on behalf of the Issuer and as officers of the Issuer to enter into one or more Letters of Representation, if necessary, with DTC establishing the book-entry only system with respect to the Bonds.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds and, payable in stated installments to the initial registered owner named in Section 27 of this Resolution or its designee, executed by manual or facsimile signature of the President or Vice President and the Secretary/Treasurer of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Bonds, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial registered owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

**SECTION 5. FORM OF BOND.** The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to appear only on the Initial Bond) shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution:

FORM OF BOND

R- \_\_\_\_\_

PRINCIPAL  
AMOUNT

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
SALES TAX REVENUE REFUNDING BOND, SERIES 2016

<u>INTEREST RATE</u>	<u>DATE OF SERIES</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
_____%	_____, 2016	October 1, 20__	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

***ON THE MATURITY DATE SPECIFIED ABOVE, THE SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION*** (the "*Issuer*"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979 (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the Issuer - in Chapters 501, 502, and 504 of the Texas Local Government Code) (collectively, the "*Act*"), and acting on behalf of the *City of South Padre Island, Texas* (the "*City*"), hereby promises to pay to the registered owner set forth above or to the assignee or assignees thereof (either being hereinafter called the "*registered owner*") the Principal Amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from [\_\_\_\_\_, 2016] OR [the date of initial delivery of the Series of Bonds of which this Bond is a part (as shown on the records of the Paying Agent/Registrar, defined below)], to the Maturity Date specified above, or the date of redemption prior to maturity, at the Interest Rate per annum specified above with interest being payable on \_\_\_\_\_ 1, 201\_\_, and semiannually on each April 1 and October 1 thereafter; except that if the date of authentication of this Bond is later than any Record Date but on or before the next following interest payment date, such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date.

***THE PRINCIPAL OF AND INTEREST ON THIS BOND*** are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust or commercial banking office of \_\_\_\_\_, \_\_\_\_\_, Texas, which is the "*Paying*

*Agent/Registrar*" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on the interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "*Resolution*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15<sup>th</sup> day of the month next preceding such date (the "*Record Date*") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bond shall be payable in the regular manner described above). The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond, it will make available to the Paying Agent/Registrar, from the "Debt Service Fund" created by the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the special record date by the United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

***IF THE DATE FOR THE PAYMENT*** of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

***THIS BOND IS ONE OF A SERIES OF BONDS*** dated as of \_\_\_\_\_, 2016, authorized in accordance with the Constitution and laws of the State of Texas, including particularly the Act, in the original principal amount of \$\_\_\_\_\_ ***FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE ISSUER'S OUTSTANDING SALES TAX REVENUE BONDS, SERIES 2007, AND TO PAY FOR COSTS OF ISSUANCE.***

***ON OCTOBER 1, 20\_\_***, ***AND ON ANY DATE THEREAFTER***, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole or in part (provided that a portion of a Bond may

be redeemed only in an integral multiple of \$5,000), at the redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Issuer shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

*[The following paragraph will appear only if some of the Bonds will be issued as "Term Bonds." ]*

**THE BONDS MATURING** on October 1 in the years 20\_\_, 20\_\_, and 20\_\_ (collectively, the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

<b>TERM BONDS MATURING OCTOBER 1, 20__</b>		<b>TERM BONDS MATURING OCTOBER 1, 20__</b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>	<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
October 1, 20__		October 1, 20__	
October 1, 20__		October 1, 20__	
October 1, 20__ (maturity)		October 1, 20__ (maturity)	

<b>TERM BONDS MATURING OCTOBER 1, 20__</b>	
<b>Mandatory Redemption Date</b>	<b>Redemption Amount (\$)</b>
October 1, 20__	
October 1, 20__	
October 1, 20__ (maturity)	

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the Issuer, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

***AT LEAST 30 DAYS PRIOR*** to the date fixed for redemption, notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. The failure to send, mail, or receive such notice in writing, or any defect therein, or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of Bonds, and the publication of notice as described above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment.

***ALL BONDS OF THIS SERIES*** are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative to evidence the assignment hereof. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following

principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

***IN THE EVENT ANY PAYING AGENT/REGISTRAR*** for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

***BY BECOMING THE REGISTERED OWNER OF THIS BOND***, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Resolution constitute a contract between each registered owner hereof and the Issuer.

***THE ISSUER HAS RESERVED THE RIGHT***, subject to the restrictions stated, and adopted by reference, in the Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the "Pledged Revenues" (as defined in the Resolution).

***IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED*** that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer; that neither the State of Texas, the City, nor any political corporation, subdivision, or agency of the State of Texas, nor any member of the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of or the interest on this Bond and neither the faith and credit nor the taxing power (except as described below) of the State of Texas, the City, or any other political corporation, subdivision, or agency of the State of Texas is pledged to the payment of the principal of or the interest on this Bond; that the principal of and interest on this Bond, together with other outstanding "Parity Obligations" (as defined in the Resolution) are secured by and payable from a first lien on and pledge of the revenues defined in the Resolution as the "Pledged Revenues", which include the proceeds of a one-half of one percent sales and use tax levied for the benefit of the Issuer by the City pursuant to the Act; and that the registered owner hereof shall not have the right to demand payment of the principal of or interest on this Bond from any tax proceeds in excess of the aforesaid sales and use tax proceeds levied for the benefit of the Issuer by the City pursuant to the Act, or from any other source other than the Pledged Revenues.

***IN WITNESS WHEREOF***, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary/Treasurer of the Board of Directors of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(signature)  
Secretary/Treasurer, Board of Directors  
Directors

\_\_\_\_\_  
(signature)  
[Vice] President, Board of  
Directors

(SEAL)

**FORM OF REGISTRATION CERTIFICATE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS:**

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_**

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
*(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)*

It is hereby certified that this Bond has been issued under the provisions of the Resolution described in the text of this Bond; and that this Bond has been issued in exchange for a Bond which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

\_\_\_\_\_, Texas  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

**FORM OF ASSIGNMENT**

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

/ \_\_\_\_\_ /  
(Assignee's Social Security or  
Taxpayer Identification Number)

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

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

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

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.



**INITIAL BOND INSERTIONS**

The Initial Bond shall be in the form set forth above except that:

- (A) The Initial Bond shall be numbered "T-1".
- (B) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. \_\_\_\_\_" shall be deleted.
- (C) The first paragraph shall be deleted and the following shall be inserted:

***"ON THE RESPECTIVE MATURITY DATES*** specified below, the ***SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION*** (the "***Issuer***"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979 (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified and now appears - as it relates to the Issuer - in Chapters 501, 502, and 504 of the Texas Local Government Code) (the "***Act***"), and acting on behalf of the *City of South Padre Island, Texas* (the "***City***"), hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from [\_\_\_\_\_, 2016] OR [the date of initial delivery of the Series of Bonds of which this Bond is a part (as shown on the records of the Paying Agent/Registrar, defined below)], at the respective Interest Rates per annum specified below, payable on \_\_\_\_\_ 1, 201\_\_\_\_, and semiannually on each April 1 and October 1 thereafter to the respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

<b>MATURITY DATE (OCTOBER 1)</b>	<b>PRINCIPAL INSTALLMENT (\$)</b>	<b>INTEREST RATE (%)</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____

*[Insert principal and interest information from Sections 2 and 3 above]*

**SECTION 6. DEFINITIONS.** As used in this Resolution, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

**"Act"** means the Development Corporation Act of 1979, as amended (which was originally enacted as Article 5190.6, V.A.T.C.S., and was subsequently codified, is now known as the "Development Corporation Act, and now appears - as it relates to the Issuer - in Chapters 501, 502, and 504 of the Texas Local Government Code), particularly Chapter 504, Texas Local Government Code, as amended.

**"Additional Obligations"** means those obligations hereafter issued by the Issuer pursuant to Section 19 of this Resolution.

**"Board"** means the Board of Directors of the Issuer.

**"Bonds"** means the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2016**, in the aggregate principal amount of \$ \_\_\_\_\_, authorized to be issued by this Resolution.

**"City"** means the City of South Padre Island, Texas.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Comptroller"** means the Comptroller of Public Accounts of the State of Texas, and any successor official or officer thereto.

**"Cost"** means with respect to the Project, the cost of acquisition, construction, reconstruction, improvement, and expansion of the Project as provided in the Act, including, without limitation, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest prior to and during construction, and for one year after completion of construction whether or not capitalized, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving, and expanding any such Project, administrative expense, and such other expense as may be necessary or incident to the acquisition, construction, reconstruction, improvement, and expansion thereof, the placing of the same in operation, and the financing or refinancing of the Project.

**"Credit Facility"** means a policy of municipal bond insurance, a surety bond or a bank letter or line of credit issued by a Credit Facility Provider, if any, to cause the amount on deposit in the Reserve Fund to satisfy the Required Reserve Amount.

**"Credit Facility Provider"** means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, any issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Parity Obligations and provided that a nationally recognized rating agency having an outstanding rating on the Parity Obligations would rate such Parity Obligations fully insured by a standard policy issued by that issuer in its

highest rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any bank, provided that a nationally recognized rating agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in its highest rating category for such obligations if the letter or line of credit proposed to be issued by such bank secured the timely payment of the entire principal amount of the Parity Obligations and the interest thereon.

**"Depository Bank"** means the official depository bank of the City.

**"Fiscal Year"** means the fiscal year of the Issuer, being the twelve month period beginning October 1 of each year.

**"Investment Act"** means the Public Funds Investment Act, Chapter 2256, Texas Government Code.

**"Issuer"** means the *South Padre Island Economic Development Corporation*.

**"Parity Obligations"** means, collectively, the Previously Issued Parity Obligations, the Bonds, and any Additional Obligations.

**"Paying Agent/Registrar"** means the financial institution so designated in accordance with the provisions of Section 4 of this Resolution.

**"Pledged Revenues"** means the gross revenues received by the Issuer from the Sales Tax plus any interest earnings thereon, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

**"Previously Issued Parity Obligations"** means the *South Padre Island Economic Development Corporation Sales Tax Revenue Bonds, Series 2007*, dated as of June 15, 2007, originally issued in the aggregate principal amount of \$5,200,000.

**"Required Reserve Amount"** means the maximum annual principal and interest requirements on the Parity Obligations.

**"Sales Tax"** means the one-half of one percent sales and use tax levied by the City within the boundaries of the City as they now or hereafter exist, together with any increases in the aforesaid rate if provided and authorized by the laws of the State of Texas, including specifically the Act, and collected for the benefit of the Issuer, all in accordance with the Act, including particularly Section 4A thereof.

**"Transfer Agreement"** means the Sales Tax Remittance Agreement, dated as of June 15, 2007, between the City and the Issuer.

## **SECTION 7. CUMULATIVE EFFECT OF RESOLUTION; PLEDGE; SECURITY INTEREST.**

(a) Cumulative Effect of Resolution. The Bonds being issued pursuant to this Resolution are "Additional Obligations" issued pursuant to applicable sections of the resolution authorizing the issuance of the Previously Issued Parity Obligations, and are in all respects on a parity with the Previously Issued Parity Obligations. Sections 7 through 22 of this Resolution<sup>1</sup> substantially restate, and are supplemental to and cumulative of, Sections 7 through 22 of the resolution authorizing the issuance of the Previously Issued Parity Obligations, so that Sections 7 through 22 of this Resolution are applicable to all Parity Obligations and any future Additional Obligations and state all requirements with respect thereto.

(b) Pledge. The Parity Obligations, and any interest payable thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund and the Reserve Fund as hereinafter provided. The Parity Obligations are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties constituting the Project.

(c) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Issuer under Section 7(b) of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Issuer under Section 7(b) of this Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 8. REVENUE FUND.** There has been created and established, and shall continue to be maintained, on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund entitled the "*South Padre Island Economic Development Corporation Sales Tax Revenue Fund*" (hereinafter called the "**Revenue Fund**"). All Pledged Revenues shall be credited to the Revenue Fund immediately upon receipt. Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 9. DEBT SERVICE FUND.** For the sole purpose of paying the principal of and interest on the Parity Obligations, as the same come due, there has been created and established, and shall continue to be maintained, on the books of the Issuer a separate fund entitled the "*South Padre Island Economic Development Corporation Sales Tax Revenue Bonds Debt Service Fund*" (hereinafter called the "**Debt Service Fund**"). Monies in said Fund shall be maintained at an official depository bank of the City.

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<sup>1</sup>Exclusive of Section 11 of this Resolution. Section 11 of the resolution which authorized the issuance of the Previously Issued Parity Obligations provided for the establishment of a Construction Fund into which proceeds of such issue of Parity Obligations were deposited to finance construction of Birding and Nature Center. Because proceeds of the Bonds issued pursuant to this Resolution only will be used to refund certain outstanding Previously Issued Parity Obligations, a construction fund is not applicable to the Bonds.

**SECTION 10. RESERVE FUND.** There has been created and established, and shall continue to be maintained, on the books of the Issuer a separate fund entitled the "*South Padre Island Economic Development Corporation Sales Tax Revenue Bonds Reserve Fund*" (hereinafter called the "*Reserve Fund*"). Monies in said Fund shall be used solely for the purpose of retiring the last of any Parity Obligations as they become due or paying principal of and interest on any Parity Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 11. RESERVED AS A PLACEHOLDER.**

**SECTION 12. TRANSFER OF SALES TAX REVENUES.** (a) Pursuant to the provisions of the Transfer Agreement, the City has agreed to do any and all things necessary to accomplish the transfer of the Sales Tax collected for the benefit of the Issuer to the Revenue Fund on a monthly basis. The Transfer Agreement shall govern matters with respect to the collection of sales taxes from the Comptroller, credits and refunds due and owing to the Comptroller, and other matters with respect to the collection and transfer of the Sales Tax. The City shall maintain the proceeds from the collection of the Sales Tax in an account to be maintained at an official depository bank of the City. The Transfer Agreement has been duly authorized, executed and delivered by the Issuer and remains in full force and effect.

(b) The President, Vice President and the Secretary/Treasurer of the Board and the Executive Director of the Issuer are hereby ordered to do any and all things necessary including mandamus, and any action at law or in equity to accomplish the transfer of monies to the Debt Service Fund in ample time to pay the principal of and interest on the Parity Obligations.

**SECTION 13. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.** (a) The Pledged Revenues shall be deposited in the Debt Service Fund and the Reserve Fund, or shall be used to reimburse a Credit Facility Provider in the event a Credit Facility has been drawn upon to pay debt service requirements on any Parity Obligations, when and as required by this Resolution.

(b) Money in any Fund established by this Resolution may, at the option of the Board, be invested in eligible investment securities as described in the Investment Act; provided that all such deposits and investments shall have a par value (or market value when less than par) exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Money in the Reserve Fund shall not be invested in securities maturing later than five years from the date such investment is made. Such investments shall be valued in terms of current market value as of the last day of each year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Obligations.

**SECTION 14. FUNDS SECURED.** Money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

**SECTION 15. DEBT SERVICE REQUIREMENTS.** (a) Promptly after the delivery of each series of Parity Obligations the Issuer shall cause to be deposited to the credit of the Debt Service Fund any accrued interest and any capitalized interest received from the sale and delivery of such series of Parity Obligations, and any such deposit shall be used to pay the interest next coming due on such series of Parity Obligations.

(b) The Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) Such amounts, in substantially equal monthly installments, deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date.

(2) Such amounts, in substantially equal monthly installments deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

**SECTION 16. RESERVE REQUIREMENTS.**

(a) No Deposits Required in Connection with the Issuance of the Bonds; Authorization to Withdraw Excess Funds. The Required Reserve Amount in connection with the outstanding Parity Obligations (i.e., prior to the issuance of the Bonds) is equal to \$429,177. Such amount was initially funded on the date of delivery of the Previously Issued Parity Obligations with proceeds of the Previously Issued Parity Obligations. The amount currently on deposit in the Reserve Fund is not less than \$ \_\_\_\_\_. Upon the issuance of the Bonds, the Required Reserve Amount for all Parity Obligations then outstanding (including the Bonds) is expected to *decrease* upon delivery of the Bonds to an amount less than the current Required Reserve Amount and the amount currently on deposit in the Reserve Fund due primarily to achieving an interest cost savings resulting from the refunding of the Refunded Bonds. The Executive Director of the Issuer is hereby authorized to withdraw an amount of cash from the Reserve Fund, as recommended and approved by the Issuer's Financial Advisor and Bond Counsel, and contribute such cash to the refunding being accomplished with the issuance and delivery of the Bonds up to an amount which would leave the amount remaining in the Reserve Fund after making such withdrawal to be at least equal to the Required Reserve Amount following the issuance of the Bonds. The Designated Officer who approves and executes Exhibit A shall include therein a statement describing (i) the amount of the Required Reserve Amount following the issuance of the Bonds, and (ii) the amount of funds on deposit in the Reserve Fund that shall be withdrawn from such Fund and contributed to the refunding of the Refunded Bonds being refunded upon the issuance and delivery of the Bonds.

(b) Funding Deficiencies in Reserve Fund; Withdrawal of Excess Amounts. Funding Additional Deposits, as When and if the Reserve Fund at any time contains less than the Required

Reserve Amount due to any cause or condition other than the issuance of any Additional Obligations, then, subject and subordinate to making the required deposits to the credit of the Debt Service Fund, the Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Reserve Fund an amount equal to 1/12th of such deficiency, or from any other sources available for such purpose. The Issuer may withdraw and use, for any purpose not inconsistent with the provisions of the Act, all surplus in the Reserve Fund over the Required Reserve Amount which are not considered as proceeds of the Bonds; provided however that to the extent such replenishment or restoration is required to occur by virtue of a draw upon the Credit Facility such replenishment or restoration shall take place to the full extent of Pledged Revenue after deposits to the Debt Service Fund.

(c) Use of Credit Facility. The Issuer may, in lieu of depositing cash or investments in the Reserve Fund, obtain a Credit Facility in order to cause the amount on deposit therein to equal the Required Reserve Amount attributable to any series of Parity Obligations. The amount insured or secured by a Credit Facility is deemed, for purposes of this Section, to be an amount on deposit in the Reserve Fund attributable to the series for which such Credit Facility is issued. The Credit Facility must (i) be issued for the benefit of all owners of the Parity Obligations, (ii) provide coverage, together with other cash and investments on deposit in the Reserve Fund, for the full amount of the Required Reserve Amount applicable to such series of Parity Obligations, (iii) upon the demand of the owners or the Paying Agent/Registrar on behalf of the owners, provide for the withdrawal or disbursement of such amounts at the same times as would otherwise be permitted to be withdrawn for the Debt Service Fund, and (iv) be in form and substance approved by nationally recognized bond counsel. If the amount on deposit in the Reserve Fund consists of cash and investments and one or more Credit Facilities, as provided in this subsection (b), all cash and investments shall be liquidated and withdrawn prior to drawing on any Credit Facility, and all Credit Facility Providers shall be fully reimbursed in accordance with the provisions of the respective Credit Facility (including draws, expenses and accrued interest) prior to restoring any cash balance to the Reserve Fund. If more than one Credit Facility is on deposit in the Reserve Fund, any withdrawals on such Credit Facilities shall be made on a pro rata basis. Should the Issuer be obligated to repay or reimburse a Credit Facility Provider to replenish or restore the full amount of the coverage provided by a Credit Facility, on or before the 25<sup>th</sup> day of each month following a withdrawal on a Credit Facility, the Issuer shall cause approximately equal monthly deposits to be made from Pledged Revenues to the Credit Facility Provider in order to restore the full coverage under such Credit Facility within a period of not greater than 12 months following the month during which a withdrawal was first made on such Credit Facility.

**SECTION 17. DEFICIENCIES; EXCESS PLEDGED REVENUES.** (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Debt Service Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the credit of the Debt Service Fund and the Reserve Fund when and as required by this Resolution, or any resolution authorizing the issuance of Additional Obligations, the excess Pledged Revenues may be used by the Issuer for any lawful purpose not inconsistent with the Act.

**SECTION 18. PAYMENT.** On or before October 1, 2016, and semiannually on or before each October 1 and April 1 thereafter while any of the Parity Obligations are outstanding and unpaid, the Issuer shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Debt Service Fund, and the Reserve Fund (if necessary), money sufficient to pay such interest on and such principal of the Parity Obligations as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The aforesaid paying agents (including the Paying Agent/Registrar) shall destroy all paid Parity Obligations, and furnish the Issuer with an appropriate certificate of cancellation or destruction.

**SECTION 19. ADDITIONAL BONDS.** (a) The Issuer shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver additional parity revenue bonds (herein called "*Additional Obligations*"), in accordance with law, in any amounts, for purposes of financing of projects (including the project) under the provisions of the Act, or for the purpose of refunding of any Parity Obligations or other obligations of the Issuer incurred in connection with the financing of projects under the provisions of the Act. Such Additional Obligations, if and when authorized, issued and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Obligations then outstanding from a first lien on and pledge of the Pledged Revenues.

(b) The Debt Service Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Parity Obligations. However, each resolution under which Additional Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Obligations to be deposited to the credit of the Debt Service Fund, the Issuer shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal and interest on said Additional Obligations then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Obligations which will be outstanding after the issuance and delivery of the then proposed Additional Obligations; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Obligations, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Obligations, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(c) All calculations of average annual principal and interest requirement made pursuant to this Section shall be made as of and from the date of the Additional Obligations then proposed to be issued.

(d) No installment, series or issue of Additional Obligations shall be issued or delivered unless:



(i) The President or Vice President and the Secretary/Treasurer of the Board of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition or obligation in connection with all outstanding Parity Obligations, and the resolutions authorizing same, and that the Debt Service Fund and the Reserve Fund each contains the amount then required to be therein;

(ii) The chief financial officer of the Issuer or the City, signs a written certificate to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Obligations, the Pledged Revenues were, in his or her opinion, at least equal to 1.25 times the average annual principal and interest requirements (computed on a fiscal year basis) of all Parity Obligations to be outstanding after the issuance of then proposed Additional Obligations;

(iii) The governing body of the City by official action approves the issuance of the Bonds, as required by the Act;

(iii) The Issuer receives the written consent of a Credit Facility Provider in the event a Credit Facility provided by such Credit Facility Provider has been drawn upon and such Credit Facility Provider has not been fully reimbursed for costs related to such withdrawal,

The foregoing notwithstanding, the Issuer may issue Additional Obligations, all or a portion of the proceeds of which are to be used to refund all of the outstanding Parity Obligations, without the necessity of satisfying the provisions of clause (ii) of this subsection.

(e) Any installment, series or issue of Additional Obligations may be issued in such a manner that such Additional Obligations would qualify as obligations described by Section 103(a) of the Code, without regard as to whether any other obligations of the Issuer then outstanding were so issued.

**SECTION 20. GENERAL COVENANTS.** The Issuer further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, each resolution authorizing the issuance of Additional Obligations, and in each and every Parity Obligation; it will promptly pay or cause to be paid the principal of and interest on every Parity Obligation, on the dates and in the places and manner prescribed in such resolutions and Parity Obligations; and it will, at the times and in the manner prescribed, deposited or cause to be deposited the amounts required to be deposited into the Debt Service Fund and the Reserve Fund; and any registered owner of the Parity Obligations may require the Issuer, its officials and employees to carry out, respect or enforce the covenants and obligations of this Resolution, or any resolution authorizing the issuance of Additional Obligations, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its officials and employees, or by the appointment of a receiver in equity.

(b) Legal Authority. It is a duly created and existing industrial development corporation, and is duly authorized under the laws of the State of Texas, including the Act, to create and issue the Parity Obligations; that all action on its part for the creation and issuance of the Parity Obligations has been duly and effectively taken, and that the Parity Obligations in the hands of the registered owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) Further Encumbrance. It, while the Parity Obligations are outstanding and unpaid, will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution; but the right of the Issuer to issue revenue bonds payable from a subordinate lien on the Pledged Revenues, in accordance with the provisions of the Act, is specifically recognized and retained.

(d) Collection of Sales Tax. The Issuer will take all steps necessary in any action at law or in equity to ensure that, for so long as the Parity Obligations are outstanding, that the City will levy, charge and collect the Sales Tax as required by the Transfer Agreement and the Act.

(e) Records. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the Project, the Pledged Revenues and the Funds created or maintained pursuant to this Resolution, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholders.

**SECTION 21. DEFEASANCE OF PARITY OBLIGATIONS.** (a) Any Parity Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Parity Obligation*") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Parity Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Parity Obligations shall have become due and payable. At such time as a Parity Obligation shall be deemed to be a Defeased Parity Obligation hereunder, as aforesaid, such Parity Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Parity Obligations that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased

Parity Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Parity Obligations immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Parity Obligations and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Parity Obligations may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Parity Obligations, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Parity Obligations.

(d) Until all Defeased Parity Obligations shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Parity Obligations the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Parity Obligations of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Parity Obligations by such random method as it deems fair and appropriate.

(e) Notwithstanding the foregoing, no defeasance shall be deemed to occur until all costs (including draws, expenses and accrued interest) due to a Credit Facility Provider for a draw on a Credit Facility have been paid in full.

**SECTION 22. RESOLUTION A CONTRACT; AMENDMENTS.** (a) This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on the Issuer

and its successors and assigns, and shall not be amended or repealed by the Issuer as long as any Parity Obligations remain outstanding except as permitted in this Section.

(b) The Issuer may, with notice to each Credit Facility Provider but without the consent of or notice to any registered owners, amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (i) through (iv) of the first sentence in subsection (c) below) with respect to which the Issuer receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the request of the Issuer that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) In addition, the Issuer may, with the written consent of each Credit Facility Provider and the registered owners of at least a majority in aggregate principal amount of the Parity Obligations then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Parity Obligations over any other Parity Obligation, (i) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Whenever the Issuer shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of each Credit Facility Provider and/or the registered owners of the Parity Obligations, the Issuer shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to (i) each Credit Facility Provider, and (ii) the registered owners (if the registered owners of all Parity Obligations or at least a majority in aggregate principal amount of the Parity Obligations are required to consent) at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the Issuer shall receive an instrument or instruments in writing executed by each Credit Facility Provider and the registered owners of all or a majority (as the case may be) in aggregate principal amount of the Parity Obligations then outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) No Registered Owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 23. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, as amended, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(d) of this Resolution, for Bonds issued in conversion and exchange for other Bonds.

**SECTION 24. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND BOND INSURANCE, IF OBTAINED.** The President of the Board of the Issuer is hereby authorized to have control of each Bond issued hereunder and all necessary records and proceedings pertaining to each Bond pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas,

and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of each Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on each Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on each Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, the printer of the Bonds is hereby directed to print on the Bonds the form of bond counsel's opinion relating thereto, and is hereby authorized to print on the Bonds an appropriate statement of insurance supplied by a municipal bond insurance company providing insurance, if any, covering all or any part of the Bonds.

#### SECTION 25. COMPLIANCE WITH RULE 15c2-12.<sup>2</sup>

(a) *Definitions.* As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**MSRB**" means the Municipal Securities Rulemaking Board.

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

"**SEC**" means the United States Securities and Exchange Commission.

(b) *Annual Reports.* The Issuer shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by this Resolution, being the information described in Exhibit C hereto as the "**Annual Operating Report**." Additionally, within twelve (12) six months after the end of each fiscal year, the Issuer will provide financial statements of the Issuer (the "**Financial Statements**") which shall be (1) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. If the audit of such Financial Statements is not complete within such period, then the Issuer shall provide (1) unaudited Financial Statements for such fiscal year within such 12 month period, and (2) audited Financial Statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such Financial Statements become available.

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<sup>2</sup>This Section shall not be applicable in the event the Bonds are sold pursuant to a private placement.

If the Issuer changes its fiscal year, it will notify the MSRB through EMMA of the date of the new fiscal year end prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The Issuer shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The Issuer shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

(iii) The Issuer shall notify the MSRB through EMMA, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

*(d) Limitations, Disclaimers, and Amendments.* The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with Section \_\_\_ of this Resolution that causes Bonds no longer to be outstanding.

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

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



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

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

The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

## **SECTION 26. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE BONDS.**

(a) *Covenants.* The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of three years or less or, in the case of a refunding bond, for a period of thirty days or less until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "**Rebate Fund**" is hereby established by the Issuer for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Chair, Vice Chair, Secretary and Treasurer of the Board of Directors of the Issuer, and the Executive Director of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Issuer covenants that the property constituting the projects financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action

taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the Issuer, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Board of Directors hereby adopts and establishes the instructions attached hereto as Exhibit D as the Issuer's written procedures.

(g) Qualified Tax-Exempt Obligations. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the Issuer (including any subordinate entities) has not designated nor will designate bonds or other obligations, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Bonds are issued by the Issuer (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

**SECTION 27. SALE OF BONDS.** The Bonds authorized hereunder are hereby authorized to be sold and shall be delivered to the initial purchaser approved by a Designated Officer named in Exhibit A attached hereto at a price determined by a Designated Officer and as set forth in Exhibit A attached hereto, and, if the Bonds are sold pursuant to a negotiated underwriting, pursuant to the terms and provisions of a Purchase Contract in the form approved by a Designated Officer, which each Designated Officer is individually hereby authorized and directed to execute and deliver. The Issuer will initially deliver to the initial purchaser the Initial Bond described in Section 2 hereof, which shall be registered in the name of the initial purchaser named in Exhibit A attached hereto.

**SECTION 28. APPROVAL OF OFFICIAL STATEMENT.** In the event the Bonds are to be sold pursuant to a negotiated underwriting or a competitive sale, each Designated Officer is hereby authorized to approve the form and content of an Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and to approve the distribution of the Official Statement in the reoffering of the Bonds by the initial purchaser in final form, with such changes therein or additions thereto as the officer of the Issuer executing the same may deem advisable, such determination to be conclusively evidenced by his or her execution thereof. The preparation, distribution and use of a Preliminary Official Statement for the Bonds is also hereby approved.

**SECTION 29. REFUNDING OF REFUNDED BONDS.** Concurrently with the initial delivery of the Bonds the Issuer shall deposit an amount from the proceeds from the sale of the Bonds and other available funds of the Issuer, if required, with the Escrow Agent determined by a Designated Officer and identified in Exhibit A attached hereto sufficient to provide for the refunding of the Refunded Bonds.

**SECTION 30. REDEMPTION OF REFUNDED BONDS.** There is attached to this Resolution as Exhibit E and made a part hereof for all purposes, a *NOTICE OF DEFEASANCE AND REDEMPTION* for the Refunded Bonds. (Each Designated Officer is hereby authorized to substitute a revised Exhibit E to reflect the actual maturities and principal amount of such maturities of the Refunded Bonds that are selected by a Designated Officer to be refunded.) In the event a Designated Officer approves final terms for the issuance of Bonds, the Issuer hereby exercises its option to redeem prior to maturity the Refunded Bonds described in the respective *NOTICE OF DEFEASANCE AND REDEMPTION*, and the Refunded Bonds are hereby called for redemption, and shall be redeemed, prior to maturity, on the date, at the place, and at the price set forth respectively therein.

As soon as practicable after the delivery of the Bonds, and in no event less than 30 days prior to the date set for redemption, a copy of the *NOTICE OF DEFEASANCE AND REDEMPTION* shall be sent to all registered owners of the Refunded Bonds by first class mail postage prepaid, addressed to such registered owners at their respective addresses shown on the registration books of the paying agent/registrar for such Refunded Bonds.

**SECTION 31. MUNICIPAL BOND INSURANCE POLICY.** On the date of delivery of the Bonds, the Issuer may obtain from the insurer approved by a Designated Officer and identified in Exhibit A attached hereto (the "*Insurer*") a municipal bond insurance policy in support of the Bonds. To that end, for so long as said policy is in effect, the resolution requirements of the Insurer, as a condition to the issuance of said policy, to be attached hereto as Exhibit F, are incorporated by reference into this Resolution and made a part hereof for all purposes, notwithstanding any other provision of this Resolution to the contrary. The Issuer is authorized to use proceeds of the Bonds to purchase such policy.

**SECTION 32. AUTHORITY AND APPROVAL FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The President, Vice President and Secretary/Treasurer of the Board of the Issuer and the Executive Director of the Issuer are hereby authorized to execute, deliver, attest and affix the seal of the Issuer to all documents and instruments necessary and appropriate in connection with the issuance, sale and delivery of the Bonds, including, without limitation, the Paying Agent/Registrar Agreement, the Transfer Agreement and the Project Agreement. In addition, prior to the initial delivery of the Bonds, the President, Vice President and Secretary/Treasurer of the Board of the Issuer, the Executive Director of the Issuer, and Bond Counsel to the Issuer are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval

of the Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

**SECTION 33. INTERESTED PARTIES.** Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer and the registered owners of the Bonds.

**SECTION 34. REMEDIES IN EVENT OF DEFAULT.** In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the Issuer (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution and the continuation thereof for 30 days after the Issuer has received written notice of such defaults, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Issuer and other officers of the Issuer to observe and perform any covenant, condition or obligation prescribed in this Resolution. Notwithstanding the foregoing, the Insurer shall have the right to direct all remedies upon an event of default, and the Insurer shall be recognized as the registered owner of the Bonds for the purposes of exercising all rights and privileges available to the Bondholders.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

**SECTION 35. INCORPORATION OF RECITALS.** The findings and preambles set forth in this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

**SECTION 36. EFFECTIVE DATE.** Pursuant to the provisions of Section 1201.028, Texas Government Code, this Resolution shall become effective immediately after it is approved by the Board of Directors.

*[The remainder of this page intentionally left blank]*

***PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION AT A REGULAR MEETING ON THE 29<sup>TH</sup> DAY OF MARCH, 2016, AT WHICH MEETING A QUORUM WAS PRESENT.***

ATTEST:

\_\_\_\_\_  
Secretary/Treasurer, Board of Directors

\_\_\_\_\_  
President, Board of Directors

(ISSUER SEAL)

\*\* \*\* \* \* \*

**EXHIBIT A**

FORM OF APPROVAL CERTIFICATE

**CERTIFICATE APPROVING THE FINAL TERMS OF THE BONDS**

I, the \_\_\_\_\_ of the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION** (the "*Issuer*"), pursuant to authority granted by the Board of Directors of the Issuer in Section 1(b) of a resolution approved by the Board of Directors on March 29, 2016, relating to the issuance of the Bonds defined below (the "*Resolution*"), hereby certify as follows:

1. **GENERAL.** This Certificate is given in connection with the issuance by the Issuer of the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2016** (the "*Bonds*") which, pursuant to the Resolution, have been authorized by the Board of Directors.

2. **DEFINITIONS.** All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Resolution.

3. **DATED DATE AND AGGREGATE PRINCIPAL AMOUNT.** The Bonds shall be dated \_\_\_\_\_, 2016, and shall be issued in the aggregate principal amount of \$ \_\_\_\_\_.

4. **PRINCIPAL AMOUNTS AND INTEREST RATES.** The Bonds shall (i) mature on *October 1* in each of the years and in the respective principal amounts, and (ii) bear interest from the date of initial delivery of the Bonds to the initial purchaser named in paragraph 8 hereof to their respective date of maturity at the respective interest rates, all as set forth below:

**SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
SALES TAX REVENUE REFUNDING BONDS, SERIES 2016**

<b><u>MATURITY DATE (10/1)</u></b>	<b><u>PRINCIPAL AMOUNT (\$)</u></b>	<b><u>INTEREST RATE (%)</u></b>	<b><u>MATURITY DATE (10/1)</u></b>	<b><u>PRINCIPAL AMOUNT (\$)</u></b>	<b><u>INTEREST RATE (%)</u></b>
2017			2023		
2018			2024		
2019			2025		
2020			2026		
2021			2027		
2022					

The true interest cost rate on the Bonds is equal to \_\_\_\_\_%, which is less than the maximum true interest cost rate of \_\_\_\_\_% approved by the Board of Directors in the Resolution.



5. **INTEREST ON BONDS.** As provided in Section 4 of the Resolution and in the FORM OF BOND contained in Section 5 of the Resolution, interest on the Bonds shall be payable on each April 1 and October 1, commencing on \_\_\_\_\_ 1, 201 \_\_, until stated maturity or redemption.

6. **OPTIONAL REDEMPTION.** The Bonds maturing on and after October 1, 20 \_\_, may be redeemed prior to their scheduled maturities, at the option of the Issuer on October 1, 20 \_\_, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

7. **MANDATORY SINKING FUND REDEMPTION.**

The Bonds maturing on October 1 in the years 20 \_\_, 20 \_\_, and 20 \_\_ (collectively, the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

<u>TERM BONDS MATURING OCTOBER 1, 20</u>		<u>TERM BONDS MATURING OCTOBER 1, 20</u>	
<u>Mandatory Redemption Date</u>	<u>Redemption Amount (\$)</u>	<u>Mandatory Redemption Date</u>	<u>Redemption Amount (\$)</u>
October 1, 20 __		October 1, 20 __	
October 1, 20 __		October 1, 20 __	
October 1, 20 __ (maturity)		October 1, 20 __ (maturity)	

<u>TERM BONDS MATURING OCTOBER 1, 20</u>	
<u>Mandatory Redemption Date</u>	<u>Redemption Amount (\$)</u>
October 1, 20 __	
October 1, 20 __	
October 1, 20 __ (maturity)	

**8. INITIAL PURCHASER AND PURCHASE PRICE.**

If Bonds are sold pursuant to a negotiated underwriting, the following language shall be used:

The following firms have been selected to serve as the underwriters of the Bonds to purchase the Bonds pursuant to a negotiated underwriting:

\_\_\_\_\_  
(the "Senior Managing Underwriter")  
\_\_\_\_\_  
\_\_\_\_\_

The Bonds shall be sold to the underwriters and purchased at a price equal to \$\_\_\_\_\_ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$\_\_\_\_\_, less underwriters' discount of \$\_\_\_\_\_), [plus accrued interest from \_\_\_\_\_, 2016] OR [and no accrued interest].

The Initial Bond shall be registered in the name of \_\_\_\_\_.

OR

If Bonds are sold pursuant to a competitive sale, the following language shall be used:

The following firm submitted the best bid to purchase the Bonds pursuant to a competitive sale:

\_\_\_\_\_

The Bonds shall be sold to the initial purchaser and purchased at a price equal to \$\_\_\_\_\_ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$\_\_\_\_\_, less purchaser's discount of \$\_\_\_\_\_), [plus accrued interest from \_\_\_\_\_, 2016] OR [and no accrued interest].

The Initial Bond shall be registered in the name of \_\_\_\_\_.

OR

If Bonds are sold pursuant to a private placement following the receipt of bids, the following language shall be used:

The following firm submitted the best bid to purchase the Bonds pursuant to a private placement sale:

\_\_\_\_\_

The Bonds shall be sold to the purchaser and purchased at a price equal to \$ \_\_\_\_\_ (which amount is equal to par and no accrued interest).

The Initial Bond shall be registered in the name of \_\_\_\_\_.

9. **SELECTION OF PAYING AGENT/REGISTRAR.** \_\_\_\_\_ is hereby appointed to serve as the initial Paying Agent/Registrar for the Bonds.

10. **SELECTION OF ESCROW AGENT.** \_\_\_\_\_ is hereby appointed to serve as the Escrow Agent for the Bonds.

11. **DETERMINATION OF DEBT SERVICE SAVINGS.** Pursuant to the Resolution, the Board of Directors authorized the issuance of the Bonds in order to "*achieve a net present value debt service savings for the benefit of the taxpayers of the Issuer; provided, however, in no event shall Bonds be issued unless the Issuer is able to achieve a net present value debt service savings of at least 5.00% of the principal of the Refunded Bonds.*" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds will result in a gross debt service savings of \$ \_\_\_\_\_ and a net present value debt service savings of \$ \_\_\_\_\_ ( \_\_\_\_\_ % of the principal amount of the Refunded Bonds), after taking into account [a contribution from the Issuer] [excess proceeds of the Bonds] in the amount of \$ \_\_\_\_\_.

12. **DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE.** In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 1(d) of the Resolution, and upon consultation with the Issuer's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the Issuer's best interests.

13. **MUNICIPAL BOND INSURANCE POLICY.** No Municipal Bond Insurance Policy will be purchased in connection with the issuance of the Bonds.

OR

13. **MUNICIPAL BOND INSURANCE POLICY.** The Issuer will purchase a Municipal Bond Insurance Policy from \_\_\_\_\_.

[The remainder of this page intentionally left blank]

*APPROVED BY THE \_\_\_\_\_ OF THE SOUTH PADRE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016  
IN ACCORDANCE WITH SECTION 1(b) OF THE RESOLUTION.*

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South Padre Island  
Economic Development Corporation

**EXHIBIT B**

**FORM OF CERTIFICATE APPROVING  
SERIES 2007 BONDS SELECTED FOR REFUNDING**

**CERTIFICATE APPROVING SERIES 2007 BONDS SELECTED FOR REFUNDING**

I, the \_\_\_\_\_ of the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION** (the "**Issuer**"), pursuant to authority granted by the Board of Directors of the Issuer in Section 1(c) of a resolution approved by the Board of Directors on March 29, 2016, relating to the issuance of the Bonds defined below (the "**Resolution**"), hereby certify as follows:

1. This Certificate is given in connection with the issuance by the Issuer of the **SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE REFUNDING BONDS, SERIES 2016** (the "**Bonds**") which, pursuant to the Resolution, have been authorized by the Board of Directors.

2. All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Resolution.

3. Pursuant to Section 1(c) of the Resolution, the Board of Directors authorized the undersigned, as the \_\_\_\_\_ of the Issuer, to select all or a portion of the Series 2007 Bonds maturing in the years 2018 through 2027 to be refunded with proceeds of the Bonds. In accordance with such authority, and after consulting with the Issuer's financial advisors, I hereby determine and approve all of the Series 2007 Bonds maturing in the years 2018 through 2027 to be refunded with proceeds of the Bonds which are further described as follows:

**SERIES 2007 BONDS TO BE REFUNDED**

<b><u>MATURITY (OCT. 1)</u></b>	<b><u>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</u></b>	<b><u>PRINCIPAL AMOUNT TO BE REFUNDED (\$)</u></b>	<b><u>STATED INTEREST RATE (%)</u></b>
2018	280,000	280,000	4.370
2019	290,000	290,000	4.370
2020	305,000	305,000	4.370
2021	315,000	315,000	4.370
2022	335,000	335,000	4.370
2023	350,000	350,000	4.370
2024	365,000	365,000	4.370
2025	380,000	380,000	4.370
2026	400,000	400,000	4.370
2027	<u>420,000</u>	<u>420,000</u>	4.370
Totals	<u>3,160,000</u>	<u>3,160,000</u>	***

**APPROVED BY THE \_\_\_\_\_ OF THE SOUTH PADRE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016  
IN ACCORDANCE WITH SECTION 1(b) OF THE RESOLUTION.**

---

South Padre Island  
Economic Development Corporation

## EXHIBIT C

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 25 of this Resolution and is applicable only in the event the Bonds are sold pursuant to a negotiated underwriting or a competitive sale (but not pursuant to a private placement).

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual audited financial statements of the Issuer or the unaudited financial statements of the Issuer in the event audited financial statements are not completed within six months after the end of any fiscal year.

2. All quantitative financial information and operating data with respect to the Issuer of the general type included in the Official Statement under Tables \_\_\_\_\_ thereof.

#### **Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

## EXHIBIT D

### WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the Issuer's chief financial officer (the "*Responsible Person*"), which currently is the Executive Director of the Issuer, will:

- (i) monitor all amounts deposited into a sinking fund or funds (e.g., the Debt Service Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (ii) monitor the actions of the Escrow Agent to ensure compliance with the applicable provisions of the Escrow Agreement, including with respect to reinvestment of cash balances;
- (iii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (iv) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the date of delivery of the Bonds (the "*Issue Date*"), and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the



general public has a right to use the facilities to conduct or to direct the conduct of research;

- (v) determine whether, at any time the Bonds are outstanding, any person, other than the Issuer, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Resolution related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

**EXHIBIT E**

**FORM OF NOTICE OF DEFEASANCE AND REDEMPTION**

**NOTICE OF DEFEASANCE AND REDEMPTION**

**To the Holders of the  
SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
SALES TAX REVENUE BONDS, SERIES 2007**

NOTICE IS HEREBY GIVEN that the SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION (the "Issuer"), in Cameron County, Texas, has deposited cash and direct obligations of the United States government into an irrevocable escrow account in order to pay, and has legally defeased, all of Issuer's outstanding SALES TAX REVENUE BONDS, SERIES 2007, dated June 15, 2007, maturing on October 1 in the years 2018 through 2027 as shown below (the "Refunded Bonds"):

**SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT CORPORATION  
SALES TAX REVENUE BONDS, SERIES 2007**

<b>MATURITY (OCT. 1)</b>	<b>PRINCIPAL AMOUNT MATURING IN YEAR (\$)</b>	<b>PRINCIPAL AMOUNT BEING REFUNDED (\$)</b>	<b>STATED INTEREST RATE (%)</b>
2018	280,000	280,000	4.370
2019	290,000	290,000	4.370
2020	305,000	305,000	4.370
2021	315,000	315,000	4.370
2022	335,000	335,000	4.370
2023	350,000	350,000	4.370
2024	365,000	365,000	4.370
2025	380,000	380,000	4.370
2026	400,000	400,000	4.370
2027	420,000	420,000	4.370

NOTICE IS FURTHER GIVEN that all of the Refunded Bonds have been called for redemption on October 1, 2017 (the "Redemption Date") at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date. The Refunded Bonds shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

NOTICE IS FURTHER GIVEN that the Refunded Bonds will be payable at and should be submitted either in person or by certified mail to the following address:

Frost Bank  
San Antonio, Texas 782\_\_

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE HOLDERS. NEITHER THE PAYING AGENT NOR THE ISSUER ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

**EXHIBIT F**

**REQUIREMENTS OF THE INSURER  
WITH RESPECT TO THE MUNICIPAL BOND INSURANCE POLICY**

[To come from Insurer if municipal bond insurance is obtained]

**6.**

**DRAFT**

**CITY OF SOUTH PADRE ISLAND  
ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS**

**MINUTES**  
Regular Meeting  
February 16<sup>th</sup>, 2016

**1. CALL TO ORDER**

A regular meeting of the Board of Directors of the City of South Padre Island Economic Development Corporation was held on Tuesday, February 16<sup>th</sup>, 2016, at the Municipal Complex 2<sup>nd</sup> floor Joyce Adams Conference Room, 4601 Padre Blvd., South Padre Island, Texas. President Joanne Williams called the meeting to order at 9:00 a.m. Other Board members present were Vice-President Dan Stanton, and Directors Bob Friedman, Bill DiLiberio, and Sally Scaman. Absent were Secretary/Treasurer Ron Pitcock and Director Beth Vance. Also present were Executive Director Darla Lapeyre, SPI Birding and Nature Center Board President Lynne Tate, SPI Birding and Nature Center Manager Cristin Howard, and City Council member Theresa Metty.

**2. PLEDGE OF ALLEGIANCE**

**3. PUBLIC COMMENTS AND ANNOUNCEMENTS**

There were no public comments or announcements.

**4. APPROVE THE CONSENT AGENDA**

- 4a. Approve the Minutes from Regular Meeting on January 19<sup>th</sup>, 2016**
- 4b. Financial Report for EDC-January 2016**
- 4c. Activity Report from the Birding and Nature Center-January 2016**
- 4d. Financial Reports for the Birding and Nature Center-January 2016**
- 4e. Approve excused absence for Ron Pitcock from the February 16<sup>th</sup>, 2016 meeting**

Upon a motion from Bill DiLiberio and a second by Sally Scaman the consent agenda was unanimously approved as presented.

**5. DISCUSSION AND POSSIBLE ACTION TO APPROVE A PROPOSAL FROM AARON ECONOMIC CONSULTING FOR AN ECONOMIC IMPACT STUDY FOR THE RESTORE ACT GRANT PROPOSALS BEING SUBMITTED IN THE AMOUNT OF \$15,000**

Upon a motion by Dan Stanton and a second by Bill DiLibero the proposal from Aaron Economic Consulting was approved in the amount of \$15,000 for an economic impact study for the City of SPI's RESTORE Act grant applications.

**6. DISCUSSION AND POSSIBLE ACTION REGARDING SCHEDULING A WORKSHOP WITH THE CITY'S SHORELINE TASK FORCE COMMITTEE TO DISCUSS THE RESULTS OF THE MARINA MARKET STUDY**

The Board discussed scheduling an April meeting with the Shoreline Task Force Committee to discuss the results of the recently completed Marina Market Study. It was mentioned Ron Pitcock is now a member of the Shoreline Task Force as well as the EDC and this will be helpful in moving forward on communication regarding next steps towards marina amenities for South Padre Island. Upon a motion from Bill DiLibero and a second by Sally Scaman the Board unanimously voted for Ms. Lapeyre to contact Troy Giles, Chair of the Shoreline Task Force to establish a date for the joint meeting and to advise the Board members so they can place it on their calendars.

**7. EXECUTIVE DIRECTOR'S ACTIVITY REPORT**

Ms. Lapeyre presented the most recent economic indicators to the Board and provided an analysis of the Sales Tax. She provided a written report of her office activity from January 18<sup>th</sup>, 2016 through February 12<sup>th</sup>, 2016. Ms. Lapeyre reported the December 2015 sales tax was up 1.58% from December 2014. Sales tax for the 2015 calendar year to date was up 3.03% from the same period in 2014 and the December 2015 sales tax was up 12.6% from the prior 5 year average for the month of December. Other items mentioned were a RESTORE Act grant application workshop to be held on February 18<sup>th</sup> at the Hilton Garden Inn and a Second Causeway Industry Outreach meeting to be held on March 1<sup>st</sup> at the Hilton Garden Inn.

**8. DISCUSSION AND POSSIBLE ACTION TO SCHEDULE A STRATEGIC PLANNING IMMEDIATELY FOLLOWING THE BOARD MEETING ON APRIL 19<sup>TH</sup>**

Upon a motion from Dan Stanton and a second by Bill DiLibero the Board unanimously approved to hold a strategic planning meeting immediately following the April 19<sup>th</sup> Board meeting and to move the location in April to the South Padre Island Birding and Nature Center 2<sup>nd</sup> floor conference room.

**9. ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:24 a.m.

SEAL

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Darla Lapeyre  
Executive Director

APPROVED:

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Joanne Williams  
President



# Memo

**To:** South Padre Island Economic Development Corporation Board of Directors  
**From:** Rodrigo Gimenez, Finance Director  
City of South Padre Island  
**CC:** Darla Lapeyre  
**Date:** March 10, 2016  
**Re:** February 29, 2016 Operating Statement

---

The February 29, 2016 Operating Statement for the South Padre Island Economic Development Corporation as well as the Balance Sheet as of February 29, 2016 are attached for your review. **Transactions summarized in the statements are those processed through the Finance Department of the City.**

The Birding and Nature Center sales are not reflected in these financial statements, since they took their bookkeeping in house in October 2011.

Sales Tax amounts include the January tax collections sent to the State of Texas in February and distributed to local governments in March. This March allocation payment is accrued for financial statement presentation purposes in the February operating statement.

Please contact me at [rgimenez@MYSPI.org](mailto:rgimenez@MYSPI.org) at your earliest convenience should you have any questions.

*"A Certified Retirement Community"*



**City of South Padre Island**  
**Economic Development Corporation**  
**Balance Sheet**  
**February 29, 2016/2015**

<b>Assets</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 631,974	\$ 464,633
Receivables - Sales Tax	37,191	36,758
Revolving Loan Receivable	62,123	73,833
Due From General Fund	-	-
Miscellaneous Receivables	-	-
Prepaid Expenses	-	-
<b>TOTAL ASSETS</b>	<b>\$ 731,288</b>	<b>\$ 575,224</b>
<b>Liabilities and Fund Balances</b>		
Deferred Revenue	\$ 62,123	\$ 73,833
Accounts Payable	-	-
Sales Tax Payable	-	-
Payroll Taxes Payable	-	317
Wages Payable	-	-
Due to General Fund	-	-
Reserved for Encumbrances	-	-
Other liabilities	318	-
<b>Total Liabilities</b>	<b>62,440</b>	<b>74,150</b>
<b>Fund Balance</b>	<b>668,848</b>	<b>501,074</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 731,288</b>	<b>\$ 575,224</b>

**City of South Padre Island**  
**Economic Development Corporation**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**February 29, 2016/2015**

	2016		2015
	Budget	Actual	Actual
<b><u>REVENUES</u></b>			
Sales Tax	\$ 770,000	\$ 217,611	\$ 212,670
Revolving Loan Revenue	10,274	3,402	3,247
Grant Revenue	-	-	-
Interest Revenue	2,501	960	1,089
BNC Expense Reimbursement	-	-	-
Miscellaneous Revenues	-	20	-
<b>Total Revenue</b>	<b>782,775</b>	<b>221,993</b>	<b>217,005</b>
<b><u>EXPENDITURES</u></b>			
General Administrative Expenses	692,775	258,334	221,619
BNC Cash Advances	20,000	9,100	12,412
Birding Center Expenses	70,000	43,885	50,297
<b>Total Expenditures</b>	<b>782,775</b>	<b>311,319</b>	<b>284,328</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(89,326)	(67,323)
Fund balance - beginning	758,173	758,173	568,397
<b>Fund balance - ending</b>	<b>\$ 758,173</b>	<b>\$ 668,848</b>	<b>\$ 501,074</b>

FUND :80 -ECONOMIC DEVELOPMENT CORP

SCHEDULE OF BUDGETED, ACTUAL AND ENCUMBERED EXPENDITURES

DEPARTMENT : DEPT 580 - EDC

NOTATION :

ACCOUNT NUMBERS	ACCOUNT DESCRIPTION	-- MONTH --		YEAR TO DATE		CURRENT MODIFIED BUDGET	UNENCUMBERED BALANCE	BUDGET PERCENT REMAINING
		EXPENDITURES	ENCUMBRANCES	EXPENDITURES	TOTALS			
<u>PERSONNEL SERVICES</u>								
580-0010	SUPERVISION	4,538.46	0.00	23,009.99	23,009.99	59,000.00	35,990.01	61.00
580-0020	CLERICAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0060	OVERTIME	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0070	FICA	65.80	0.00	361.90	361.90	1,109.00	747.10	67.37
580-0080	TMRS	573.20	0.00	2,604.81	2,604.81	7,661.00	5,056.19	66.00
580-0081	GROUP INSURANCE	520.21	0.00	2,440.97	2,440.97	5,874.00	3,433.03	58.44
580-0083	WORKERS COMPENSATION	0.00	0.00	0.00	0.00	137.00	137.00	100.00
580-0084	UNEMPLOYMENT TAX	0.00	0.00	0.00	0.00	423.00	423.00	100.00
		5,697.67	0.00	28,417.67	28,417.67	74,204.00	45,786.33	61.70
<u>GOODS AND SUPPLIES</u>								
580-0101	OFFICE SUPPLIES	207.92	0.00	207.92	207.92	1,350.00	1,142.08	84.60
580-0102	LOCAL MEETINGS	0.00	0.00	36.00	36.00	500.00	464.00	92.80
580-0107	BOOKS & PUBLICATIONS	238.00	0.00	238.00	238.00	600.00	362.00	60.33
580-0108	POSTAGE	0.00	0.00	0.00	0.00	200.00	200.00	100.00
580-0150	MINOR TOOLS & EQUIPM	0.00	0.00	0.00	0.00	1,500.00	1,500.00	100.00
580-0180	INFORMATION TECHNOLO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		445.92	0.00	481.92	481.92	4,150.00	3,668.08	88.39
<u>MISCELLANEOUS SERVICES</u>								
580-0501	COMMUNICATIONS	66.90	0.00	389.46	389.46	800.00	410.54	51.32
580-0502	LOAN REV EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0513	TRAINING EXPENSE	0.00	0.00	79.00	79.00	1,500.00	1,421.00	94.73
580-0520	INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0530	PROFESSIONAL SERVICE	392.00	0.00	2,230.00	2,230.00	7,500.00	5,270.00	70.27
580-0534-001	BIRDING MASTER PLAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-002	LOBBYIST	2,083.33	0.00	11,134.12	11,134.12	25,000.00	13,865.88	55.46
580-0534-003	COMPREHENSIVE PLAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-004	BEACH MASTER PLAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-005	REGIONAL MOBILITY AU	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-006	ECONOMIC ACTIVITY IN	0.00	0.00	4,000.00	4,000.00	4,000.00	0.00	0.00
580-0534-010	BAY CLEANUP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-012	AREA MARKETING STUDY	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-013	USDA RBEG	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-014	I-69 ALLIANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-015	BROWN PROPERTY INTER	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-016	BIRDING MASTER NON-C	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-017	OTHER PROJECTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
580-0534-018	GULF OF MEXICO NATUR	0.00	0.00	0.00	0.00	5,000.00	5,000.00	100.00
580-0534-019	BUSINESS RECRUITMENT	0.00	0.00	1,470.00	1,470.00	35,000.00	33,530.00	95.80







BNC/EDC Manager Report March 15, 2016

The Spoonbill Mini Golf Tournament raised \$4,610.60 after expenses. I'm making some changes for next year. The time will be 3pm – 6pm instead of noon -6. I will still get sponsors before the event, but I need more teams to sign up to play. Instead of three to a team for \$75.00 it will be two to a team for \$50.00. It will be much easier for individuals to get teams of two and the price will also be a contributing factor. Advertising will increase for next year.

We had our post WOVE meeting and we will start working on preparations in May for WOVE 2017 which the dates are set for January 31 – February 4.

March 1 – Mid May is spring migration. April is when the Island usually sees an abundance of migrating birds. We are working on some programs for April. We will be requesting donations of citrus fruit.

Parking for Spring Break was very successful. We raised \$5,370.00.

I've been putting together my 1-5 year vision plan for the birding center with emphasis on hiring an Educator/Naturalist.

We have booked another children's birthday party for Sunday, March 20<sup>th</sup>. I will be working the event along with Linda who works in the gift shop.

We are very busy booking school groups for April & May. We have a few volunteers who come help us coordinate the tours.

There are two dates in April that we have the Texas Master Naturalist coming in to plant more native plants and enhance our butterfly garden.

Respectfully Submitted,

Cristin "CRIS" Howard

## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Balance Sheet

As of February 29, 2016

03/09/16

Accrual Basis

	Feb 29, 16
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
\$\$BNC Operating 38458	23,630.13
Cash on Hand	
Kiosk Cash	1,600.00
Register Drawer	500.00
<b>Total Cash on Hand</b>	<b>2,100.00</b>
SPI BNC Donation 38545	18,386.93
SPI BNC Loan 38415	4,420.39
<b>Total Checking/Savings</b>	<b>48,537.45</b>
<b>Other Current Assets</b>	
Inventory Asset	38,736.81
<b>Total Other Current Assets</b>	<b>38,736.81</b>
<b>Total Current Assets</b>	<b>87,274.26</b>
<b>Fixed Assets</b>	
Boardwalk	40,750.00
Building Improvement	19,562.01
Furniture and Equipment	10,600.00
Landscape and Grounds	9,000.00
<b>Total Fixed Assets</b>	<b>79,912.01</b>
<b>TOTAL ASSETS</b>	<b>167,186.27</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	4,504.42
<b>Total Accounts Payable</b>	<b>4,504.42</b>
<b>Other Current Liabilities</b>	
Payroll Liabilities	
FIT and FICA-Medicare	3,502.51
<b>Total Payroll Liabilities</b>	<b>3,502.51</b>
Sales Tax Payable	982.82
<b>Total Other Current Liabilities</b>	<b>4,485.33</b>
<b>Total Current Liabilities</b>	<b>8,989.75</b>
<b>Long Term Liabilities</b>	
EDC Loan 270101	62,241.95
<b>Total Long Term Liabilities</b>	<b>62,241.95</b>
<b>Total Liabilities</b>	<b>71,231.70</b>
<b>Equity</b>	
Fund Balances	
Board Designated	8,000.00
<b>Total Fund Balances</b>	<b>8,000.00</b>
Unrestricted	57,385.49
Net Income	30,569.08
<b>Total Equity</b>	<b>95,954.57</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>167,186.27</b>



## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Profit &amp; Loss Budget vs. Actual

03/09/16

October 2015 through February 2016

Accrual Basis

	Oct '15 - Feb ...	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>ADMISSIONS INCOME</b>				
DISCOUNT ADMISSIONS	895.00	3,800.00	-2,905.00	23.6%
EXTENDED PASS ADMISSIONS	6,425.00	7,000.00	-575.00	91.8%
GENERAL ADMISSIONS	70,263.00	161,850.00	-91,587.00	43.4%
GROUP ADMISSIONS	1,830.00	6,500.00	-4,670.00	28.2%
<b>Total ADMISSIONS INCOME</b>	79,413.00	179,150.00	-99,737.00	44.3%
<b>BUILDING RENTAL INCOME</b>	9,668.00	13,000.00	-3,332.00	74.4%
<b>CONTRIBUTIONS</b>				
<b>DESIGNATED</b>				
JOJO	0.00	3,000.00	-3,000.00	0.0%
DESIGNATED - Other	0.00	1,000.00	-1,000.00	0.0%
<b>Total DESIGNATED</b>	0.00	4,000.00	-4,000.00	0.0%
<b>DONATIONS</b>				
HALLOWEEN	800.00	4,000.00	-3,200.00	20.0%
POLO MATCH	1,423.00			
SPOONBILL MINI GOLF TOURNAMENT	0.00	5,000.00	-5,000.00	0.0%
W O W E	3,500.00			
DONATIONS - Other	23,415.63	25,000.00	-1,584.37	93.7%
<b>Total DONATIONS</b>	29,138.63	34,000.00	-4,861.37	85.7%
<b>Total CONTRIBUTIONS</b>	29,138.63	38,000.00	-8,861.37	76.7%
<b>GIFT SHOP INCOME</b>				
CONSIGNMENT SALES	2,548.55	6,000.00	-3,451.45	42.5%
GIFT SHOP SALES	60,656.51	102,000.00	-41,343.49	59.5%
VENDING INCOME	-454.76	250.00	-704.76	-181.9%
<b>Total GIFT SHOP INCOME</b>	62,750.30	108,250.00	-45,499.70	58.0%
<b>Gift Shop Sales</b>				
40201 - Gift Shop Sales	0.00			
<b>Total Gift Shop Sales</b>	0.00			
<b>Service Sales</b>	0.00			
<b>Total Income</b>	180,969.93	338,400.00	-157,430.07	53.5%
<b>Cost of Goods Sold</b>				
<b>COST OF GOODS SOLD</b>				
COST OF GOODS CONSIGNMENT	1,817.52	3,000.00	-1,182.48	60.6%
COST OF GOODS GIFT SHOP	31,095.39	42,000.00	-10,904.61	74.0%
<b>Total COST OF GOODS SOLD</b>	32,912.91	45,000.00	-12,087.09	73.1%
<b>RETURNS, ALLOWANCES, BAD DEBTS</b>	2.17			
<b>Total COGS</b>	32,915.08	45,000.00	-12,084.92	73.1%
<b>Gross Profit</b>	148,054.85	293,400.00	-145,345.15	50.5%
<b>Expense</b>				
<b>OPERATIONS EXPENSES</b>				
<b>ADVERTISING &amp; PROMOTION</b>				
GUIDES & DIRECTORIES	2,158.34	1,710.00	448.34	126.2%
PHOTOGRAPHY & VIDEO	200.00			
PRINT	2,767.83	2,700.00	67.83	102.5%
<b>Total ADVERTISING &amp; PROMOTION</b>	5,126.17	4,410.00	716.17	116.2%
<b>CREDIT CARD FEES</b>	5,103.52	9,600.00	-4,496.48	53.2%
<b>DUES &amp; SUBSCRIPTIONS</b>	35.00	670.00	-635.00	5.2%
<b>FUNDRAISING &amp; EVENTS</b>				
DESIGNATED REIMBURSEMENTS	0.00	1,000.00	-1,000.00	0.0%

## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Profit &amp; Loss Budget vs. Actual

03/09/16

October 2015 through February 2016

Accrual Basis

	Oct '15 - Feb ...	Budget	\$ Over Budget	% of Budget
HALLOWEEN	19.00	750.00	-731.00	2.5%
JOJO	0.00	3,000.00	-3,000.00	0.0%
LETTERS & BROCHURES	0.00	1,000.00	-1,000.00	0.0%
LUNCH TICKET PROMOTION	0.00	140.00	-140.00	0.0%
PHOTOGRAPHY WORKSHOP	120.00	250.00	-130.00	48.0%
PLAQUES & BRICKS	154.00	1,500.00	-1,346.00	10.3%
POLO MATCH	895.00			
SPECIAL EVENTS	521.22	350.00	171.22	148.9%
SPOONBILL MINI GOLF TOURNAMENT	417.52	500.00	-82.48	83.5%
W O W E	4,114.85			
<b>Total FUNDRAISING &amp; EVENTS</b>	<b>6,241.59</b>	<b>8,490.00</b>	<b>-2,248.41</b>	<b>73.5%</b>
GIFT SHOP SUPPLIES	97.97	750.00	-652.03	13.1%
INSURANCE	3,393.00	5,500.00	-2,107.00	61.7%
LEGAL & PROFESSIONAL	3,632.50	8,400.00	-4,767.50	43.2%
LOAN EXPENSE	868.00	2,810.00	-1,942.00	30.9%
LOCAL MEETINGS				
MEALS & ENTERTAINMENT	205.84	200.00	5.84	102.9%
VOLUNTEER APPRECIATION	398.75	600.00	-201.25	66.5%
<b>Total LOCAL MEETINGS</b>	<b>604.59</b>	<b>800.00</b>	<b>-195.41</b>	<b>75.6%</b>
MAINTENANCE & REPAIRS	2,544.38	5,000.00	-2,455.62	50.9%
OFFICE & PRINTING	320.51	1,000.00	-679.49	32.1%
PAYROLL SERVICE	228.13	700.00	-471.87	32.6%
POSTAGE & FREIGHT	153.50	500.00	-346.50	30.7%
RENT	500.00			
SOFTWARE	765.29	500.00	265.29	153.1%
SUPPLIES	1,484.12	5,500.00	-4,015.88	27.0%
TOOLS & EQUIPMENT	836.69	1,500.00	-663.31	55.8%
TRAINING	300.00	250.00	50.00	120.0%
TRAVEL	1,116.83	2,000.00	-883.17	55.8%
<b>Total OPERATIONS EXPENSES</b>	<b>33,351.79</b>	<b>58,380.00</b>	<b>-25,028.21</b>	<b>57.1%</b>
POS Inventory Adjustments	0.00			
SALARIES AND BENEFITS				
EDUCATOR	0.00	5,000.00	-5,000.00	0.0%
GIFT SHOP ATTENDANTS	12,304.56	32,760.00	-20,455.44	37.6%
JANITOR	8,074.13	19,970.00	-11,895.87	40.4%
MAINTENANCE	6,596.80	17,760.00	-11,163.20	37.1%
MANAGER	17,461.50	42,000.00	-24,538.50	41.6%
PAYROLL TAXES	3,399.41	8,610.00	-5,210.59	39.5%
<b>Total SALARIES AND BENEFITS</b>	<b>47,836.40</b>	<b>126,100.00</b>	<b>-78,263.60</b>	<b>37.9%</b>
SERVICE CONTRACTS				
AIR CONDITIONING	1,338.29	3,900.00	-2,561.71	34.3%
BACKGROUND CHECKS	0.00	250.00	-250.00	0.0%
CLEANING SUPPLIES	1,592.20	2,600.00	-1,007.80	61.2%
COMPUTER COPIER I.T.	6,650.93	21,480.00	-14,829.07	31.0%
DRINKING WATER	260.00	560.00	-300.00	46.4%
EBIRD TRAIL TRACKER	0.00	650.00	-650.00	0.0%
KIOSK LEASE	3,459.20	6,920.00	-3,460.80	50.0%
LAWN & GROUNDS	5,420.12	12,800.00	-7,379.88	42.3%
LINENS MOPS MATS	0.00	500.00	-500.00	0.0%
PEST CONTROL	390.00	940.00	-550.00	41.5%
SECURITY	912.51	2,470.00	-1,557.49	36.9%
TELEPHONE & INTERNET				
ATT EMERGENCY LINES	644.66	2,000.00	-1,355.34	32.2%
ATT INTERNET	4,726.41	6,820.00	-2,093.59	69.3%
TELEPHONE SYSTEM	2,234.03	5,110.00	-2,875.97	43.7%
<b>Total TELEPHONE &amp; INTERNET</b>	<b>7,605.10</b>	<b>13,930.00</b>	<b>-6,324.90</b>	<b>54.6%</b>
WEBMASTER	300.00	2,340.00	-2,040.00	12.8%

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## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Profit &amp; Loss Budget vs. Actual

03/09/16

October 2015 through February 2016

Accrual Basis

	Oct '15 - Feb ...	Budget	\$ Over Budget	% of Budget
<b>Total SERVICE CONTRACTS</b>	27,928.35	69,340.00	-41,411.65	40.3%
<b>UTILITIES</b>				
ELECTRICITY	9,790.79	24,000.00	-14,209.21	40.8%
TRASH	439.60	1,080.00	-640.40	40.7%
WATER / SEWER	6,521.60	14,500.00	-7,978.40	45.0%
<b>Total UTILITIES</b>	16,751.99	39,580.00	-22,828.01	42.3%
<b>Total Expense</b>	125,868.53	293,400.00	-167,531.47	42.9%
<b>Net Ordinary Income</b>	22,186.32	0.00	22,186.32	100.0%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
EDC ADVANCE	9,100.00	19,000.00	-9,900.00	47.9%
INTEREST INCOME	2.76			
<b>Total Other Income</b>	9,102.76	19,000.00	-9,897.24	47.9%
<b>Other Expense</b>				
Balancing Adjustments	0.00			
HABITAT/CATTAIL MAINTENANCE	720.00	19,000.00	-18,280.00	3.8%
<b>Total Other Expense</b>	720.00	19,000.00	-18,280.00	3.8%
<b>Net Other Income</b>	8,382.76	0.00	8,382.76	100.0%
<b>Net Income</b>	<u>30,569.08</u>	<u>0.00</u>	<u>30,569.08</u>	<u>100.0%</u>

## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Profit &amp; Loss Prev Year Comparison

03/09/16

October 2015 through February 2016

Accrual Basis

	Oct '15 - F...	Oct '14 - F...	\$ Change	% Change
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>ADMISSIONS INCOME</b>				
DISCOUNT ADMISSIONS	895.00	2,261.00	-1,366.00	-60.4%
EXTENDED PASS ADMISSIONS	6,425.00	5,489.00	936.00	17.1%
GENERAL ADMISSIONS	70,263.00	60,164.29	10,098.71	16.8%
GROUP ADMISSIONS	1,830.00	1,977.00	-147.00	-7.4%
<b>Total ADMISSIONS INCOME</b>	79,413.00	69,891.29	9,521.71	13.6%
<b>BUILDING RENTAL INCOME</b>	9,668.00	3,250.00	6,418.00	197.5%
<b>CONTRIBUTIONS</b>				
<b>DONATIONS</b>				
HALLOWEEN	800.00	3,923.34	-3,123.34	-79.6%
POLO MATCH	1,423.00	0.00	1,423.00	100.0%
SPOONBILL MINI GOLF TOURNAMENT	0.00	4,865.00	-4,865.00	-100.0%
W O W E	3,500.00	0.00	3,500.00	100.0%
DONATIONS - Other	23,415.63	15,934.00	7,481.63	47.0%
<b>Total DONATIONS</b>	29,138.63	24,722.34	4,416.29	17.9%
<b>Total CONTRIBUTIONS</b>	29,138.63	24,722.34	4,416.29	17.9%
<b>GIFT SHOP INCOME</b>				
CONSIGNMENT SALES	2,548.55	3,079.70	-531.15	-17.3%
GIFT SHOP SALES	60,656.51	39,054.53	21,601.98	55.3%
VENDING INCOME	-454.76	202.93	-657.69	-324.1%
<b>Total GIFT SHOP INCOME</b>	62,750.30	42,337.16	20,413.14	48.2%
<b>Gift Shop Sales</b>				
40201 - Gift Shop Sales	0.00	0.00	0.00	0.0%
Gift Shop Sales - Other	0.00	0.00	0.00	0.0%
<b>Total Gift Shop Sales</b>	0.00	0.00	0.00	0.0%
<b>Service Sales</b>	0.00	0.00	0.00	0.0%
<b>Total Income</b>	180,969.93	140,200.79	40,769.14	29.1%
<b>Cost of Goods Sold</b>				
<b>COST OF GOODS SOLD</b>				
COST OF GOODS CONSIGNMENT	1,817.52	2,614.90	-797.38	-30.5%
COST OF GOODS GIFT SHOP	31,095.39	30,496.91	598.48	2.0%
COST OF GOODS SOLD - Other	0.00	0.00	0.00	0.0%
<b>Total COST OF GOODS SOLD</b>	32,912.91	33,111.81	-198.90	-0.6%
<b>RETURNS, ALLOWANCES, BAD DEBTS</b>	2.17	0.00	2.17	100.0%
<b>Total COGS</b>	32,915.08	33,111.81	-196.73	-0.6%
<b>Gross Profit</b>	148,054.85	107,088.98	40,965.87	38.3%
<b>Expense</b>				
<b>OPERATIONS EXPENSES</b>				
<b>ADVERTISING &amp; PROMOTION</b>				
GUIDES & DIRECTORIES	2,158.34	1,704.00	454.34	26.7%
PHOTOGRAPHY & VIDEO	200.00	2,500.00	-2,300.00	-92.0%
PRINT	2,767.83	950.49	1,817.34	191.2%
<b>Total ADVERTISING &amp; PROMOTION</b>	5,126.17	5,154.49	-28.32	-0.6%
<b>CREDIT CARD FEES</b>	5,103.52	3,491.11	1,612.41	46.2%
<b>DUES &amp; SUBSCRIPTIONS</b>	35.00	90.00	-55.00	-61.1%
<b>FUNDRAISING &amp; EVENTS</b>				
HALLOWEEN	19.00	769.63	-750.63	-97.5%
LETTERS & BROCHURES	0.00	934.20	-934.20	-100.0%
LUNCH TICKET PROMOTION	0.00	70.00	-70.00	-100.0%
PHOTOGRAPHY WORKSHOP	120.00	237.00	-117.00	-49.4%

**SOUTH PADRE ISLAND BIRDING & NATURE CENTER**  
**Profit & Loss Prev Year Comparison**  
**October 2015 through February 2016**

	Oct '15 - F...	Oct '14 - F...	\$ Change	% Change
PLAQUES & BRICKS	154.00	585.50	-431.50	-73.7%
POLO MATCH	895.00	0.00	895.00	100.0%
SPECIAL EVENTS	521.22	342.12	179.10	52.4%
SPOONBILL MINI GOLF TOURNAMENT	417.52	413.86	3.66	0.9%
W O W E	4,114.85	0.00	4,114.85	100.0%
<b>Total FUNDRAISING &amp; EVENTS</b>	<b>6,241.59</b>	<b>3,352.31</b>	<b>2,889.28</b>	<b>86.2%</b>
GIFT SHOP SUPPLIES	97.97	0.00	97.97	100.0%
INSURANCE	3,393.00	17,962.77	-14,569.77	-81.1%
LEGAL & PROFESSIONAL	3,632.50	3,610.00	22.50	0.6%
LOAN EXPENSE	868.00	2,688.19	-1,820.19	-67.7%
LOCAL MEETINGS				
MEALS & ENTERTAINMENT	205.84	82.35	123.49	150.0%
VOLUNTEER APPRECIATION	398.75	386.65	12.10	3.1%
<b>Total LOCAL MEETINGS</b>	<b>604.59</b>	<b>469.00</b>	<b>135.59</b>	<b>28.9%</b>
MAINTENANCE & REPAIRS	2,544.38	2,620.23	-75.85	-2.9%
OFFICE & PRINTING	320.51	89.72	230.79	257.2%
PAYROLL SERVICE	228.13	234.52	-6.39	-2.7%
POSTAGE & FREIGHT	153.50	117.99	35.51	30.1%
RENT	500.00	0.00	500.00	100.0%
SOFTWARE	765.29	465.47	299.82	64.4%
SUPPLIES	1,484.12	2,396.80	-912.68	-38.1%
TOOLS & EQUIPMENT	836.69	1,622.96	-786.27	-48.5%
TRAINING	300.00	0.00	300.00	100.0%
TRAVEL	1,116.83	322.32	794.51	246.5%
<b>Total OPERATIONS EXPENSES</b>	<b>33,351.79</b>	<b>44,687.88</b>	<b>-11,336.09</b>	<b>-25.4%</b>
POS Inventory Adjustments	0.00	0.00	0.00	0.0%
SALARIES AND BENEFITS				
GIFT SHOP ATTENDANTS	12,304.56	9,872.96	2,431.60	24.6%
JANITOR	8,074.13	8,241.99	-167.86	-2.0%
MAINTENANCE	6,596.80	6,715.70	-118.90	-1.8%
MANAGER	17,461.50	16,923.06	538.44	3.2%
PAYROLL TAXES	3,399.41	3,191.62	207.79	6.5%
<b>Total SALARIES AND BENEFITS</b>	<b>47,836.40</b>	<b>44,945.33</b>	<b>2,891.07</b>	<b>6.4%</b>
SERVICE CONTRACTS				
AIR CONDITIONING	1,338.29	1,550.00	-211.71	-13.7%
CLEANING SUPPLIES	1,592.20	1,512.80	79.40	5.3%
COMPUTER COPIER I.T.	6,650.93	11,075.54	-4,424.61	-40.0%
DRINKING WATER	260.00	288.30	-28.30	-9.8%
EBIRD TRAIL TRACKER	0.00	650.00	-650.00	-100.0%
ELEVATOR	0.00	2,134.56	-2,134.56	-100.0%
KIOSK LEASE	3,459.20	3,459.20	0.00	0.0%
LAWN & GROUNDS	5,420.12	5,298.40	121.72	2.3%
PEST CONTROL	390.00	390.00	0.00	0.0%
SECURITY	912.51	1,112.51	-200.00	-18.0%
TELEPHONE & INTERNET				
ATT EMERGENCY LINES	644.66	855.71	-211.05	-24.7%
ATT INTERNET	4,726.41	3,113.19	1,613.22	51.8%
TELEPHONE SYSTEM	2,234.03	2,507.09	-273.06	-10.9%
<b>Total TELEPHONE &amp; INTERNET</b>	<b>7,605.10</b>	<b>6,475.99</b>	<b>1,129.11</b>	<b>17.4%</b>
WEBMASTER	300.00	623.00	-323.00	-51.9%
<b>Total SERVICE CONTRACTS</b>	<b>27,928.35</b>	<b>34,570.30</b>	<b>-6,641.95</b>	<b>-19.2%</b>
UTILITIES				
ELECTRICITY	9,790.79	7,068.95	2,721.84	38.5%
TRASH	439.60	437.61	1.99	0.5%
WATER / SEWER	6,521.60	3,383.33	3,138.27	92.8%

3:31 PM

## SOUTH PADRE ISLAND BIRDING &amp; NATURE CENTER

## Profit &amp; Loss Prev Year Comparison

03/09/16

October 2015 through February 2016

Accrual Basis

	Oct '15 - F...	Oct '14 - F...	\$ Change	% Change
Total UTILITIES	16,751.99	10,889.89	5,862.10	53.8%
Total Expense	125,868.53	135,093.40	-9,224.87	-6.8%
Net Ordinary Income	22,186.32	-28,004.42	50,190.74	179.2%
Other Income/Expense				
Other Income				
EDC ADVANCE	9,100.00	12,411.97	-3,311.97	-26.7%
INTEREST INCOME	2.76	2.72	0.04	1.5%
Total Other Income	9,102.76	12,414.69	-3,311.93	-26.7%
Other Expense				
Balancing Adjustments	0.00	0.00	0.00	0.0%
HABITAT/CATTAIL MAINTENANCE	720.00	630.00	90.00	14.3%
Total Other Expense	720.00	630.00	90.00	14.3%
Net Other Income	8,382.76	11,784.69	-3,401.93	-28.9%
Net Income	<u>30,569.08</u>	<u>-16,219.73</u>	<u>46,788.81</u>	<u>288.5%</u>

**8.**



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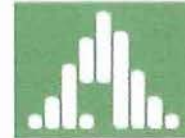
**DRAFT PROPOSAL FOR REVIEW**  
South Padre Island RESTORE Grant Submittal Project Report

For:  
**South Padre Island, Economic Development Corporation**

Submitted by:  
**Aaron Economic Consulting, LLC**

Wednesday, March 14, 2016





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Re: RESTORE Grant: Economic Impact of Gulf of Mexico Wildlife Center – South Padre Island

Dear Review Committee,

We are pleased to submit this proposal for the referenced project. The proposed scope, budget and schedule are presented below.

The objective of this study is to estimate the economic benefits in support of the RESTORE grant applications and in accordance with the RESTORE funded projects priorities for the proposed project:

1. Gulf of Mexico Wildlife Center



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## **SCOPE OF WORK**

### **Task 1.**

- Establish regional and local socioeconomic conditions baseline. Baseline conditions will outline existing economic conditions within the project area.

### **Task 2.**

- Project number of new travelers attracted resulting from the proposed project
- Estimate spending patterns of new visitors

### **Task 3.**

- Estimate local and regional economic impact of infrastructure/construction

### **Task 4.**

- Estimate local and regional economic impact of visitors attributable to the proposed project.

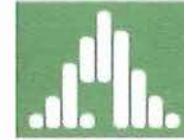
The impacts will be divided into the following categories:

- Output impact
- Value added impact
- Job impact
- Compensation impact
- State and Local tax impact
- Federal Tax impact

### **Task 5.**

Consultants shall prepare and submit to South Padre Island for their review a draft report that summarizes the project impacts. The draft report will address the following RESTORE grant priorities:

- Job Creation and Retention
- Benefits to the Economy through Infrastructure Projects
- Promotion Economic Resiliency
- Beneficial Impacts to Local & Regional Economy
- Promotion Tourism, Eco-Tourism, Recreation & Wildlife Tourism



**Task 6.**

Consultants shall prepare and submit to South Padre Island for their review a draft report in a format appropriate for the grant submittal that includes the results of Tasks 1 through 4. The submission of the final report that incorporates the committee's comments and a PowerPoint presentation of the report shall complete the project.

**PROJECT BUDGET**

Consultants shall be compensated for completing the scope of work on a lump sum basis in the amount of \$7,650. The compensation is inclusive of all labor, material and miscellaneous expenses associated with the scope of work outlines above in Tasks 1 through 6

This report will take four weeks to complete to a draft final stage and no more than one week in addition after client review.

**PROJECT SCHEDULE**

	Week 1	Week 2	Week 3
Tasks 1&2	Baseline assessment & Economic Model		
Tasks 3		Economic and Fiscal Impacts	
Tasks 4		Economic and Fiscal Impacts	
Tasks 5		Summary Report	
Tasks 6			Final Report

Sincerely,

Mostafa Malki, Ph.D.

**9.**



# Market & Feasibility Advisors

PROPOSAL FOR REVIEW  
**South Padre Island Grant Submittal Project Research**

For:  
**South Padre Island, Texas**

Submitted by:  
**Market & Feasibility Advisors, LLC**

Thursday, March 03, 2016

One South Dearborn, Suite 2100  
Chicago IL 60603  
312.212.4451 [www.MFALLC.com](http://www.MFALLC.com)  
Chicago Austin

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## Scope of Work

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The objective of this work is to support the grant applications for each of three projects:

1. A new public boat ramp at Corral Street
2. Land acquisition (approximately 25 acres) south of the Causeway for a nature trail, kayak launch, elevated boardwalk with educational signs, and birding outlook
3. Land acquisition (approximately 28 acres) north of the Causeway for a nature trail, kayak launch, elevated boardwalk with educational signs, birding outlook and educational building

Our task is to project, for each individual project, the following

- Number of new travelers attracted
- Support and economic impact for: restaurants, lodging, attractions, other activities – with explicit methodology
- The ways economic growth and competitiveness will be enhanced – with explicit methodology
- Number and types of permanent jobs created by industry – with explicit methodology
- Average weekly wages for these new jobs (NIC benefits of any kind)
- Sources and uses of capital investment

In context, these are all tourism development investments. The context is that South Padre Island has a great history as a visitor destination in the annals of Texas Tourism.

The landing page for [www.SoPadre.com](http://www.SoPadre.com) has the following lead:

At the southernmost tip of Texas sits one of the world's most beautiful barrier islands. South Padre Island is a small coastal community, home to more than 5,000 residents and over one million visitors every year.

With 34-miles of uninterrupted luxurious sand and attractive blue-green water, South Padre Island is without a doubt the Best Beach in Texas. From young and old and everyone in between, South Padre Island welcomes its guests to this tropical paradise in South Texas. Perfect for everything from romantic weekend getaways to fun-filled family vacations, South Padre Island has the events, lodging and activities you're looking for!

Clearly, South Padre Island is currently positioned in the leisure market industry as a beach destination. Beach destinations typically draw leisure visitors for fun on, in and by the water.

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Of the three proposed investments two, the ones that include land acquisition, take this positioning in a different direction, nature based or eco-tourism. The third investment, the boat ramp, does this too but it would be shared with existing tourism positioning.

Nature and eco-tourism are not new to South Padre but they aren't as heavily promoted as beach tourism. Studies over the last decade have supported the further development nature tourism in South Texas and the people, especially birders, have been coming for years. The three projects proposed are also rooted in longstanding public policy. The 2006 Master Park Plan prepared by South Padre Island calls out seven goals all but one of which are directly supportive of the development of nature tourism.

Deeper in the [www.SoParde.com](http://www.SoParde.com) tourism website is this page:

While we pride ourselves on attracting over 1 million visitors each year, we're even more proud of the fact that millions of migratory birds and sea turtles instinctively migrate to South Padre Island each year on their own. As a matter of fact, over 300 species of migratory birds drop by yearly, making South Padre Island one of the best birding spots in the world. If birding is your thing, be sure to check out the South Padre Island Birding and Nature Center, a premier destination for bird watching. We're also the only place in the world where you can see a baby Kemp's Ridley Sea turtle in captivity. Sea Turtle Inc, an island non-profit organization dedicated to their rescue and protection was recently named 15 best U.S. attractions for kids by Gogobot's Travelers' Favorites awards. How cool is that? Join us for a hatchling release and create a lifetime memory. Learn more at [www.seaturtleinc.org](http://www.seaturtleinc.org)

To develop these projections, we will complete the following tasks.

1 In support of the longstanding public and interest group desire for projects like these three we will prepare a review, summarize and contextualize many years of planning for a move towards further formal development of nature tourism on South Padre Island. We will call special attention to any prior numerical arguments (projections and otherwise) in support of the idea.

2. In support of nature tourism demand, we will produce preliminary demand statistics for key activities associated with nature tourism that would be associated with the activities carried out at these three sites. We will localize these to South Padre Island. Much of the nature tourism data is specifically for self-identified nature tourist – people who go to a place for natural experiences. To help with this we will interview several of the operators of the existing nature tourism operations on the Island.

3. Special demand opportunities at South Padre Island. The Island poses a new opportunity for the nature tourism market. In addition to serving the nature tourism “purist”, South Padre already serves up to an estimated one million tourists annually, of

which the great majority are not coming for a nature tourism experience. Offering nature tourism experiences to the large flow of beach tourist to the island is already creating a crossover between the two markets and with these new proposed facilities creates the possibility for even more crossover. We will calculate a level of demand for the proposed new facilities from the existing beach tourism flow as well. To help with this we will take this question of the split between beach and nature tourists coming to the attractions with the operators of the existing nature tourism operations on the Island.

4. Using Texas tourism data and other sources of nature tourism data (all of which we have worked with many times) we will identify the expenditure patterns and categories of nature tourist, especially as distinguished from other types of tourism. These will be applied to South Padre Island and when possible compared to current visitor expenditure patterns.

5. To best understand how facilities like the three proposed will operate, including their actual capacity, we will speak with people who have been working with these ideas and profile several analogs of similar facilities, primarily in tourism locations.

6. With the data collected to date we will project tourism to each of the sites in two ways – new tourism to the island and additional visitor-stay days from existing visitors who may come again and again to this newly enhanced destination and who may extend their stay to enjoy these new experiences.

7. For the economic impact, we will use the data collected to this point to project visitor expenditure, employment, wages, and other data required by the submittal for each of the three projects. We also typically use an economic modeling system called Implan. We will confirm that the use of Implan is appropriate for these submittals.

8. The work of the previous tasks including the projections in task 7 above will be presented in a final report in a format appropriate for the grant submittal. A short summary PowerPoint deck will also be prepared for use by the client.





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## Project Budget and Timing

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The fee for this work will be \$24,000 including travel expenses for up to three trips to the site to meet with the client and survey the market. Three payments will be due as follows: \$8,000 with a signed contract to initiate work; \$8,000 in the fourth week of the work; and \$8,000 upon delivery of draft final report.

This report will take four weeks to complete to a draft final stage and no more than two weeks in addition after client review.

One, three, six, and nine months after we complete this work, we make pass-the-baton calls to the client to see how projects (assuming a positive finding) are progressing – and whether there are any questions about or work that we can help clarify. We have followed the development of many of our assignments in this way. We enjoy helping our clients through the planning and development into operating phases.

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## Proposal Execution

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To execute this proposal, please sign below and return an original to Dan Martin at Market & Feasibility Advisors, LLC. The first payment of \$8,000 is due with the signed proposal.

Please note that MFA reports are prepared as advisory reports for our direct clients. We cannot and do not accept any responsibility for the use of MFA reports beyond that.

The Standard Proposal Addendum at the back of this proposal is included by this mention.

Speaking for MFA, we always look forward to the opportunity to work with you and especially on this exciting assignment. We hope to be able to help in other ways as well.

Sincerely,

Dan Martin, Managing Principal  
Market Feasibility Advisors

I accept terms outlined above:

\_\_\_\_\_  
Name – Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name – Printed

\_\_\_\_\_  
Position/Representing

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## About Market & Feasibility Advisors

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Market & Feasibility Advisors, LLC (MFA) provides data, analysis, and strategic consideration for public, private, and non-profit clients throughout the United States and overseas. MFA consultants have worked in almost every state and hundreds of communities. Working directly for clients or as a part of multi-disciplinary team, MFA prepares market, feasibility, master plan economics, impact studies and strategic plans based on realistic premises and the unique characteristics of the specific site, project, target markets, and competition.

- MFA's private sector work includes: retail, hotel and resort, and commercial entertainment, including family entertainment centers, cinemas, theme parks, attractions, and waterparks.
- MFA's cultural and non-profit sector clientele includes: performing arts facilities, zoos, historic structures and districts, aquariums, museums.
- MFA's public sector work includes: downtown, corridor, neighborhood, and many types of economic development and urban redevelopment plans, as well as real estate and retail studies, transit-oriented developments (TOD), parks and recreational facilities, and convention and meeting facilities.

For more information, please visit our website [www.mfallc.com](http://www.mfallc.com) and follow us on Twitter: <http://twitter.com/MFALLC>



### Offices:

#### Midwest

One South Dearborn  
Suite 2100  
Chicago, IL 60603  
Phone: 312-212-4451

#### Texas

100 South Congress  
Suite 2000  
Austin, TX 78701-2745  
Phone: 512-469-3700

***Please address all payments and official communications to:***

Market & Feasibility Advisors, LLC  
P.O. Box 438940  
Chicago, IL 60643

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## Market & Feasibility Advisors Standard Proposal Addendum

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It is understood by the client that Market & Feasibility Advisors LLC (MFA) can make no guarantees concerning the recommendations which will result from the proposed assignment, since these recommendations must be based upon facts discovered by MFA during the course of the study and those conditions existing as of the date of the report. To protect you and other clients, and to assure that the research results of MFA's work will continue to be accepted as objective and impartial by the business community, it is understood that our fee for the undertaking of this project is in no way dependent upon the specific conclusions reached or the nature of the advice given by us in our report to you.

It is agreed by the client that the report is not to be used in conjunction with any public or private offering of debt or equity securities without prior written consent.

It is further agreed that the client will indemnify MFA against any losses, claims, damages and liabilities under federal and state securities laws which may arise as a result of statements or omissions in public or private offerings of securities.

It is agreed by the client that payment for the services of MFA is due upon receipt of the invoice; that full payment is due upon receipt of the completed report; and that MFA has the right to withhold delivery of the final report pending receipt of any overdue payments.

In the event any invoice is not paid within 30 days after rendering of the invoice, it shall commence bearing interest on the date the invoice was rendered at the rate of 18 percent per annum (or such lesser rate as may be the maximum interest permissible under applicable law) and the client agrees to pay all accrued interest, together with the charges for services rendered as provided for in this agreement. In addition, should an unpaid invoice be referred to our attorneys for collection, the client agrees to pay their reasonable fee for such work, as well as any costs of suit which may be incurred.

It is further agreed by the client that the report will be presented to third parties in its entirety and that no abstracting of the report will be made without first obtaining the permission of MFA.

It is understood by MFA that the findings of this report are the proprietary property of the client and they will not be made available to any other organization or individual without the consent of the client.

This proposal will remain in force for a period of 60 days from the date shown hereon.

**10.**

Report to the Board of Directors  
EDC Office Activity  
February 15<sup>th</sup>, 2016 through March 25<sup>th</sup>, 2016

Joanne and I attended the RESTORE Act Grant Application workshop that was put on by TCEQ. It was a packed house with over 200 attendees. All of the area legislators were there and people from both the public sector and the private sector because anyone can apply for the RESTORE Act money. Toby Baker, the TCEQ Commissioner gave an overview of the funds available and after many of the people in the room left the TCEQ staff went over the guidelines and instructions to submit an application. The deadline to submit projects is April 15<sup>th</sup> but the TCEQ staff recommended projects are submitted a week prior to allow for any issues to be corrected. After the workshop Joanne and I met with Thor Lassen at the Native Plant Center and agreed this opportunity is too good to pass up and we should submit an application for the Aquarium aka SPI Fish and Wildlife Center on the permitted land in the front of the Birding Center. Joanne, Thor and I have been brainstorming ideas and the Executive Committee met and approved to move forward with the grant application. A commercial appraiser did an appraisal of the property we own which the facility would be built on and because of the Corps of Engineers permit the value of the land came in at \$1,555,000. The appraisal expense was \$1,300. I have a copy of the appraisal that will be submitted with the grant application if any of the Board members would like a copy let me know. Dr. Malki will be doing the economic study that we approved at the February meeting for this project and his price went down to \$7,600 since the original proposal was for the 3 City projects. The City Council met the day after the EDC meeting and decided to go with another economic consulting firm that their professional grant writer recommended and although that firm was \$9,000 higher. The Mayor asked if the EDC will help pay for the study with the firm they chose sharing the cost between the CVB, the City and the EDC. The report will be shared with the paying partners and there may be economic information included in the study that the EDC can use in the future. There is an agenda item for the Board to decide if they would like to contribute \$8,000 towards the City's economic study.

Ron and I attended the Second Causeway Industry Outreach Meeting. It was also well attended with nearly 200 attendees. The purpose of the meeting was to solicit developers and finance companies to bid on building the Second Access to South Padre Island. Pete Sepulveda and the CCRMA did a great job and the meeting was well organized and informative.

I had a good meeting with the US Army Corps of Engineers regarding permits for the Birding Center habitat restoration, cattail removal and freshwater ponds. I have to write them a few letters and send some photos and monitoring reports and we can do the work in late summer or early fall. I will have a cost estimate for our strategic planning meeting next month.

I received some logos from Toucan Graphics for the SandDollars for Success program but did not like the way they turned out. Joanne also provided feedback and I have met with them again and am confident they will get something we like. The colors and font

on the samples sent were not favorable but I am looking forward to getting new logo samples next week.

Ron and I met with the Skipjack group, representatives from the City and the General Land Office regarding the development on the bay. It was a good meeting and I have contacted the Corps of Engineers to get the dates for their upcoming Agency Review meetings in Corpus Christi so we can attend and present plans regarding a marina and the possible deepening and/or widening of the Tompkins Channel. Skipjack is working on plans and drawings and we think the May or June meeting (after or April 25<sup>th</sup> workshop with the Shoreline Task Force) makes the most sense.

Joanne and I have begun discussions with the City on a Sidewalk beautification project in the Entertainment District Laguna Blvd. from Coconuts to Swordfish Street to remove the front end parking and put in sidewalks and landscaping within the City easement area. We will have more information on this at the April strategic planning meeting.

**I spoke to the City Finance Director and we will need to approve our fiscal year 2016-17 budget at our May 17<sup>th</sup> Board meeting and then it will be on the City Council agenda for June 1<sup>st</sup>.**

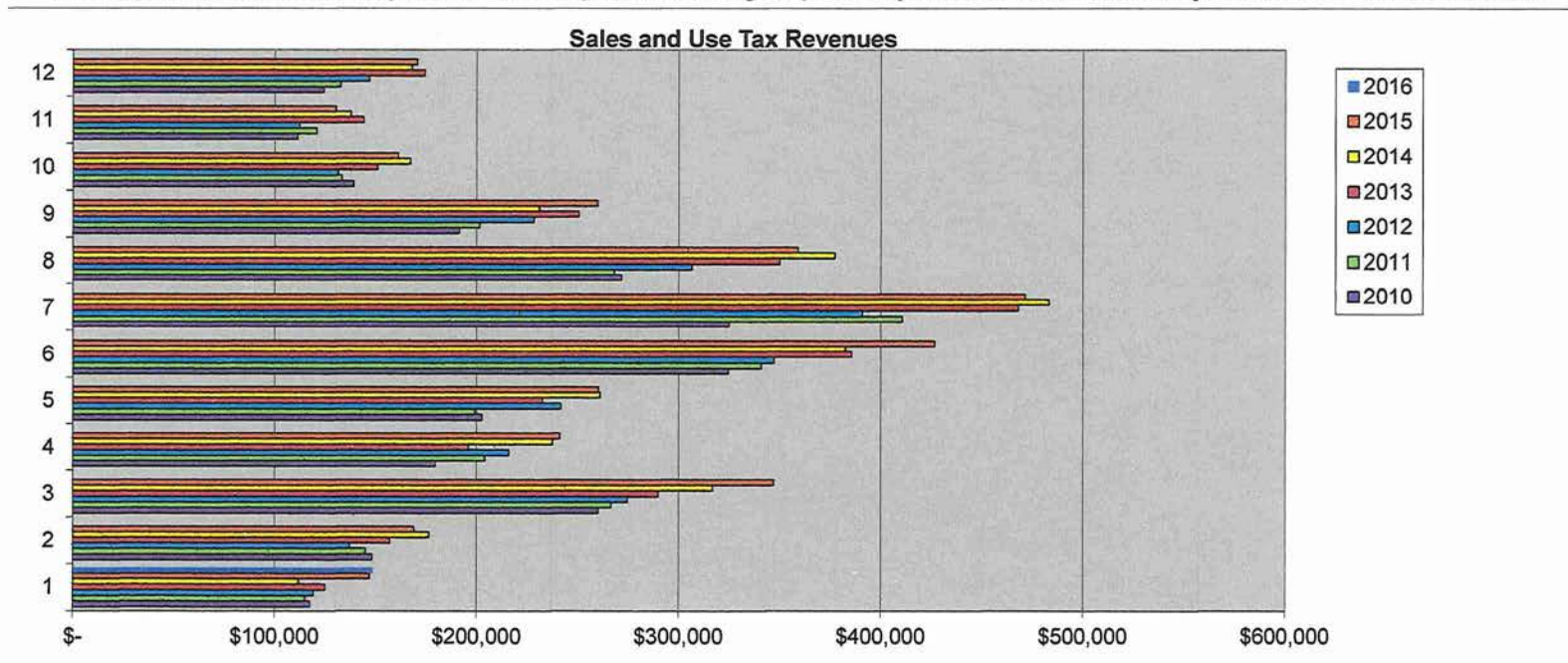
A reminder that our April 19<sup>th</sup> meeting will be immediately followed by a Strategic Planning meeting to discuss future projects including the 2016-17 fiscal year budget. The April meetings will be held at the Birding and Nature Center Conference Room as voted on at the February meeting.

These are the items that are separate from the items for discussion on the agenda.

Attached are economic indicators and the Lone Star bank statement.

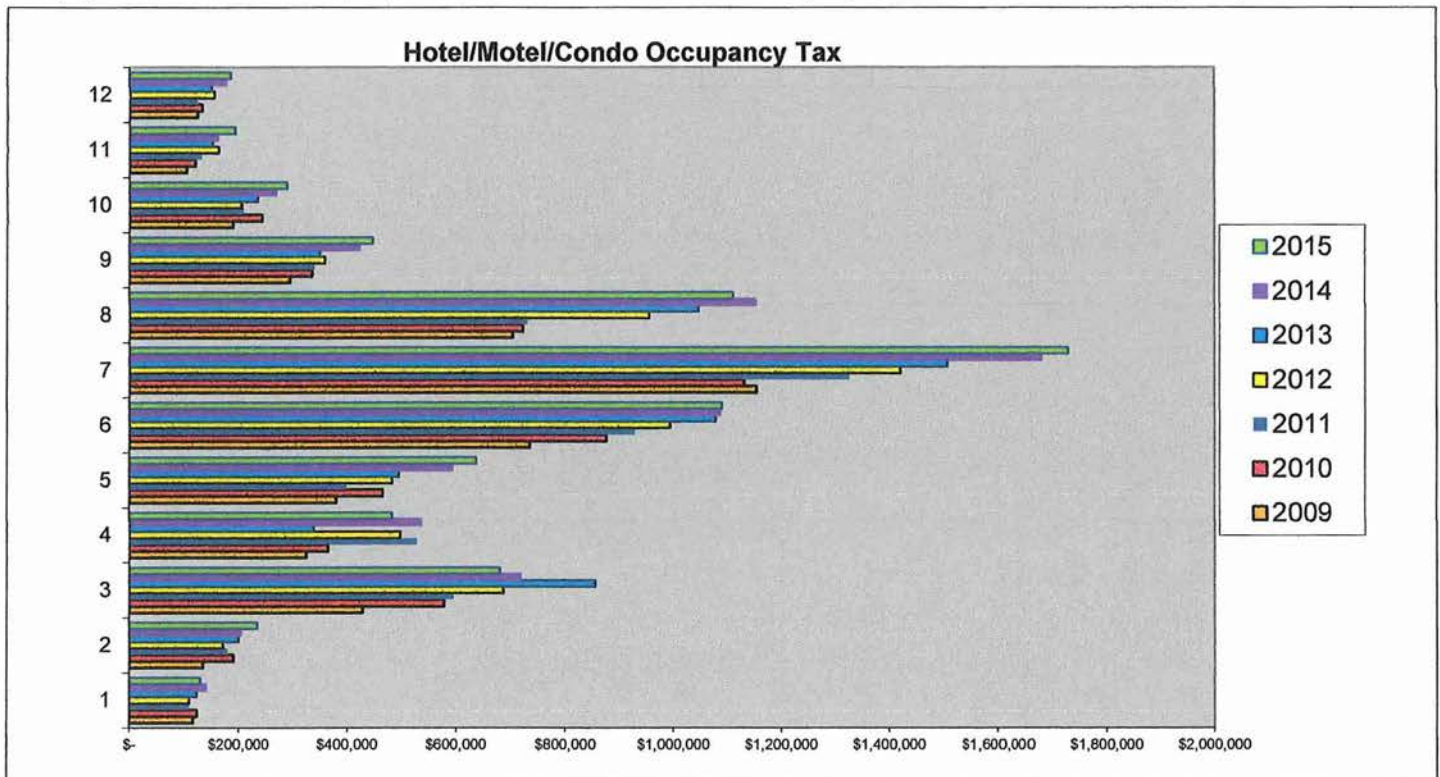
South Padre Island Sales and Use Tax Revenues								
	2010	2011	2012	2013	2014	2015	2016	
							%	
January	\$ 117,419	\$ 114,865	\$ 119,092	\$ 124,955	\$ 111,837	\$ 147,033	\$ 148,673	1.12
February	148,170	145,004	137,090	156,927	176,331	168,939		
March	260,182	266,620	274,677	289,849	316,834	346,948		
April	179,469	203,962	215,913	195,868	237,624	241,179		
May	202,552	199,176	241,670	232,586	261,170	260,265		
June	324,527	340,811	347,206	385,570	382,481	426,572		
July	324,886	410,556	390,920	467,989	483,156	471,196		
August	271,602	268,233	306,588	350,038	377,267	359,029		
September	191,347	201,328	228,185	250,437	231,042	259,809		
October	138,942	133,115	131,407	150,816	167,179	161,032		
November	111,285	120,696	112,229	143,930	137,595	130,352		
December	124,089	132,467	146,595	174,214	167,830	170,488		
<b>Total</b>	<b>\$ 2,394,470</b>	<b>\$ 2,536,833</b>	<b>\$ 2,651,572</b>	<b>\$ 2,923,179</b>	<b>\$ 3,050,346</b>	<b>\$ 3,142,842</b>		

NOTE: Percentages of change March vs. April each year are principally the result of the month in which Easter falls. Amounts reported in January are based on January sales, for example, even though reported by the State and received by South Padre Island in March.



South Padre Island Hotel/Motel/Condo Occupancy Tax								
	2009	2010	2011	2012	2013	2014	2015	%
								change
January	\$ 116,614	\$ 123,680	\$ 109,440	\$ 109,774	\$ 123,289	\$ 140,192	\$ 130,054	(7.23)
February	134,788	190,487	180,476	171,451	199,626	204,078	234,729	15.02
March	428,533	577,675	595,805	687,275	855,873	718,514	680,389	(5.31)
April	324,596	364,810	528,026	497,202	338,337	535,518	482,346	(9.93)
May	380,047	465,445	399,279	482,275	494,883	593,135	637,343	7.45
June	735,283	876,624	929,372	994,101	1,078,509	1,086,514	1,090,245	0.34
July	1,155,188	1,131,300	1,325,927	1,420,513	1,507,657	1,679,092	1,728,733	2.96
August	704,214	723,141	731,489	955,899	1,046,929	1,153,488	1,111,051	(3.68)
September	294,425	335,734	340,030	359,467	350,530	422,559	447,169	5.82
October	189,390	242,670	208,442	205,150	234,719	268,955	288,878	7.41
November	104,782	120,144	131,812	163,655	152,042	161,516	193,079	19.54
December	123,877	131,991	123,799	155,338	149,820	177,192	185,416	4.64
Total	\$ 4,691,737	\$ 5,283,701	\$ 5,603,897	\$ 6,202,100	\$ 6,532,214	\$7,135,926	\$7,209,432	1.03

Occupancy tax is 14.5% as of July 2009. 8.5% is collected by the City of South Padre Island monthly, and 6% by the state of Texas quarterly. Any hotel or condo visit longer than 30 days is tax exempt. Percentages of change March vs. April are partially the result of the month in which Easter falls. The monthly occupancy tax reports from the finance office include any late payments received from properties behind in their taxes. The City reports them in the month they are paid.





**South Padre Island Property Tax Revenue**

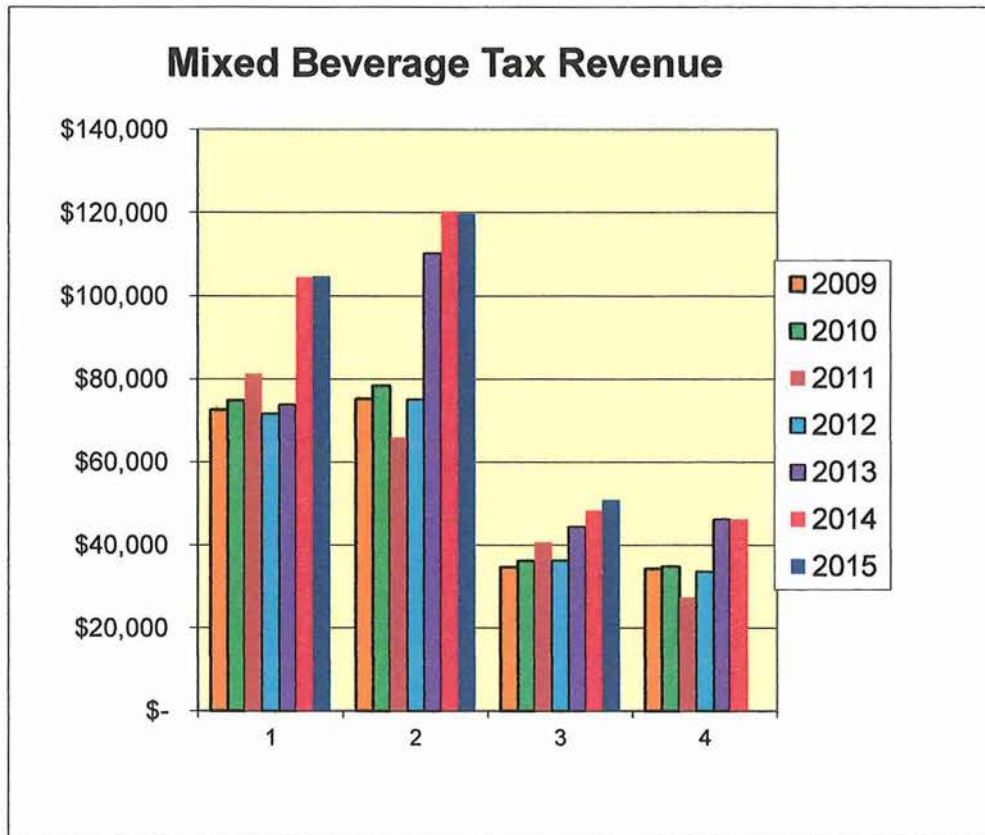
	2010	2011	2012	2013	2014	2015	2016
<b>January</b>	\$ 633,716	\$ 955,624	\$ 925,441	\$ 768,980	\$ 774,747	\$ 775,106	\$ 842,301
<b>February</b>	766,443	376,594	498,598	587,833	697,644	643,376	851,485
<b>March</b>	128,325	211,177	488,209	154,633	129,345	126,429	
<b>April</b>	168,093	134,539	125,963	85,060	97,865	108,299	
<b>May</b>	70,190	104,032	117,171	100,790	74,555	68,063	
<b>June</b>	100,376	97,986	93,955	77,075	98,131	84,304	
<b>July</b>	68,581	164,458	222,631	135,249	125,279	111,522	
<b>August</b>	40,920	37,832	63,604	58,877	35,643	30,635	
<b>September</b>	38,286	56,310	33,535	44,457	41,480	25,557	
<b>October</b>	1,062,890	552,062	1,716,909	1,953,119	2,035,083	1,344,874	
<b>November</b>	2,598,999	1,558,168	2,287,424	1,925,829	1,828,594	2,797,154	
<b>December</b>	476,031	1,672,881	493,478	462,976	645,800	584,920	
<b>TOTAL</b>	\$ 6,152,850	\$ 5,921,663	\$ 7,066,918	\$ 6,354,878	\$ 6,584,166	\$ 6,700,239	
As of October 1:							
Tax rate per \$100	0.24561	0.2504	0.252071	0.254384	0.262754	0.28564	
Taxable value	\$ 2,421,696,820	\$ 2,608,645,628	\$ 2,606,119,273	\$ 2,583,563,287	\$ 2,516,386,826	\$ 2,478,519,198	

### South Padre Island Building Permit Valuations

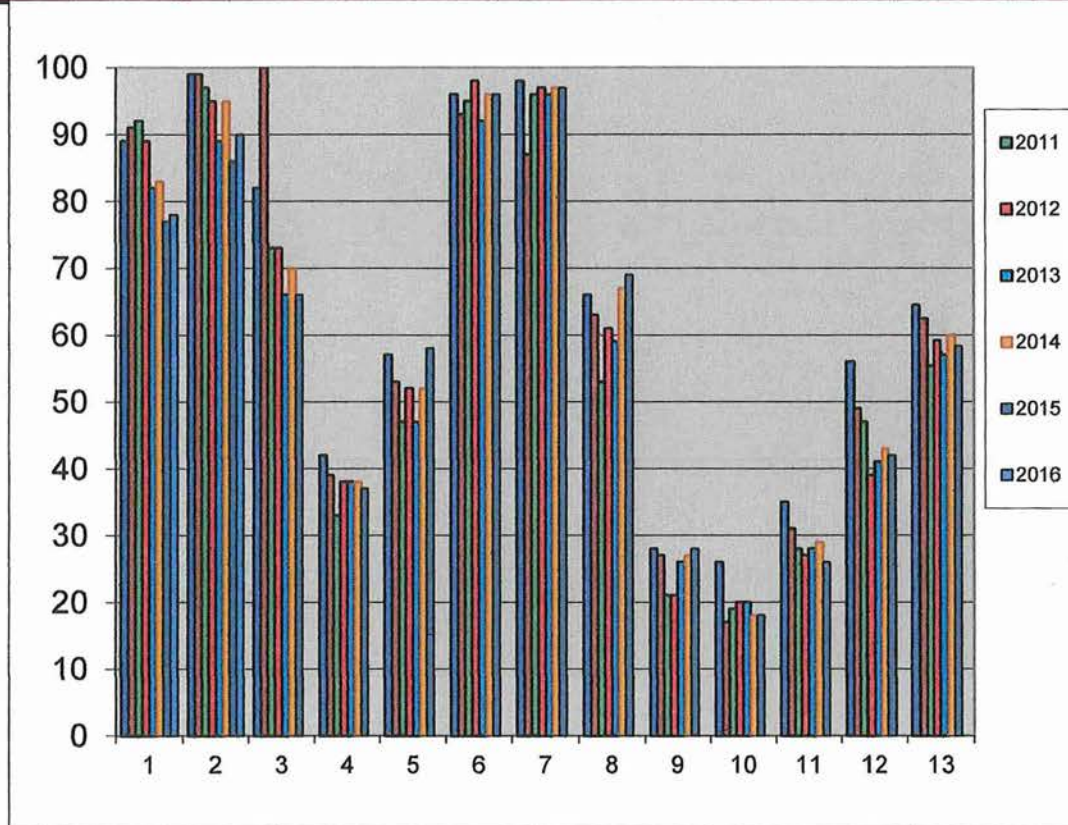
	2010	2011	2012	2013	2014	2015	Commercial	Residential	2016
January	\$ 6,275,239	\$ 243,630	\$ 552,718	\$ 703,791	\$ 434,335	\$ 4,490,817	\$ 319,434	\$ 2,301,454	\$ 2,620,888
February	5,473,877	423,259	1,968,904	330,425	2,117,014	1,887,739	232,253	1,443,602	1,675,855
March	456,675	627,539	449,800	1,016,164	271,651	2,319,135			
April	444,700	12,105,395	268,337	554,688	412,515	8,676,090			
May	3,977,138	1,009,344	915,996	295,625	1,052,261	1,143,022			
June	1,504,846	1,821,047	1,243,528	177,150	1,717,942	842,403			
July	52,590,819	5,411,225	412,100	145,069	160,664	1,439,706			
August	975,263	899,292	459,314	2,525,727	500,475	1,799,928			
September	2,436,837	192,228	373,975	692,401	894,061	1,205,667			
October	1,295,900	280,511	950,100	885,901	2,322,681	792,963			
November	414,111	8,549,789	2,022,260	1,103,873	1,975,292	2,008,807			
December	1,408,183	1,093,434	773,540	162,116	1,894,849	2,855,683			
<b>Total</b>	<b>\$ 77,253,588</b>	<b>\$ 32,656,693</b>	<b>\$ 10,390,572</b>	<b>\$ 8,592,930</b>	<b>\$ 13,753,740</b>	<b>\$ 29,461,960</b>			

South Padre Island Mixed Beverage Tax Revenue							
	2009	2010	2011	2012	2013	2014	2015
First Quarter	\$ 72,567	\$ 74,807	\$ 81,200	\$ 71,650	\$ 73,839	\$ 104,506	\$ 104,712
Second Quarter	75,174	78,397	65,941	75,022	110,336	120,183	119,690
Third Quarter	34,602	36,141	40,628	36,263	44,381	48,216	50,873
Fourth Quarter	34,270	34,821	27,343	33,534	46,128	46,148	
<b>Total</b>	<b>\$ 216,613</b>	<b>\$ 224,166</b>	<b>\$ 215,112</b>	<b>\$ 216,469</b>	<b>\$ 274,684</b>	<b>\$ 319,053</b>	

South Padre Island receives 10.7143% of collected mixed beverage taxes. Figures above are reported as of the quarter in which the sales were generated.



Isla Blanca Park Occupancy Rate								
629 rental spaces	2009	2010	2011	2012	2013	2014	2015	2016
January	89	91	92	89	82	83	77	78
February	99	99	97	95	89	95	86	90
March	82	100	73	73	66	70	66	
April	42	39	33	38	38	38	37	
May	57	53	47	52	47	52	58	
June	96	93	95	98	92	96	96	
July	98	87	96	97	96	97	97	
August	66	63	53	61	59	67	69	
September	28	27	21	21	26	27	28	
October	26	17	19	20	20	18	18	
November	35	31	28	27	28	29	26	
December	56	49	47	39	41	43	42	
Annual Average	65	62	55	59	57	60	58	



# South Padre Island Housing Report

February 2016



Median home price

\$223,750

Down

12%

33.33%

were \$199,999 or less

66.67%

were \$200,000-\$499,999

0.00%

were \$500,000 or more

All percentages compared to February 2015



Number of active listings

Up

3%

595 in February 2016



Single family homes sold

Down

13%

13 in February 2016



Days on market

207

96 days less than February 2015



Months of inventory

24.7

Compared to 23.2 in February 2015

**About the data used in this report**

Data used in this local market housing report comes from the Texas REALTOR® Data Reference Project, a partnership among local REALTOR® associations and their MLSs, the Real Estate Center at Texas A&M, and the Texas Association of REALTORS®.





# Lone Star National Bank

P.O. Box 1127 • Pharr, Texas 78577-1127  
www.lonestarnationalbank.com



Customer Service ..... (956) 984-2440  
Toll-Free Customer Service ..... (800) 580-0322  
24-Hour Phone Banking ..... (956) 984-2444  
Lost or Stolen Debit Card ..... (800) 580-0322

Date 2/29/16 Page 1  
Primary Account XXXXXXXXXXXXX2005  
Enclosures 1

SOUTH PADRE ISLAND ECONOMIC DEVELOPMENT  
CORPORATION  
6801 PADRE BLVD  
SOUTH PADRE ISLAND TX 78597

### CHECKING ACCOUNTS

If you have overdrawn your account, please be advised that we have other less expensive methods to handle the payment of non-sufficient funds items. Presenting transactions and other items against non-sufficient funds is an expensive practice. If you would like to discuss alternatives which include account transfers or if you have other financial needs, please call us at 1(800)580-0322 ext. 2440.

NOW Checking Commercial		Number of Enclosures	1
Account Number	XXXXXXXXXXXX2005	Statement Dates	2/01/16 thru 2/29/16
Previous Balance	83,121.66	Days in the statement period	29
1 Deposits/Credits	1,064.59	Average Ledger	83,892.50
1 Checks/Debits	2.00	Average Collected	83,862.68
Service Charge	.00		
Interest Paid	16.66		
Current Balance	84,200.91	2016 Interest Paid	34.11

#### Deposits and Additions

Date	Description	Amount
2/09	Over The Counter Deposit	1,064.59
2/29	Interest Deposit	16.66

#### Debits and Other Withdrawals

Date	Description	Amount
2/29	Paper Statement Fee	2.00-

#### Daily Balance Information

Date	Balance	Date	Balance	Date	Balance
2/01	83,121.66	2/09	84,186.25	2/29	84,200.91

DEPOSIT SLIP	<input type="checkbox"/> Checking <input type="checkbox"/> Money Market	USE OTHER SIDE FOR ADJUSTMENTS
	Date: <u>2/9/16</u> Name: <u>SP1 Eran Dev. Corp</u> <small>FOR CREDIT TO THE ACCOUNT - PRINT FULL ACCOUNT TITLE (NAME)</small>	CURRENCY COIN CHECKS & DEPOSITS
ACCOUNT NUMBER <u>2925002005</u>	SIGNATURE FOR THIS DEPOSIT OVER THE COUNTER DEPOSIT (ONLY) TRN CODE 53	TOTAL FROM OTHER SLIPS LESS CASH RECEIVED SUB-TOTAL TOTAL \$ <u>1064.59</u>
⑆1114911887⑆		53

Date 2/9/2016 Amount \$1,064.59

**SOUTH PADRE ISLAND  
ECONOMIC DEVELOPMENT  
CORPORATION**

**6801 Padre Blvd.  
South Padre Island, TX 78597-3899  
956-761-6805**

[SPIEDC@aol.com](mailto:SPIEDC@aol.com)



March 4, 2016

Honorable Barry Patel  
4601 Padre Blvd  
South Padre Island, TX 78597

Dear Mayor Patel,

On behalf of the Economic Development Corporation of South Padre Island, we are pleased to support a collaborative partnership with the city on three very important projects being proposed for RESTORE Act funding.

The city is seeking RESTORE Act funds totaling \$13,054,978.54 for three sub-projects:

- Land Conservation, Education & Public Access Project – South Causeway Area -- \$5,430,243.37
- Land Conservation, Education & Public Access Project – Eco-tourism Center Connection -- \$5,184,253.17
- Corral Street Public Access & Boating Infrastructure -- \$2,440,482.00

These three projects are intended to ensure our citizens and the millions of visitors who come each year will have safe and enjoyable access to the Laguna Madre. Environmentally charged recreational and educational components will make South Padre Island a south Texas hub of eco-tourism.

The ecologic and economic values of the city of South Padre Island are greatly shared with the many communities of south Texas. The city's interests in expanding the eco-tourism and research opportunities on the island are greatly celebrated by the Economic Development Corporation. The island of South Padre has a tourism-based economy that will benefit greatly from innovative and alternative forms of recreation for both residents and visitors.

In addition, the projects incorporate vital land conservation and public space components that will forever protect rare habitats along the Laguna such as algal mud and sand flats, endangered mangrove forests, inter-tidal wetland, brackish ponds, and cyanobacteria inter-tidal flats that support a wealth of feeding, breeding, and nesting areas for fish and coastal birds.

Sincerely,

A handwritten signature in blue ink that reads "Darla Lapeyre". The signature is written in a cursive, flowing style.

Darla Lapeyre  
Executive Director  
South Padre Island Economic Development Corporation