

**CITY OF TEXAS CITY
REGULAR CALLED CITY COMMISSION MEETING**

AGENDA

**WEDNESDAY, FEBRUARY 16, 2011 - 5:00 P.M.
KENNETH T. NUNN COUNCIL ROOM - CITY HALL
1801 9th Ave. N.
Texas City, TX 77590**

(1) INVOCATION

(2) PLEDGE OF ALLEGIANCE

(3) PROCLAMATIONS AND PRESENTATIONS

(a)	Rachel Wyatt	Admin	2-15-06	5 Years
	Eric Cisneros	Police	2-16-06	5 Years
	Christopher Martinez	Fire	2-22-06	5 Years
	Mark Gagne	Public Works	2-19-01	10 Years
	Rodolfo Saucedo Jr.	Golf	2-07-96	15 Years
	Donald Carroll	Planning	2-12-91	20 Years

- (b)** Texas Police Chiefs Association Foundation Program Coordinator, Chief (Retired) Marlin R. Price, to present the Tri-Annual Re-Certification by The TPCA Foundation's Best Practices Re-Certification to Mayor Matthew T. Doyle and Chief Robert Burby. (Police Department)

(4) PUBLIC HEARING

- (a)** Diane and Cliff Knight Properties request to rezone from "O" (Open Space) to "P-I" (Planned Industrial) to construct a building for an office, manufacturing, lab and testing facility to be located on FM 3436. (Planning)

(5) CONSENT AGENDA

- (a)** Consider approval of the minutes from the February 2, 2011 regular called City Commission meeting. (City Secretary)
- (b)** Resolution No. 11-010 opposing State Legislation to amend the act governing the authority of the Board of Directors and Representatives to the Gulf Coast Water Authority (GCWA).(Transportation and Planning)

- (c) Resolution No. 11-011 authorizing the aerial spraying for mosquitoes. (City Secretary)
- (d) Resolution No. 11-012 authorizing the Mayor to execute a Development Agreement between the City of Texas City, Galveston Peninsula Partners, LP and Bay Lake Investments, Ltd., and authorizing the assignment of a prior Utility Services Agreement between the City of Texas City, Grand Cay Harbour, Ltd., and the Galveston County Municipal Utility District No. 52, to Galveston Peninsula Partners, LP. (Transportation and Planning)

(6) REGULAR ITEMS

- (a) Consider approval of Ordinance No. 11-03, amending the Code of Ordinances, Appendix A, Zoning, Section 40-11(a), Zoning District Map Description, by rezoning from "O" (Open Space) to "P-I" (Planned Industrial) for construction of a building for an office, manufacturing, lab and testing facility to be located on FM 3436 (requested by Diane and Cliff Knight Properties). (Planning)

(7) PUBLIC COMMENTS

(8) MAYOR'S COMMENTS

(9) COMMISSIONERS' COMMENTS

(10) ADJOURNMENT

NOTICE OF ANY SUBJECT APPEARING ON THIS AGENDA REGARDLESS OF HOW THE MATTER IS STATED MAY BE ACTED UPON BY THE CITY COMMISSION.

NOTICE: The City of Texas City will furnish free transportation to handicapped individuals via a 4-door sedan for anyone wishing to attend the City Commission meetings. Call 948-3111, City Secretary's Office before noon on Monday preceding the meeting to make arrangements.

I CERTIFY THAT THE ABOVE NOTICE OF THE MEETING WAS POSTED ON THE BULLETIN BOARD IN THE MUNICIPAL BUILDING, 1801 9TH AVENUE NORTH, TEXAS CITY, TEXAS ON FEBRUARY 11, 2011 AT 5:00 P.M.

**/s/Nicholas J. Finan _____
NICHOLAS J. FINAN
CITY SECRETARY
POSTED FEBRUARY 11, 2011**

CITY COMMISSION AGENDA

Item #: 3. (a.

Date: 02/16/2011

Service Awards

Submitted By: Rachel Wyatt, Human Resources

Department: Human Resources

ACTION REQUEST (Brief Summary)

Rachel Wyatt	Admin	2-15-06	5 Years
Eric Cisneros	Police	2-16-06	5 Years
Christopher Martinez	Fire	2-22-06	5 Years
Mark Gagne	Public Works	2-19-01	10 Years
Rodolfo Saucedo Jr.	Golf	2-7-96	15 Years
Donald Carroll	Planning	2-12-91	20 Years

BACKGROUND

ANALYSIS

ALTERNATIVES CONSIDERED

CITY COMMISSION AGENDA

Item #: 3. (b.

Date: 02/16/2011

**Presentation to Mayor Doyle and Chief Robert Burby by
TPCA Recognition Foundation**

Submitted For: Robert Burby **Submitted By:** Carla Costello, Police
Department

Department: Police Department

ACTION REQUEST (Brief Summary)

Texas Police Chiefs Association Foundation Program Coordinator, Chief (Retired) Marlin R. Price, to present the Tri-Annual Re-Certification by The TPCA Foundation's Best Practices Re-Certification to Mayor Doyle and Chief Robert Burby.

BACKGROUND

ANALYSIS

ALTERNATIVES CONSIDERED

CITY COMMISSION AGENDA

Item #: 4. (a.

Date: 02/16/2011

Rezoning Public Hearing for Knighthawk Engineering

Submitted By: Jean Vincent, Inspections

Department: Planning

ACTION REQUEST (Brief Summary)

Public hearing to rezone property: Diane and Cliff Knight Properties requests to rezone from "O" (Open Space) to "P-I" (Planned Industrial) to construct a building for an office, manufacturing, lab and testing.

Being a 19.7311 out of Lot 12, C.C. Pettits S/d. Located on FM 3436.

BACKGROUND

This request has been given approval by the Planning Board on January 3, 2011 and by the Zoning Commission during a Public Hearing on January 18, 2011. There was no opposition to the rezoning intent. One letter was received in favor of the rezoning request. Due to extenuating circumstances the staff recommends approval of the proposed development. Please reference attached minutes for details.

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

[Memo to Members](#)

[Knighthawk Public Hearing](#)

[Zoning Minutes](#)

[knightgooglemap](#)

MEMO

TO: Planning Board, Zoning Commission and City Commission

FROM: Don Carroll, City Planner

DATE: December 30, 2010

RE: Knighthawk Rezoning Request

Based upon our reconnaissance, the land use has extenuating circumstances that would justify our recommendation to allow. This is due to the power line transmission easement that traverses the property. The proposed project is a good fit and a good transitional buffer. The project is a clean high tech project with an opportunity to provide economic growth and sustainability. It has a very good outlook for growth. It grades very high when evaluated against the City's decision criteria analysis. Based upon our visit and the pictures taken during our visit to the other facility similar to this research, office, limited warehouse business, staff recommends approval of the rezoning intent to Planned Industrial.

DRC:jv

NOTICE OF PUBLIC HEARING

Notice is hereby given that the City Commission of Texas City will hold a **Public Hearing** on **Wednesday, February 16, 2011 at 5:00 p.m.** in the Kenneth T. Nunn Room, City Hall, 1801 9th Avenue North, Texas City, Texas 77590. The purpose of the Public Hearing is to hear citizen's opinion in favor of or in opposition to the City of Texas City rezoning requests.

REQUEST BY: Diane and Cliff Knight Properties requests to rezone from "O" (Open Space) to "P-I" (Planned Industrial) to construct a building for an office, manufacturing, lab and testing.

BEING: Being 19.7311 out of Lot 12, C.C. Pettits S/d.

LOCATED : On FM 3436.

Any citizen wishing to voice his or her opinion in favor of or in opposition to the above change is invited to be present and will be heard. If you are opposed to this rezoning request, you must submit valid reasons for opposition in writing to the City Commission of Texas City, P.O. Drawer 2608, Texas City, TX 77592-2608. Written comments will be accepted and considered on or before the date of the Public Hearing. After hearing the rezoning request, you may withdraw your opposition should your objections be satisfied. Your withdrawal should be in writing in the City Commission.

/s/Don Carroll
Don Carroll, City Planner
City of Texas City

DATED: January 20, 2011

ZONING COMMISSION MINUTES

January 18, 2011

The Zoning Commission for the City of Texas City met in a regularly scheduled meeting on Tuesday, November 16, 2010 at 5:15 p.m. Board members present were: Acting Chairman, James Horan; Perry O'Brien; Bert Dahl; and Yvonne Chatelain. Staff members present were: Donald Carroll, Doug Kneupper and Brian Falk. Citizens present were: Cliff Knight; Diane Knight; Jim Hopkins; Kevin Sicking; Will Pfannkucl; and Shauna Askins.

Acting Chairman Horan welcomed everyone and explained the procedures for the Public Hearing.

APPROVAL OF MINUTES. The minutes from the November 16, 2010 meeting were approved on a motion by Bert Dahl/Perry O'Brien. All members present voted aye.

ITEM NO. 1 Diane and Cliff Knight Properties request to rezone from "O" (Open Space) to "P-I" (Planned Industrial) to construct a building for an office, manufacturing, lab and testing. Being 19.7311 acres out of Lot 12, C.C. Pettit's S/d. Located on FM 3436. Mr. Carroll stated that seven property owners were notified of the intent to rezone and to date, one letter in support of the proposal has been received. He provided the members with a copy of the letter, a memo from him summarizing the request and a copy of the Planning Board minutes for their review. Mr. Carroll also stated this item had gone before the Planning Board and had been given their approval. He further explained the extenuating circumstances that would justify recommending approval. Mr. Carroll continued by stating this project scored high on the decision criteria analysis. He went on to read the departmental comments. The comments were as follows: Planning Director, "No objections, based upon our reconnaissance. Land Use has extenuating circumstance that would justify recommendation to allow. This is due to the transmission easement that traverses the property. The proposed project is a good fit, good transitional buffer. The project is a clean, high tech project with an opportunity to provide economic growth and sustain ability. It has a very good outlook for growth, it grades very high when evaluated against the city's decision criteria analysis. In fact this a research, office, limited warehousing and the pictures taken of the existing business evidence this. Therefore, the Staff recommends approval of the rezoning intent to Planned Indu

trial". Building Official, "No objections". Fire Marshal, "No objections". Public Works, "No objections". City Engineer, "Not enough existing development to establish a development trend. Although future land use map indicates residential uses for this area, some limited, clean industrial or commercial developments would be ok along major transportation corridors. Overall, no objection. No utilities available. Will need well and septic system. Drainage will require on-site detention". Mr. Carroll then indicated that Mr. Knight was present to address this proposal. **A motion to open the Public Hearing was then made by Perry O'Brien/Bert Dahl. All members present**

voted aye. Mr. Cliff Knight, the applicant, then addressed the commission and explained the proposed use of the development and provided sketches of the proposed layout and facilities for this development. He stated this would be a research/campus type development. It will be developed in three stages. The projected number of employees will be between 30 - 250 people as the development progresses. After the presentation the members asked questions of Mr. Knight and he responded. There was no further discussion and **a motion was made by Yvonne Chatelain/Bert Dahl to close the Public Hearing. All members present voted aye. A motion was then made by Perry O'Brien/Bert Dahl to approve the rezoning request to "Planned Industrial". All members present voted aye.**

There was no further business to discuss and a **motion was made by Perry O'Brien/Bert Dahl to adjourn. All members presented voted aye.**

James Horan, Acting Chairman

Donald Carroll, Secretary



Knighthawk Engineering

S Shore Blvd

Farm-To-Market Rd 3436

146

Farm-To-Market Rd 517

Avenue S

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FOR INTERIM REVIEW ONLY
 THESE DRAWINGS AND/OR
 SPECIFICATIONS ARE
 INCOMPLETE AND ARE
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 CONSTRUCTION DOCUMENTS.

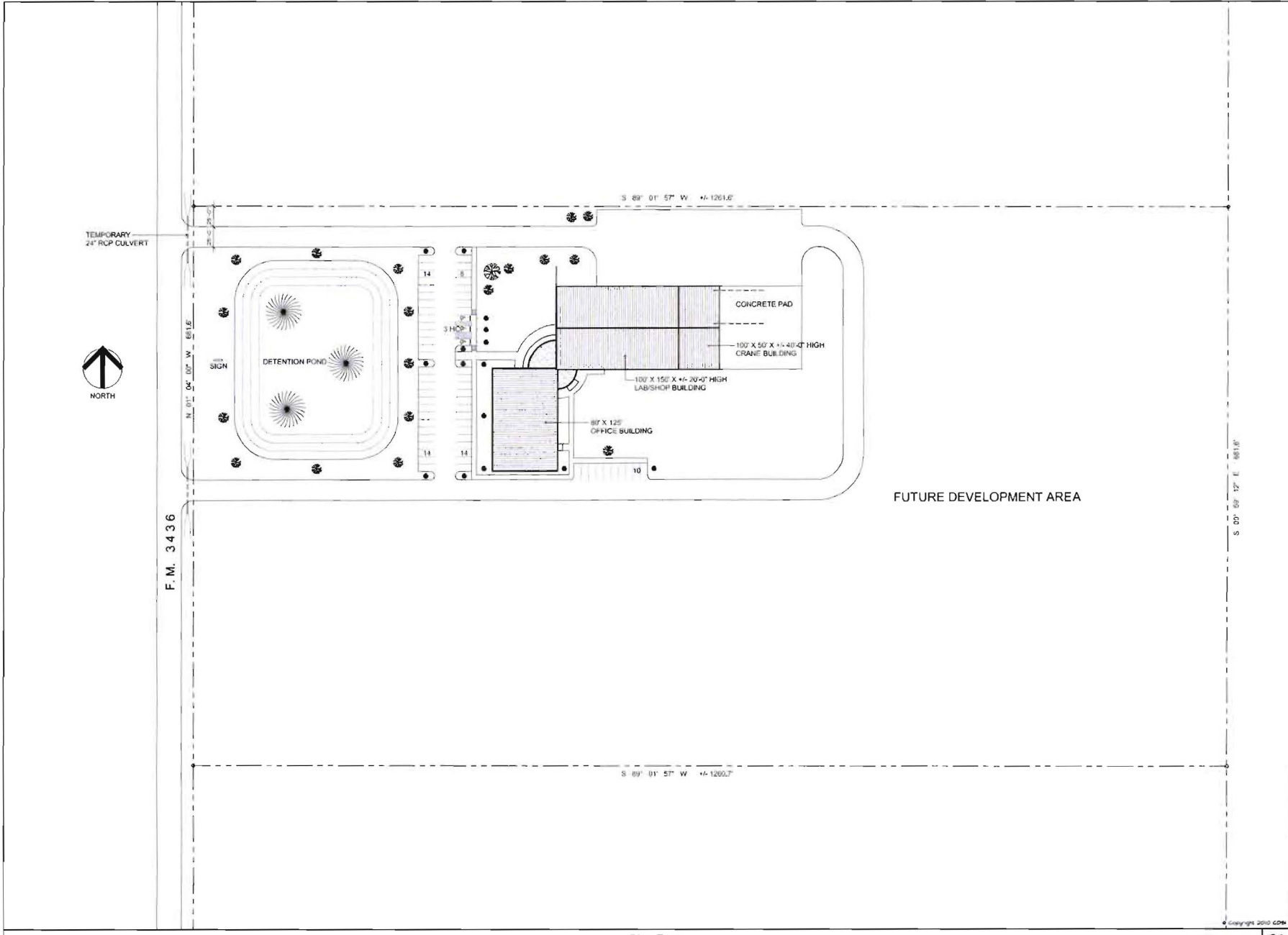
Church
 DesignBuild
 Services, Inc.
 Bellaire, Texas

A New Office / Laboratory / Shop For
 Knighthawk Engineering
 Texas City, Texas

Project: 00000
 Date: Dec 17, 2010

SD1

Sheet of 1



F.M. 3436

Site Plan

SCALE: 1" = 50' 01

The Drawings, Specifications and other documents prepared by the Architect for this Project are instruments of the Architect's service for use solely with respect to the Project, and the Architect shall be deemed the author of these documents and shall retain all copyright, statutory and other reserved rights, including the copyright. The Owner shall be permitted to retain copies, including reproducible copies, of the Architect's Drawings, Specifications and other documents for information and reference in connection with the Owner's use and occupation of the project. The Architect's Drawings, Specifications or other documents shall not be used by the Owner or others on other projects, for additions to this Project or for completion of this Project by others, except by agreement in writing and with appropriate compensation to the Architect.

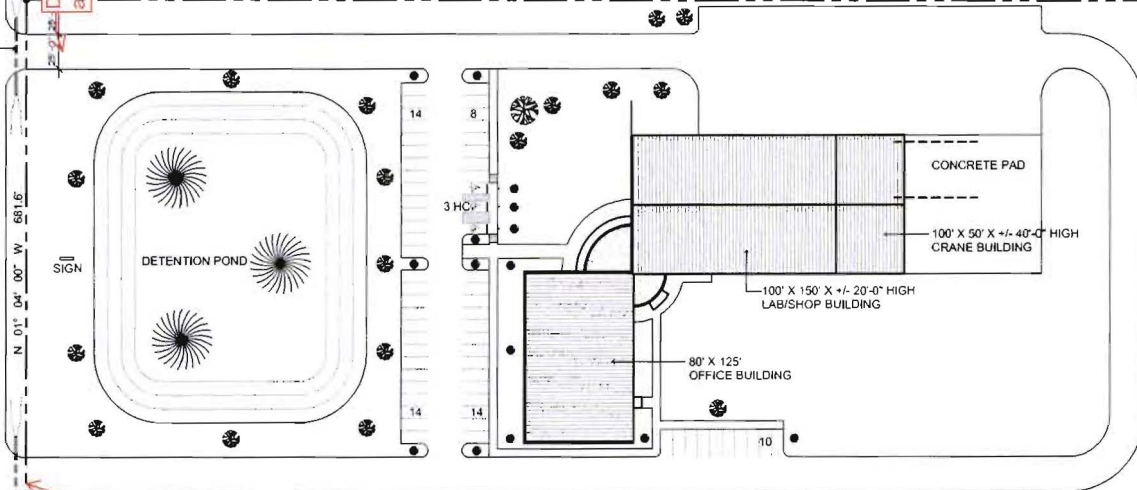


TEMPORARY
24" RCP CULVERT

Delete Driveway
and culvert

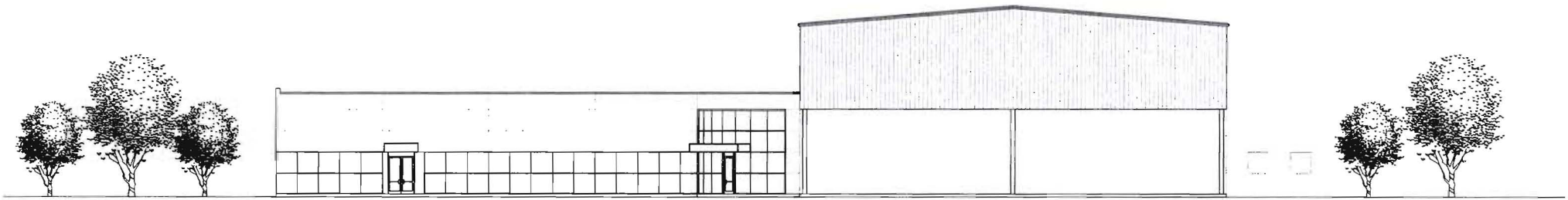
F. M. 3436

change to 45' wide
and center of
property - this will
be the only
entrance per
TXDOT

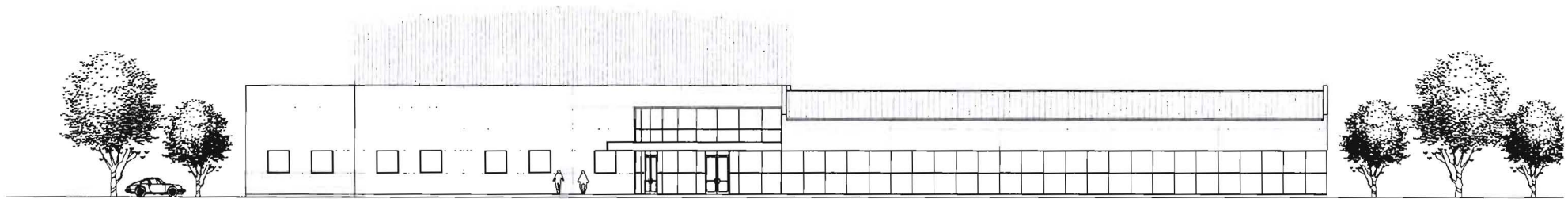


FUTURE DEVELOPMENT AREA

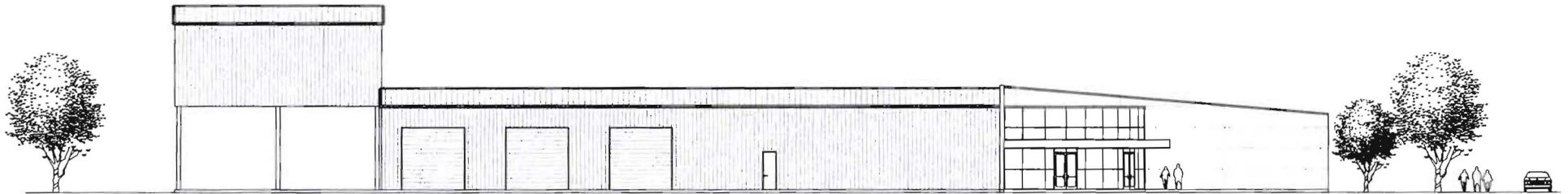
S 00° 59' 12" E 681.6''



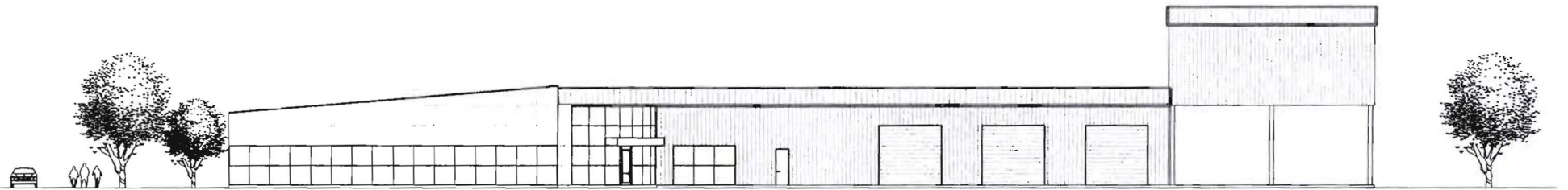
View From East



View From FM 3436



View From North



View From South

CITY COMMISSION AGENDA

Item #: 5. (a.

Date: 02/16/2011

February 2, 2011 CC Minutes

Submitted By: Susan Sensat, Administration

Department: Administration

ACTION REQUEST (Brief Summary)

BACKGROUND

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

[2/2/2011 CC Minutes](#)

REGULAR CALLED CITY COMMISSION MEETING

MINUTES

WEDNESDAY, FEBRUARY 2, 2011 – 5:00 P.M.
KENNETH T. NUNN COUNCIL ROOM – CITY HALL

A **Regular Called Meeting of the City Commission** was held on **Wednesday, February 2, 2011, at 5:00 P.M.** in the Kenneth T. Nunn Council Room in City Hall, Texas City, Texas, with the following in attendance: Mayor Matthew T. Doyle, Commissioners: Mike Land, Donald Singleton, Scooter Wilson, Dee Ann Haney and Rick Wilkenfeld. Commissioner Johnson was unable to attend.

Mayor Matthew T. Doyle called upon **Pastor Daniel Keur, Trinity Baptist Church**, to offer the **Invocation**. **Mayor Matthew T. Doyle** led all present in the **recitation of the Pledge of Allegiance**.

Mayor Matthew T. Doyle announced that Commissioner Johnson was attending a P-Tech class program which is held on Wednesday nights. He will attend meetings when not in class and hopefully the class will end in May.

REPORTS

In compliance with Article 2.134 of the Texas Code of Criminal Procedure, Police Chief Robert Burby presented his 2010 Annual Racial Profiling Report to the City Commission. Racial profiling in the Texas City Police Department is prohibited by State Law and by Departmental Policy. After reviewing the data contained in this report, the Chief reported that he could find no evidence of racial profiling in this department and that it was his belief that the Texas City Police Department is in compliance with State requirements.

CONSENT AGENDA

Mayor Matthew T. Doyle stated that items (c), Resolution No. 11-006 authorizing amendment to water facilities financing agreement with Gulf Coast Water Authority for redemption prior to maturity of certain GCWA water system contract revenue bonds, **and (d),** Resolution No. 11-007 consenting to the redemption, prior to maturity, of certain Gulf Coast Water Authority water system contract revenue bonds **be pulled**.

- a. Consider approval of the **Minutes** from the January 10, 2011 special called City Commission Meeting.

- b. Consider approval of the **Minutes** from the January 19, 2011 regular called City Commission Meeting.
- e. Resolution No. 11-008 awarding annual contract to Progressive Commercial Aquatics, Inc. for water disinfecting chemicals for the Parks and Utilities Departments.

RESOLUTION NO. 11-008

A RESOLUTION AWARDING A BID AND AUTHORIZING THE MAYOR TO ENTER INTO AN ANNUAL CONTRACT FOR THE PURCHASE AND DELIVERY OF WATER DISINFECTING CHEMICALS; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

- f. Resolution No. 11-009 awarding a six (6) month contract for Liquid Asphalt.

RESOLUTION NO. 11-009

A RESOLUTION AWARDING A BID AND AUTHORIZING THE MAYOR TO ENTER INTO A SIX (6) MONTH CONTRACT FOR LIQUID ASPHALT PICKED UP LOADS; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

Commissioner Wilson made a MOTION to APPROVE CONSENT AGENDA items (a), (b), (e) and (f); the motion was SECONDED by Commissioner Haney. All presented voted AYE. MOTION CARRIED.

- c. Resolution No. 11-006 authorizing amendment to water facilities financing agreement with Gulf Coast Water Authority for redemption prior to maturity of certain GCWA water system contract revenue bonds.

RESOLUTION NO. 11-006

RESOLUTION AUTHORIZING AMENDMENT TO WATER FACILITIES FINANCING AGREEMENT WITH GULF COAST WATER AUTHORITY; CONSENTING TO THE REDEMPTION PRIOR TO MATURITY OF CERTAIN GULF COAST WATER AUTHORITY WATER SYSTEM CONTRACT REVENUE BONDS (CITY OF TEXAS CITY PROJECT) SERIES 1998C; APPROVING A CONTINUING DISCLOSURE AGREEMENT; AND CONTAINING MATTERS RELATED THERETO; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

- d. Resolution No. 11-007 consenting to the redemption, prior to maturity, of certain Gulf Coast Water Authority water system contract revenue bonds.

RESOLUTION NO. 11-007

A RESOLUTION OF THE CITY OF TEXAS CITY, TEXAS, TO CONSENT TO THE REDEMPTION PRIOR TO MATURITY OF CERTAIN GULF COAST WATER AUTHORITY WATER SYSTEM CONTRACT REVENUE BONDS (SOUTH PROJECT); APPROVING A CONTINUING DISCLOSURE AGREEMENT; AND CONTAINING MATTERS RELATED THERETO; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

Mayor Doyle explained the City was simply taking advantage of the interest rate as a cost saving measure.

Commissioner Singleton made a MOTION to APPROVE Item (c) Resolution No. 11-006 authorizing amendment to water facilities financing agreement with Gulf Coast Water Authority for redemption prior to maturity of certain GCWA water system contract revenue bonds and Item (d) Resolution No. 11-007 consenting to the redemption, prior to maturity, of certain Gulf Coast Water Authority water system contract revenue bonds; the motion was SECONDED by Commissioner Haney. All present voted AYE. MOTION CARRIED.

REGULAR ITEMS

- (a) **Third and final reading of Ordinance No. 11-01**, amending Code of Ordinances, Chapter 78, Section 78-11, Offenses and Miscellaneous Provisions, regarding sale of synthetic cannabinoids.

ORDINANCE NO. 11-01

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF TEXAS CITY, CHAPTER 78 OFFENSES AND MISCELLANEOUS PROVISIONS, BY ADDING SECTION 78-11, "SALE OF SYNTHETIC CANNABINOID PRODUCTS," TO INCLUDE SALE OF SMOKING PRODUCTS CONTAINING CERTAIN PLANT, PLANT PRODUCTS OR DERIVATIVES, CHEMICAL COMPOUNDS APPLIED TO PLANTS, AND PLANT PRODUCTS AND THEIR DERIVATIVES OR OTHER SUBSTANCES; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT THEREWITH; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR THE READING OF THIS ORDINANCE ON THREE (3) SEPARATE DAYS; AND PROVIDING THAT THIS ORDINANCE SHALL

BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION AND PUBLICATION BY CAPTION ONLY IN THE OFFICIAL NEWSPAPER OF THE CITY.

Sergeant Curtiss Pope reported that after serious consideration, it was decided to make a minor change to the Ordinance. That change was made by adding "Manufacturer." Sergeant Pope also stated that in the penalty clause, we were asking the court to require restitution for any expenses incurred during any investigation or for analysis. Basically, if an individual is convicted, they will be required to pay any expenses incurred. The cost for an analysis is approximately \$400.00.

Commissioner Land made a MOTION to APPROVE Ordinance No. 11-01 approving addition to the City of Texas City Code of Ordinances, Chapter 78, Section 78-11, Offenses and Miscellaneous Provisions, adding new section, Possession, Use, and Sale of Salvia Products; the motion was SECONDED by Commissioner Haney. All present voted AYE. MOTION CARRIED.

PUBLIC COMMENTS

Barbara White mentioned on the week of the 14th the Citizens Police Academy will be helping out on the upcoming warrant roundup by placing calls.

George Fuller, Community Development, introduced Fabian Lewis as the new Code Enforcement Officer.

The Mayor acknowledged Boy Scout _____ with Troop 246 who is working on his Eagle Badge.

Mike Stump, Sanitation Department, mentioned depending on the bad weather this Friday, February 4, 2011, the garbage trucks will not be running.

Doug Kneupper, Transportation and Planning, mentioned there is a new bus service on weekends which started the first week in January. The bus route is basically the orange route, but runs weekends. It is part of a grant, and there is no cost to the City.

MAYOR'S COMMENTS

Mayor and Bruce Clawson, Emergency Management Director, informed all that there would be a warming station located at the EEOC building.

COMMISSIONERS' COMMENTS

Scooter Wilson asked that everyone keep the BP employees and their families in their thoughts and prayers.

Mayor stated this was a very good point as BP has been a very good asset for the City and hopefully we would be getting a responsible purchaser and good citizen for the City in the future.

Having no further business, Commissioner Haney made a MOTION to ADJOURN at 5:20 p.m.; the motion was SECONDED by Commissioner Singleton. All present voted AYE. MOTION CARRIED.

MATTHEW T. DOYLE, MAYOR

ATTEST:

Susan Sensat,
Deputy City Secretary
2-4-2011

CITY COMMISSION AGENDA

Item #: 5. (b.

Date: 02/16/2011

Resolution Opposing State Legislation to Amend the Act Governing the Gulf Coast Water Authority

Submitted By: Doug Kneupper, Transportation and Planning

Department: Transportation and Planning

ACTION REQUEST (Brief Summary)

Consider a Resolution expressing the City's opposition to changing the GCWA Board of Directors. The specific change to oppose would be one additional member from Fort Bend County and one additional member from Brazoria County.

BACKGROUND

Currently, the GCWA is governed by a 7-member Board of Directors. All 7 members are residents of Galveston County and are appointed by Galveston County Commissioners Court.

In addition to the Board of Directors, there are 3 Customer Advisory Committees; 1) Industrial Operating Advisory Committee, 2) Mainland Municipal Operating Advisory Commite, and 3) Fort Bend and Brazoria Counties Advisory Committee. The Board of Directors may from time to time solicit advice from these committees.

The City of Sugar Land, located in Fort Bend COunty, has provided notice of their intent to seek legislation through the current state legislative session that would amend the ACT that governs the GCWA. The specific amendment would modify the GCWA Board of Directors to include two additional members; one from Fort Bend County, and one from Brazoria County.

ANALYSIS

After discussions with other Municipal and Industrial customers, there is no indication that additional Board members from Fort Bend and Brazoria Counties will provide benefits to the Galveston County customers. Therefore Galveston County customers should take action to oppose any legislation that changes the GCWA Board of Directors.

ALTERNATIVES CONSIDERED

Attachments

Res 11-010

RESOLUTION NO. 11-010

A RESOLUTION OPPOSING PROPOSED LEGISLATION TO AMEND THE ACT GOVERNING THE AUTHORITY AND AUTHORIZING THE GENERAL MANAGER, MEMBERS OF THE BOARD OF DIRECTORS AND REPRESENTATIVES OF THE AUTHORITY TO TAKE ACTIONS RELATED THERETO; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the Gulf Coast Water Authority (the “Authority”) was created by the Texas Legislature pursuant to House Bill 1127, 1965 Texas Legislature, as amended (the “Act”);

WHEREAS, the Act provides that the boundaries of the Authority are coterminous with the boundaries of Galveston County and the Authority is created primarily for the purpose of developing a supply of water for residents and businesses in Galveston County;

WHEREAS, the Authority is currently governed by a seven (7) member Board of Directors who consist of residents of Galveston County who were appointed by the Galveston County Commissioners’ Court;

WHEREAS, in addition to the Board of Directors, there are three (3) Customer Advisory Committees from which the Board may, from time to time, solicit advice: 1) Industrial Operating Advisory Committee; 2) Mainland Municipal Operating Advisory Committee; and 3) Fort Bend and Brazoria Counties Advisory Committee;

WHEREAS, the City of Sugar Land, in Fort Bend County, has provided notice of their intent to seek legislation through the current state legislative session that would amend the Act that governs the Authority, modifying the Authority Board of Directors to include two additional members; one from Fort Bend County and one from Brazoria County; and

WHEREAS, it is felt that, after discussions with other municipal and industrial customers, that there is no indication that additional Board members from Fort Bend and Brazoria Counties will provide benefits to the Galveston County customers and therefore, Galveston County customers should take action to oppose any legislation that changes the Authority Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:

SECTION 1: That the City Commission encourages its elected state officials to oppose legislation to amend the manner in which the Directors of the Gulf Coast Water Authority are appointed.

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February, 2011.

Matthew T. Doyle, Mayor
City of Texas City, Texas

ATTEST:

APPROVED AS TO FORM:

Nicholas J. Finan
City Secretary

Ronald F. Plackemeier
City Attorney

CITY COMMISSION AGENDA

Item #: 5. (c.

Date: 02/16/2011

Aerial Spraying for Mosquitoes

Submitted By: Susan Sensat, Administration

Department: City Secretary

ACTION REQUEST (Brief Summary)

BACKGROUND

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

Res 11-011

Galveston Co. Mosquito Letter

RESOLUTION NO. 11-011

A RESOLUTION APPROVING THE AERIAL SPRAYING OVER THE TERRITORY OF THE CITY OF TEXAS CITY, TEXAS, FOR THE ABATEMENT OF MOSQUITOES BY THE GALVESTON COUNTY MOSQUITO CONTROL DISTRICT; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the Galveston County Mosquito Control District is responsible for the operation of the county-wide Mosquito Control Program; and

WHEREAS, the Federal Aviation Administration has indicated that governmental approval is necessary to provide aerial spraying services over the territories of general purpose governments.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:

SECTION 1: That the City Commission hereby approves the aerial spraying over its territory for the abatement of mosquitoes, provided such spraying is conducted within the regulations and constraints of the Federal Aviation Administration, the Environmental Protection Agency, and other authoritative federal and state agencies.

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February, 2011.

Matthew T. Doyle, Mayor
City of Texas City, Texas

ATTEST:

APPROVED AS TO FORM:

Nicholas J. Finan
City Secretary

Ronald F. Plackemeier
City Attorney



GALVESTON COUNTY MOSQUITO CONTROL DISTRICT
5115 HWY 3
DICKINSON, TEXAS 77539

JOHN G. MARSHALL, JR
DIRECTOR
(281) 337-4289

ADVISORY BOARD
Jerry Valentine, Chairman
James Frederickson, Vice Chairman
Barbara Hutchinson, Secretary
Leo Bookman
Keith A. Dill

February 3, 2011

Nicholas Finan, City Secretary
City of Texas City
P.O. Drawer 2608
Texas City, TX 77590

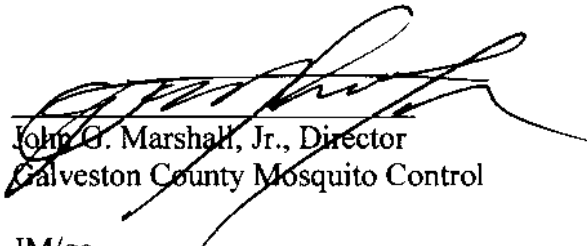
Dear Mr. Finan:

As providers of the county funded Mosquito Control Program, we are requesting your approval of the enclosed resolution authorizing the aerial spraying for mosquitoes. The Federal Aviation Administration requires us to make a request on a yearly basis. This request does not imply any change in our operations.

I would appreciate it if you would send us a copy of the resolution after it has been approved. You may mail it to 5115 Hwy. 3, Dickinson, TX 77539 or fax it to (409) 621-7973.

If you have any questions please do not hesitate to contact me at (281) 337-4289.

Sincerely,


John G. Marshall, Jr., Director
Galveston County Mosquito Control

JM/ge

Enclosure

CITY COMMISSION AGENDA

Item #: 5. (d.

Date: 02/16/2011

Development Agreement Between City and Galveston Peninsula Partners and Assignment of Utility Services Agreement to Galveston Peninsula Partners

Submitted By: Doug Kneupper, Transportation and Planning

Department: Transportation and Planning

ACTION REQUEST (Brief Summary)

Consider approval of a Resolution authorizing the Mayor to execute a **Development Agreement** between the City of Texas City, Galveston Peninsula Partners, LP, and Bay Lake Investments, LTD., and authorizing the assignment of a prior **Utility Services Agreement** between the City of Texas City, Grand Cay Harbour, LTD., and Galveston County Municipal Utility District No. 52, to Galveston Peninsula Partners, LP.

BACKGROUND

The original developer of Grand Cay Harbour received approval from the City and had several agreements approved throughout 2006. Construction of the project began, was substantially complete, but not totally complete. No homes have been constructed and the project was foreclosed on by the lender, Wachovia Bank.

A new developer, Galveston Peninsula Partners, LP has acquired the project from Wachovia and are finalizing their plans to develop the project. The new developer has requested "assignment" of the previous agreements to them specifically. In addition, the new developer has worked with the City to introduce some minor amendments to the original Development Agreement. It should be noted that all of the enforceable provisions of the original Development Agreement remain in place.

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

Res 11-012

Exhibit A - Development Agreement

RESOLUTION NO. 11-012

A RESOLUTION APPROVING DEVELOPMENT AGREEMENT BETWEEN THE CITY OF TEXAS CITY AND GALVESTON PENINSULA PARTNERS AND ASSIGNMENT OF UTILITY SERVICES AGREEMENT BETWEEN GRAND CAY HARBOUR, LTD. AND GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 52, TO GALVESTON PENINSULA PARTNERS, LP; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, the original developer of Grand Cay Harbour received approval from the City and entered into several agreements which were approved for the development;

WHEREAS, construction of the project began and was substantially complete; however, not totally complete and no homes have been constructed;

WHEREAS, the project was foreclosed on by the lender, Wachovia Bank;

WHEREAS, a new developer, Galveston Peninsula Partners, LP, has acquired the project from Wachovia and are now finalizing their plans to develop the project and have requested an assignment of the previous agreements;

WHEREAS, Galveston Peninsula Partners, LP has made minor amendments to the original Development Agreement; however, all enforceable provisions of the original Development Agreement remain in place;

WHEREAS, Galveston Peninsula Partners, LP request authorization for the City to enter into the revised Development Agreement between the City of Texas City, Galveston Peninsula Partners, LP and Bay Lake Investments, Ltd.; and

WHEREAS, Galveston Peninsula Partners, LP request authorization for the City to assign the Utility Services Agreement between the City of Texas City, Grand Cay Harbour, Ltd. and Galveston County Municipal Utility District No. 52 to Galveston Peninsula Partners, LP.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:

SECTION 1: That the Mayor is authorized to enter into a Development Agreement between the City of Texas City, Galveston Peninsula Partners, LP and Bay Lake Investments, Ltd. in substantially the same format as attached hereto as Exhibit "A".

SECTION 2: That the Mayor is authorized to execute any documentation necessary to assign the Utility Services Agreement between the City of Texas City, Grand Cay Harbour, Ltd. and Galveston County Municipal Utility District No. 52, to Galveston Peninsula Partners, LP.

SECTION 3: That this Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February, 2011.

Matthew T. Doyle, Mayor
City of Texas City, Texas

ATTEST:

APPROVED AS TO FORM:

Nicholas J. Finan
City Secretary

Ronald F. Plackemeier
City Attorney

DEVELOPMENT AGREEMENT

This DEVELOPMENT AGREEMENT (this "Agreement"), is made and entered into as of February 16, 2011 (the "Effective Date"), by and among the CITY OF TEXAS CITY, TEXAS, a municipal corporation and home-rule city of the State of Texas (the "City"), GALVESTON PENINSULA PARTNERS, LP, a Texas limited partnership ("Developer"), and BAY LAKE INVESTMENTS, LTD., a Texas limited partnership ("Owner") (the City, Developer and Owner, individually, a "Party," and collectively, the "Parties").

RECITALS

Developer owns approximately 113.042 acres of land situated in Galveston County, Texas, being all the land more particularly described in (i) that certain Substitute Trustee's Deed, Bill of Sale and Assignment, dated and recorded on November 2, 2010 in the Real Property Records of Galveston County, Texas (the "Records") under Document No. 2010054734 ("Deed 1"), and (ii) that certain Substitute Trustee's Deed, Bill of Sale and Assignment, dated and recorded on November 2, 2010 in the Records under Document No. 2010054736 ("Deed 2") (the land described in said Deed 1 and Deed 2, collectively, the "Developer Tracts"), and the right to purchase or a right of first refusal to acquire another approximately 164.45 acres of land situated in Galveston County, Texas, more particularly described in Exhibit A attached hereto (the "Owner Tracts"), which are owned by Owner, pursuant to written agreements with Owner. The Developer Tracts and the Owner Tracts are herein collectively called the "Property."

To facilitate development of the Property, the City and Grand Cay Harbour, Ltd., a Texas limited partnership ("Prior Developer"), agreed to de-annex the Property from the corporate limits of the City so that the Property is in the City's extraterritorial jurisdiction ("ETJ"), pursuant to that certain Development Agreement entered into on January 18, 2006 (as amended, the "Prior Agreement"). Among other things, the Prior Agreement allowed for the creation of the Galveston County Municipal Utility District No. 52 (the "District") for the provision of water, sewer and drainage facilities, certain road and street improvements, and navigation and canal improvements necessary to develop the Property. In accordance with applicable law, the City consented to the creation of the District, subject to certain conditions.

Prior Developer is neither involved in the development of the Property, nor the owner of any portion thereof, and to ensure the continued and orderly development of the Property the Parties (along with Prior Developer) desire to terminate the Prior Agreement and enter into this Agreement, which will, among other things, allow for the City to maintain its jurisdiction over the planning, development, and zoning of the Property.

Section 43.0751 of the Texas Local Government Code (the "Act") provides for the negotiation and implementation of strategic partnership agreements between cities and municipal utility districts, whereby the continued existence and various areas of governmental cooperation may be provided for by agreement, and the City and the District entered into that Certain Strategic Partnership Agreement effective as of January 17, 2006 (the "SPA"), a true and correct copy of which is attached hereto as Exhibit B.

The Parties have determined that they are authorized by the Constitution and laws of the State of Texas to enter into this Agreement and have further determined that the terms, provisions, and conditions hereof are mutually fair and advantageous to each.

For and in consideration of these premises and of the mutual promises, obligations, covenants, and benefits contained herein, the Parties contract and agree as follows:

AGREEMENT

ARTICLE 1 DEFINITIONS

The terms “*Act*,” “*City*,” “*Developer*,” “*District*,” “*ETJ*,” “*Owner*” “*Prior Developer*,” “*Property*” and “*SPA*” shall have the meanings provided for them in the Recitals, above. Except as may be otherwise defined, or the context clearly requires otherwise, capitalized terms and phrases used in this Agreement shall have the meanings as follows:

City Regulations is defined in Section 4.01, below.

City Subdivision Ordinance means those regulations contained in Chapter 110 of the Code of Ordinances, City of Texas City Texas (2005), as amended.

Comprehensive Plan means the City’s Comprehensive Plan for the location of streets, fire stations, police substations, libraries and other public facilities, as amended, subject to the rights of the parties hereto.

Planned Unit Development means the Planned Unit Development adopted by Ordinance 05-38, passed by the City Commission of the City of Texas, City on October 5, 2005 and recorded as Document No. 2006082505 of the Records on December 7, 2006 (the “Ordinance”), and the conceptual land plan and criteria for the development of the Property (the “Land Plan”), both of which are attached hereto as Exhibit C. The Parties acknowledge and agree that (i) the “Development Schedule” included in the Land Plan is for informational purposes and development of the Property has not proceeded and will not proceed in accordance with such schedule; (ii) the lot counts, boat slip counts, acreages, development phasing, etc. denoted in the Land Plan are for informational purposes and the actual figures may vary as development of the Property proceeds; and (iii) neither the Ordinance, nor the Land Plan, supersedes any variances affecting the Property that were approved by the City subsequent to its approval of the Ordinance.

ARTICLE 2 GENERAL STATEMENT AND CONSENT TO THE ASSIGNMENT OF UTILITY SERVICES AGREEMENT

2.01. General Statement. Subject to the specific terms and conditions stated in this Agreement and the SPA, the City has de-annexed the Property and will defer full purpose re-annexation of the Property for a specific period of time. The City will maintain jurisdiction over

the planning, development, zoning, and other regulation of the Property as set forth in the SPA, the Utility Agreement (as hereinafter defined), and this Agreement.

2.02. Assignment of Utility Agreement. The City, the District, and Prior Developer entered that certain Utility Services Agreement dated January 18, 2006 (the "Utility Agreement"). The City hereby consents to the assignment of Prior Developer's rights and responsibilities under the Utility Agreement to Developer retroactively to November 1, 2010, the date immediately prior to the date on which Developer foreclosed the interest of Prior Developer in the Developer Tracts and Utility Agreement, among other interests.

ARTICLE 3 OBLIGATIONS OF THE DEVELOPER

3.01. Dollar Bay Coastal Birding Park. Developer agrees to provide up to \$500,000 in funding (the "Park Funding") to the City for the construction of facilities at the City's Dollar Bay Coastal Birding Park (the "Park Facilities") and walking connections from the District to the Park Facilities. The Park Facilities shall be constructed, owned, operated and maintained by the City. The City agrees to (i) commence construction of the Park Facilities within 12 months of its receipt of the Park Funding; (ii) use its best efforts to complete such construction within an additional (12) months after commencement; and (iii) expend at least ninety percent (90%) of the Park Funding on the Park Facilities. The Park Facilities will be open to residents of the District in the same manner that they are open to residents of the City. The Park Funding shall be paid to the City upon the later of final platting or commencement of construction of the subdivision in which the 300th residential lot within the Property is situated. The Park Facilities will include an open-air pavilion type building capable of providing instructional presentations to single school classroom sizes. The building will provide for restroom facilities and a storage area. Additionally, the Park Facilities will include enough paved areas to accommodate 23 parking spaces. It is the intent that the Park Facilities will be located on the southwesterly portion of the City's property that is adjacent to the eastern boundary of the Developer Tracts and Owner Tracts, in close proximity to Dollar Bay at the approximate location denoted on Exhibit D attached hereto and incorporated herein by reference. Additionally, it is understood that other parties associated with the Dollar Bay Coastal Birding Park may desire to construct a storage building on City property adjacent to the Park Facilities for the purpose of storing sailboats of a dolly or small trailer transportable type (Sunfish, etc.). Providing that the design of the storage building is architecturally compatible with the Park Facilities and the architectural guidelines established in restrictive covenants covering any portion of the Property (the "Restrictive Covenants"), the Developer and/or any property owners association responsible for enforcing the Restrictive Covenants will allow Approved Parties to utilize the boat ramp when constructed in the recreational area of the Property adjacent to the Park Facilities. It is understood that the "Approved Parties" will mean only youth groups and school class groups approved by the City, properly supervised and part of group planned activities. The construction of the boat ramp will be a component of the recreational facilities to be constructed during the second phase of lot development in the Property and completed on or before the date such second phase of lot development is completed. For purposes of the preceding sentence, the second phase of lot development refers to the platting and development of all of the Developer Tracts described in Deed 1. If the City's actual cost of designing and constructing the Park Facilities is less than

\$500,000, the City will provide Developer (upon written request) documentation showing the monies expended on the Park Facilities, and will expend the unspent portion of the Park Funding on other park and recreational facilities, such as a fishing pier, designed and constructed by the Developer to serve the residents of the District.

3.02. Road and Street Improvements.

(a) Bay Street (North of 25th Avenue) and Outfall Bridge. Developer acknowledges that portions of Bay Street (North of 25th Avenue) and the Outfall Bridge as defined below (collectively, the “Road Facilities”), serve and provide the primary source of access to the Property. Developer further acknowledges that heavy traffic by construction equipment and supply trucks on the Road Facilities will be necessary to develop the Property and will result in significant use and non-standard wear and tear of the Road Facilities. “Outfall Bridge” means the bridge located on Bay Street south of the Bay Street Bridge (as hereinafter defined) crossing over a rain water canal. Accordingly, Developer agrees to provide funding for, or design and construct or cause to be designed and constructed by the District, all reasonably necessary maintenance and repair of the Road Facilities until the date that the City is required to accept the Road Facilities for City maintenance hereunder. The Parties hereby acknowledge and agree that (i) such required repair of and maintenance obligations will consist of patching and resurfacing only, and (ii) Developer will not be obligated to reconstruct or replace the Road Facilities until one of the two conditions set forth in the next sentence has been satisfied. Developer further agrees to provide funding for, or design and construct or cause to be designed and constructed by the District, the complete reconstruction of the Road Facilities one time only upon the occurrence of the earlier of: (i) a determination by City’s Engineer that the Road Facilities are unsafe, or (ii) the completion of four hundred (400) residential lots on the Property (the “One-Time Reconstruction Project”).

Developer agrees that any maintenance, repair, or reconstruction work on the Road Facilities in accordance with this Agreement will be done in accordance with plans and specifications approved by the City and that the replacement of the Outfall Bridge shall be designed and constructed, at Developer’s election, as either an open-span bridge (which may have more than one span) or with a multi-barrel culvert bridge, provided either type of replacement bridge selected by Developer cannot create more than 1/10th of one foot of hydraulic head loss when modeled with the 100-year rainfall event. Developer agrees that it will require or cause to require all contractors who perform construction work related to One-Time Reconstruction Project required under this Agreement to provide a one-year warranty and maintenance bond to the Developer or the District, assignable to the City, in compliance with the bonding requirements of the City then applicable to the Road Facilities.

Upon completion of the One-Time Reconstruction Project in accordance with all permits and approvals and upon acceptance thereof by the City, Developer or the District, as applicable, will convey such Road Facilities to the City, free and clear of all liens and encumbrances (but subject to the Developer’s rights to reimbursement from the District for funds advanced by the Developer to the District, if any, with respect thereto) and the City will accept the same for perpetual ownership, operation and maintenance by the City.

The City agrees to consent to the annexation by the District of any right of way necessary to carry out the maintenance, repair, or reconstruction of the Road Facilities in accordance with this Agreement. To the extent that the City is the owner of any such right of way, the City agrees to petition for the annexation of such right of way into the District.

(b) All Road and Street Improvements. Developer agrees: (i) to submit to the City for review and approval all plans and specifications for road and street improvements made on the Property, (ii) to allow the City the right to provide full-time construction observation of any such road and street improvements and to inspect and approve all road and street improvements made on the Property prior to final acceptance by the City, if applicable, and (iii) to reimburse the City for its costs associated with the functions described in (i) and (ii) .

(c) Skyline Drive and Bay Street Bridge. Developer acknowledges and agrees that the City will never have the responsibility to maintain Skyline Drive or the Bay Street Bridge, such responsibilities being the obligation of Galveston County, Texas. “Bay Street Bridge” means the bridge located on Bay Street north of the Outfall Bridge and adjacent to a rain water lift station.

3.03. Property Owners Association(s). Developer agrees that subsequent to the Effective Date (i) any portion of the Property it develops, save except the Marina Tract and the Edwards Point Tract (as hereinafter defined), will be included in at least one property owners’ association; and (ii) unless already restricted by a covenant of record as required in Section 4.01 hereof, all subdivision declarations affecting the Property will expressly reference that owners must abide by the City Regulations (as hereinafter defined) as contemplated in said Section 4.01. The City hereby acknowledges that (i) the portions of the Property that have been platted as of the Effective Date are covered by that certain Declaration of Covenants, Conditions, Restrictions and Easements for Grand Cay Harbour, a Subdivision in Galveston County, dated January 10, 2008, recorded in the Records under Clerk’s File No. 2008010963 (the “Declaration”) and (ii) Developer may annex other portions of the Property into said Declaration in accordance with the terms thereof.

3.04. Maintenance of Certain Improvements. Developer shall use its best efforts to cause the District or the applicable property owners’ association(s) to have the responsibility for permanently maintaining all of the following types of improvements serving the Property: (i) detention facilities, if any, (ii) navigation improvements including dredging for any purposes, canals, and bulkheads, (iii) parks and recreational facilities, (iv) streetlights, and (v) the road and street improvements other than the Road Facilities (the “Non-City Improvements”). Developer acknowledges and agrees that the City shall never have the responsibility to own, operate or maintain the Non-City Improvements.

3.05. Cost Reimbursement. Developer shall reimburse the City for professional consulting fees, including legal and engineering, reasonably incurred by the City in connection with the review and approval of this Agreement and any other agreements between the City and Developer. Such cost shall be reimbursed within 30 days of notice thereof by the City, accompanied by copies of invoices and appropriate backup documentation.

3.06. Annexation Petition. The Parties hereby acknowledging that that limited purpose annexation referenced in the Prior Agreement has been completed by Prior Developer and Owner. Developer and Owner (to the extent Owner owns any portion of the Property at the time) shall file with the City a petition for full purpose re-annexation of the Property by the City consistent with (and at the time required by) the terms of the SPA, and shall file such petition in the Records, such petition to run with the land and be binding upon subsequent owners of the Property, until the passage of the ordinance of annexation by the City and recordation of the applicable ordinances, which shall then supersede the petition and run with the land. Any other consents within the power of Developer or Owner to give that may be lawfully required to accomplish the full purpose re-annexation shall also be provided by the applicable Party, and to the extent such consents are not within the power of Developer or Owner to give, the applicable Party shall cooperate with the City's efforts to obtain and deliver such consents from the persons with power to give them. All such consents shall be recorded with the Galveston County Clerk as covenants running with the land. If Developer or Owner fails to deliver to the City any consent or petition within the applicable Party's power to give that is required for the full purpose re-annexation, then the District may be dissolved, at the option of the City. This Agreement constitutes the consent and petition of Developer and Owner to the full purpose re-annexation as herein provided, and upon request by the City, Developer and Owner shall also execute a separate petition for full purpose re-annexation. All of said consents to the full purpose re-annexation shall be delivered as soon as practicable after the execution of this Agreement, but shall be conditioned as provided in this Agreement and the SPA.

3.07. Termination Shall Not Impair Consent to Annexation. The termination of this Agreement, the SPA, or dissolution of the District shall not impair any consent to the full purpose re-annexation or obligation to provide any consent to the full purpose re-annexation.

3.08. Dry Utilities. Developer agrees that all dry utilities, such as electric, gas, telephone and cable, shall be placed underground throughout the Project; provided, however, that "three-phase" power lines may be elevated and may be placed in easements along the perimeter of the Property and within the interior of the Property as may be required by the power provider to serve the Property. Developer agrees that light poles throughout the Property shall be concrete.

3.09. Marina and Edwards Point Tracts. Notwithstanding anything to the contrary in this Agreement, the Parties hereby acknowledge and agree that obligations of Developer set forth in Sections 3.01 and 3.02 hereof shall neither apply to, nor be triggered by development activities of Developer, Owner or their successors and assigns on (i) the approximately 62.33 acre tract situated in the Property and more particular described in Exhibit E attached hereto (the "Marina Tract"; or (ii) the approximately 24.04 acre tract of land situate in the Property and more particularly described in Exhibit E attached hereto (the "Edwards Point Tract").

ARTICLE 4 LAND AND DEVELOPMENT COVENANTS

4.01. City Regulations Applicable. Developer and Owner agree that, subject to the terms of this Agreement, they will abide by the terms of the PUD and all Chapters of the Code of Ordinances, City of Texas City, Texas (2005), as amended (collectively, the "City Regulations"), and notwithstanding the fact that some or all of such regulations would not otherwise apply to

the Property located outside the City. Plans and specifications for all public improvements shall be submitted for the review and approval of the City consistent with the City ordinance consenting to the creation of the District. Developer and Owner agrees that, at the time it records a subdivision plat for any tract of land in the Property that has not been platted as of the Effective Date or, if sooner, prior to the sale or conveyance of any land within the Property, it will record a restrictive covenant on such portion of the Property being platted or conveyed, which will require all subsequent grantees to abide by the City Regulations in the same manner, and binding Developer or Owner (as applicable, whoever owns the Property), the District, and their successors in title, to the provisions hereof and of the SPA (expressly subject to Homeowner Limitations specified below), and further providing that the City is a third party beneficiary to such covenants. Developer will provide any such restrictive covenant described in the preceding sentence to the City Attorney for review and comment at least ten (10) days prior to recording thereof. The application of the City Regulations to the Property by this Agreement or the SPA is not intended to supersede the land plan or development criteria for the Property contained in the PUD or any other agreements already entered into or to be entered into between the Parties.

4.02 Homeowner Limitations. Notwithstanding anything herein to the contrary (including Section 4.01 restrictive covenants), individual owners of residential platted subdivision Lots, platted commercial reserves, and platted recreational, wetlands or similar common use reserves (including property owners associations), and residential homebuilders who are not the subdivision developer, are subject only to and bound only by the following provisions of this Agreement in regard to their use, ownership, development and occupancy of such platted lots or reserves: (a) the obligation to comply with City Regulations under Section 4.01 hereof, and (b) the mandatory full-purpose re-annexation provisions hereof and of the SPA.

4.03. Land Use. Developer and Owner agree to comply with the provisions of the City Regulations, subject to the rights of the Parties, with such variations thereto as may be required to conform to the PUD or as may be agreed to by the Parties, it being agreed that the City's agreements with Developer in this regard (as to any Developer-owned portion of the Property) do not require Owner's consent; however, the City's agreement with Owner in this regard (as to any portion of the Property owned by Owner) will require the joinder and consent of Developer as long as Developer holds any contract right to purchase or option or right of first offer or refusal to purchase any such Property owned by Owner.

4.04. Planned Unit Development. Developer and Owner represent and warrant that they will develop the Property subject to the provisions of this Agreement and the PUD.

4.05. Front Building Line. The City acknowledges and agrees that Developer, acting through the property owners association and in accordance with the Declaration has the right to grant front building line (B.L.) variances for all lots platted at the time of this Agreement. The property owners association shall be responsible for issuing documentation verifying any such variance granted. Such right shall allow the foundations of residences with balconies and porches to project up to 10 feet into the front or rear yard (i.e. beyond the B.L. setback shown on the recorded plat). Stairs, if necessary, may extend as needed. A portion of the living area may project into the front yard provided (i) a minimum 20' B.L setback is maintained and (ii) the front face of a garage door remains a minimum distance of 20' from the front property line to

allow for an adequate vehicle parking area. The City further acknowledges and agrees that Developer, acting through the property owners association and in accordance with the Declaration, has the right to grant other variances consistent with the minutes of the Meeting of the City of Texas City, Texas Planning Board held on November 20, 2006, a true and correct copy of which is attached hereto as Exhibit F.

ARTICLE 5 SPECIAL PROVISIONS

5.01. Army Corps of Engineers Permit. The Parties acknowledge that development of the Property is affected by the U.S. Corps of Engineers Permit No. SWG-2000-02989 [formerly No. 13037(09)] (the "Permit").

5.02. Owner Not a Developer. The Parties acknowledge and agree that Owner is neither currently developing any portion of the Property, nor a partner, joint venturer, stockholder, owner, member or affiliate of Developer in connection with its development of the Property. The preceding sentence is intended merely to clarify Owner's current status in connection to the Property and shall not be construed as a limitation on Owner's right, if any, to subsequently elect to develop the Property. The Parties further acknowledge and agree that if Owner and/or assigns subsequently elects to develop any portion of the Property, save and except the Marina Tract and the Edwards Point Tract, then (i) all terms and conditions of this Agreement affecting Developer shall also apply to Owner with respect to its development activities on the Property; and (ii) the Party triggering any obligation set forth in this Agreement by its development activities shall be solely and automatically responsible for such obligation.

ARTICLE 6 TERM AND DEFAULT

6.01. Term. This Agreement shall be in effect as of the date set forth on the first page hereof, and shall terminate 20 years thereafter, unless terminated earlier as specifically provided herein.

6.02. Default.

(a) A Party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such Party fails to materially perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any Party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such failure shall notify, in writing, the Party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within 30 days of the receipt of such notice. Upon a breach of this Agreement, the non-defaulting Party shall be entitled to

specific performance. Regardless of any other provision, no Party shall be entitled to recover money damages for breach of this Agreement or a tort related to this Agreement. Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section 6.02 pursuant to the provisions of any other section of this Agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party.

ARTICLE 7
MISCELLANEOUS PROVISIONS

7.01. Approvals and Consents. Approvals or consents required or permitted to be given under this Agreement shall be evidenced by an ordinance, resolution or order adopted by the governing body of the appropriate Party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of the Party. Approvals and consents shall be effective without regard to whether given before or after the time required for giving such approvals or consents.

7.02. Address and Notice. Any notice to be given under this Agreement shall be given in writing, addressed to the party to be notified as set forth below, and may be given either by depositing the notice in the United States mail postage prepaid, registered or certified mail, with return receipt requested; by messenger delivery; or by telecopy. Notice deposited by mail shall be effective three (3) days after posting notice given in any other manner shall be effective upon receipt by the party to be notified. For purposes of notice, the addresses of the parties shall be as follows:

If to the City, to:

Mayor
City of Texas City
PO Box 2608
Texas City, Texas 77592

If to Developer, to:

Galveston Peninsula Partners, LP
250 Mountain Road
Englewood, New Jersey 07631
Attention: Joseph Gontownik

With required copy sent via electronic mail to: jerry@stonepost.net

With required copy to:

Adams and Reese, LLP
1221 McKinney, Suite 4400
Houston, Texas 77010
Attention: Jonathan A. Peckham

If to Owner, to:

Bay Lake Investments, Ltd., a Texas limited partnership
c/o Lyman S. Reed
P. O. Box 167
Texas City, Texas 77592

With required copy to:

David M. Oualline, Esq.
17050 El Camino Real
Houston, Texas 77058-2630

The Parties shall have the right from time to time to change their respective addressees by giving written notice of such change to the other party at least 15 days prior to the effective date of the change.

7.03. Assignability; Successors and Assigns. All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns. The Parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other Parties, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, without City consent, Developer may (i) make an assignment to a successor developer of the Property if such assignee specifically assumes all of the obligations of Developer hereunder, and (ii) may make a collateral assignment in favor of a lender (and such lender may foreclose thereon and reassign this Agreement to the buyer of Property at or after foreclosure as long as the assignee assumes the obligations of Developer thereafter accruing hereunder). This Section 7.03 shall not be construed to prevent Developer from selling lots, parcels or other portions of the Property in the normal course of business. If such assignment of the obligations by Developer hereunder is effective, Developer shall be deemed released from such obligations. If any assignment of the obligations by Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

7.04. No Additional Waiver Implied. The failure of any Party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other Party(ies).

7.05. Reservation of Rights. All rights, powers, privileges and authority of the Parties not restricted or affected by the express terms and provisions hereof are reserved by the Parties and, from time to time, may be exercised and enforced by the Parties.

7.06. Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third parties.

7.07. Merger. This Agreement embodies the entire understanding between the Parties and there are no representations, warranties, or agreements between the Parties covering the subject matter of this Agreement.

7.08. Modification; Exhibits. This Agreement shall be subject to change or modification only with the mutual written consent of the Parties. The exhibits attached to this Agreement are incorporated by this reference for all purposes.

7.09. Captions. The captions of each section of this Agreement are inserted solely for convenience and shall never be given effect in construing the duties, obligations or liabilities of the Parties or any provisions hereof, or in ascertaining the intent of any Party, with respect to the provisions hereof.

7.10. Interpretations. This Agreement and the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

7.11. Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed from this Agreement and the remaining portions of this Agreement shall remain in effect.

7.12. Consent Required for Recordation and/or Amendment; Covenant Running with the Land. The City or Developer may not record this Agreement or and/or a memorandum hereof in the Records without the prior written consent of each of the Parties. Notwithstanding the preceding sentence, all obligations of the Developer and Owner herein shall be covenants running with the land and shall bind all future owners of any interest in the Property. No provision of this Agreement may be amended without the advance, written consent of the Parties, specifically stating that such document is an amendment of this Agreement. Without limiting the generality of the foregoing, neither the owners of the Property herein described nor any property owners' association shall have the authority to amend this Agreement.

7.13. Authority within City limits. Regardless of any other provision, nothing herein shall impair or restrict any authority, powers or rights of the City within the incorporated limits of the City.

7.14. Termination of Prior Agreement. The Parties and Prior Developer (who joins herein only for this purpose) acknowledge and agree that the Prior Agreement is hereby terminated. No Party shall have any rights or responsibilities under the Prior Agreement, including any obligations arising from Prior Developer's defaults thereunder, if any.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date first given above.

CITY OF TEXAS CITY, TEXAS

Matthew T. Doyle, Mayor

ATTEST:

Nick Finan, City Secretary

Signature Page of Developer Follows

*Signature Page of Developer to
Development Agreement dated as of February 16, 2011*

DEVELOPER:

GALVESTON PENINSULA PARTNERS, LP,
a Texas limited partnership

By: Galveston Peninsula, LLC, a Texas
limited liability company, its General
Partner

By: _____
Joseph Gontownik, Manager

Signature Page of Owner Follows

*Signature Page of Owner to
Development Agreement dated as of February 16, 2011*

OWNER:

BAY LAKE INVESTMENTS, LTD., a Texas
limited partnership,

By: Bay Lake Management, L. L. C., a
Texas limited liability company, its
General Partner

By: _____
Lyman S. Reed, Manager

Signature Page of Prior Developer Follows

*Signature Page of Prior Developer to
Development Agreement dated as of February 16, 2011*

Prior Developer joins herein for the sole purpose of acknowledging that the Development Agreement dated as of January 18, 2006, by and between the City and Prior Developer, is terminated pursuant to Section 7.14 of this Agreement.

PRIOR DEVELOPER:

GRAND CAY HARBOUR, LTD.,
a Texas limited partnership

By: Dollar Cay Development, Inc.,
its General Partner

By: _____
Tom W. Moughon, President

EXHIBIT A

Survey of 277.49 acres out of the Stephen F. Austin Survey No. 4, Abstract 4, Galveston County, Texas, and being the same tract conveyed to the Lyman S. Reed Family Limited partnership in Film Code No. 012-22-0985 as recorded in the office of the County Clerk, Galveston County, Texas, and being described by metes and bounds as follows:

COMMENCING at the NGS Monument H 1204;
THENCE N 60° 57' 04" W, a distance of 63.97 feet to the Mean Higher High Water Line of Dollar Bay and the POINT OF BEGINNING;
THENCE along the said Mean Higher High Water Line of GALVESTON Bay the following courses and distances:
N 06-34-31 E, a distance of 66.08 feet;
THENCE N 60-47-51 E, a distance of 88.51 feet;
THENCE N 71-05-46 E, a distance of 62.84 feet;
THENCE N 44-50-25 E, a distance of 57.25 feet;
THENCE N 63-17-38 E, a distance of 45.84 feet;
THENCE S 71-19-18 E, a distance of 101.06 feet;
THENCE S 50-17-16 E, a distance of 46.63 feet;
THENCE S 62-13-04 E, a distance of 29.05 feet;
THENCE S 21-39-22 E, a distance of 34.19 feet;
THENCE S 46-00-27 E, a distance of 203.29 feet;
THENCE S 49-41-16 E, a distance of 148.77 feet;
THENCE S 51-50-22 E, a distance of 110.35 feet;
THENCE S 61-40-09 E, a distance of 1291.50 feet;
THENCE S 65-28-22 E, a distance of 481.14 feet;
THENCE S 54-57-58 E, a distance of 49.87 feet;
THENCE S 65-08-15 E, a distance of 774.67 feet;
THENCE S 65-57-13 E, a distance of 744.38 feet to the East line of the said Lyman S. Reed Family Limited Partnership Tract, and the West line of the Nature Conservancy of Texas Inc., tract as described in Film Code 013-74-1903 in the office of the County Clerk, Galveston County, Texas;
THENCE S 24-48-03 W along the said common line, a distance of 136.96 feet to a found 1/2" I. Rod;
THENCE continuing S 24-48-03 W, along the said common line, a distance of 3033.68 feet to the Mean Higher High Water line of Dollar Bay;
THENCE along the said Mean Higher High Water line of Dollar Bay, the following courses and distances:
N 74-21-19 W, a distance of 51.77 feet;
THENCE N 68-38-46 W, a distance of 72.84 feet;
THENCE N 89-13-33 W, a distance of 32.73 feet;
THENCE N 86-41-25 W, a distance of 31.69 feet;
THENCE S 81-04-44 W, a distance of 75.77 feet;
THENCE S 65-54-19 W, a distance of 55.51 feet;
THENCE S 78-45-06 W, a distance of 46.25 feet;
THENCE S 70-57-47 W, a distance of 238.10 feet;
THENCE S 53-15-06 W, a distance of 48.99 feet;
THENCE S 79-12-24 W, a distance of 92.16 feet;
THENCE S 80-58-23 W, a distance of 31.89 feet;
THENCE N 87-28-32 W, a distance of 93.60 feet;
THENCE S 85-18-06 W, a distance of 147.93 feet;
THENCE S 70-33-04 W, a distance of 241.75 feet;
THENCE S 60-48-43 W, a distance of 24.62 feet;
THENCE N 21-21-56 W, a distance of 25.28 feet;
THENCE N 54-12-28 W, a distance of 13.54 feet;
THENCE N 17-37-11 W, a distance of 23.09 feet;
THENCE S 88-54-59 W, a distance of 122.73 feet;
THENCE S 70-51-57 W, a distance of 25.98 feet;

THENCE S 76-07-37 W, a distance of 196.35 feet;
THENCE N 87-08-24 W, a distance of 23.70 feet;
THENCE S 89-10-26 W, a distance of 235.74 feet;
THENCE S 84-12-11 W, a distance of 43.94 feet;
THENCE S 80-21-20 W, a distance of 58.18 feet;
THENCE N 80-30-24 W, a distance of 153.72 feet;
THENCE N 84-48-58 W, a distance of 93.30 feet;
THENCE S 18-52-55 W, a distance of 29.39 feet;
THENCE N 79-01-56 W, a distance of 67.64 feet;
THENCE S 08-03-16 W, a distance of 20.43 feet;
THENCE N 49-18-09 W, a distance of 49.02 feet;
THENCE S 61-11-40 W, a distance of 36.53 feet;
THENCE N 69-21-49 W, a distance of 41.78 feet;
THENCE S 60-56-36 W, a distance of 59.29 feet;
THENCE N 31-11-51 W, a distance of 45.77 feet;
THENCE N 66-59-24 W, a distance of 98.41 feet;
THENCE N 62-37-26 W, a distance of 100.51 feet;
THENCE S 88-36-55 W, a distance of 126.15 feet;
THENCE N 67-05-04 W, a distance of 64.42 feet;
THENCE S 68-12-19 W, a distance of 56.35 feet;
THENCE N 72-31-12 W, a distance of 39.93 feet;
THENCE N 26-58-36 W, a distance of 14.07 feet;
THENCE N 86-17-14 W, a distance of 26.72 feet;
THENCE N 83-12-48 W, a distance of 39.06 feet;
THENCE S 45-06-17 W, a distance of 31.31 feet;
THENCE S 44-59-38 W, a distance of 40.46 feet;
THENCE S 03-05-43 E, a distance of 30.54 feet;
THENCE S 45-27-44 W, a distance of 24.76 feet;
THENCE S 71-43-35 W, a distance of 68.54 feet;
THENCE N 46-15-13 W, a distance of 172.98 feet;
THENCE N 85-59-21 W, a distance of 42.60 feet;
THENCE S 39-02-48 W, a distance of 28.38 feet;
THENCE N 86-00-58 W, a distance of 162.56 feet;
THENCE S 65-58-40 W, a distance of 41.90 feet;
THENCE S 75-28-08 W, a distance of 26.30 feet;
THENCE N 35-24-56 W, a distance of 18.19 feet;
THENCE N 70-07-06 W, a distance of 61.94 feet;
THENCE N 16-59-06 W, a distance of 27.56 feet;
THENCE N 61-55-57 W, a distance of 263.29 feet;
THENCE S 95-13-42 W, a distance of 80.44 feet;
THENCE N 55-26-00 W, a distance of 25.76 feet;
THENCE N 19-12-49 E, a distance of 91.04 feet;
THENCE N 29-45-09 E, a distance of 179.21 feet;
THENCE N 03-13-30 E, a distance of 48.16 feet;
THENCE N 38-43-10 E, a distance of 154.15 feet;
THENCE N 24-37-46 E, a distance of 39.53 feet;
THENCE N 03-37-35 E, a distance of 35.84 feet;
THENCE N 37-02-56 W, a distance of 25.59 feet;
THENCE N 39-59-54 E, a distance of 136.90 feet;
THENCE N 27-06-59 E, a distance of 71.01 feet;
THENCE N 67-19-09 E, a distance of 14.21 feet;
THENCE N 08-55-53 E, a distance of 12.48 feet;
THENCE N 69-16-37 E, a distance of 20.35 feet;
THENCE N 54-33-39 E, a distance of 171.44 feet;
THENCE N 44-13-45 E, a distance of 62.58 feet;
THENCE N 09-43-37 E, a distance of 111.71 feet;
THENCE N 20-51-18 W, a distance of 13.34 feet;

THENCE N 20-07-50 E, a distance of 25.62 feet;
THENCE N 78-48-13 E, a distance of 20.19 feet;
THENCE S 76-34-00 E, a distance of 89.41 feet;
THENCE N 69-41-04 E, a distance of 131.15 feet;
THENCE N 46-52-10 E, a distance of 72.99 feet;
THENCE N 21-36-17 E, a distance of 36.15 feet;
THENCE N 06-35-38 W, a distance of 50.52 feet;
THENCE N 04-48-41 E, a distance of 76.66 feet;
THENCE N 50-25-21 E, a distance of 33.88 feet;
THENCE N 07-41-28 E, a distance of 66.94 feet;
THENCE N 43-50-42 E, a distance of 42.50 feet;
THENCE S 57-02-19 E, a distance of 13.20 feet;
THENCE S 17-36-36 W, a distance of 51.83 feet;
THENCE S 23-47-44 W, a distance of 57.55 feet;
THENCE S 20-23-00 W, a distance of 86.98 feet;
THENCE S 07-58-54 E, a distance of 55.50 feet;
THENCE S 11-34-07 W, a distance of 45.73 feet;
THENCE S 44-48-02 W, a distance of 84.64 feet;
THENCE S 60-42-52 W, a distance of 87.84 feet;
THENCE S 23-30-59 W, a distance of 179.02 feet;
THENCE S 07-32-08 E, a distance of 190.76 feet;
THENCE S 18-10-01 E, a distance of 323.81 feet;
THENCE S 26-12-34 E, a distance of 466.07 feet;
THENCE S 52-23-25 E, a distance of 68.27 feet;
THENCE N 65-10-56 E, a distance of 67.96 feet;
THENCE S 68-14-08 E, a distance of 55.00 feet;
THENCE S 89-31-06 E, a distance of 134.09 feet;
THENCE S 54-35-07 E, a distance of 81.49 feet;
THENCE S 79-43-44 E, a distance of 116.61 feet;
THENCE S 76-04-19 E, a distance of 138.76 feet;
THENCE S 85-17-31 E, a distance of 67.34 feet;
THENCE N 49-03-02 E, a distance of 40.08 feet;
THENCE N 83-35-25 E, a distance of 153.01 feet;
THENCE S 89-09-41 E, a distance of 139.48 feet;
THENCE S 71-26-02 E, a distance of 69.48 feet;
THENCE N 85-53-11 E, a distance of 271.92 feet;
THENCE N 64-43-02 E, a distance of 188.43 feet;
THENCE N 18-43-13 E, a distance of 55.74 feet;
THENCE N 12-38-59 W, a distance of 57.18 feet;
THENCE N 36-12-51 E, a distance of 154.20 feet;
THENCE N 31-45-30 W, a distance of 66.74 feet;
THENCE N 13-18-07 E, a distance of 107.28 feet;
THENCE N 34-08-31 E, a distance of 80.65 feet;
THENCE N 01-47-00 W, a distance of 59.87 feet;
THENCE N 30-03-37 E, a distance of 204.57 feet;
THENCE N 12-33-00 E, a distance of 87.38 feet;
THENCE N 01-42-10 W, a distance of 166.29 feet;
THENCE N 25-38-06 W, a distance of 302.88 feet;
THENCE N 30-01-48 W, a distance of 199.01 feet;
THENCE N 01-45-31 E, a distance of 187.37 feet;
THENCE N 26-43-02 W, a distance of 89.96 feet;
THENCE N 79-36-21 W, a distance of 167.39 feet;
THENCE N 80-18-30 W, a distance of 46.68 feet;
THENCE S 41-55-36 W, a distance of 42.33 feet;
THENCE N 73-05-36 W, a distance of 35.03 feet;
THENCE S 43-15-20 W, a distance of 45.57 feet;
THENCE S 43-46-07 W, a distance of 239.98 feet;

THENCE S 82-39-18 W, a distance of 165.03 feet;
THENCE N 78-18-30 W, a distance of 140.16 feet;
THENCE N 53-16-15 W, a distance of 169.48 feet;
THENCE N 33-04-14 W, a distance of 143.19 feet;
THENCE N 25-42-20 W, a distance of 238.31 feet;
THENCE N 09-49-29 W, a distance of 135.23 feet;
THENCE N 49-35-31 W, a distance of 103.43 feet;
THENCE S 82-16-12 W, a distance of 20.29 feet;
THENCE N 49-10-37 W, a distance of 4.15 feet;
THENCE N 02-49-30 E, a distance of 18.35 feet;
THENCE N 34-49-42 E, a distance of 8.88 feet;
THENCE N 71-42-55 E, a distance of 53.24 feet;
THENCE N 01-21-01 W, a distance of 87.30 feet;
THENCE N 20-39-51 E, a distance of 61.66 feet;
THENCE N 30-13-36 E, a distance of 55.38 feet;
THENCE N 06-21-20 W, a distance of 39.34 feet;
THENCE N 17-44-38 W, a distance of 55.92 feet;
THENCE N 18-14-48 W, a distance of 109.02 feet;
THENCE N 28-36-21 W, a distance of 102.61 feet;
THENCE N 28-16-16 W, a distance of 74.55 feet;
THENCE N 44-41-32 W, a distance of 53.18 feet;
THENCE N 60-53-02 W, a distance of 89.30 feet;
THENCE S 83-10-40 W, a distance of 21.18 feet;
THENCE S 41-52-34 W, a distance of 18.75 feet;
THENCE N 84-57-42 W, a distance of 30.17 feet;
THENCE N 34-09-14 E, a distance of 54.69 feet;
THENCE N 47-35-24 E, a distance of 71.26 feet;
THENCE N 14-43-32 E, a distance of 130.76 feet;
THENCE N 12-43-56 W, a distance of 48.41 feet;
THENCE N 08-01-21 E, a distance of 19.49 feet;
THENCE N 67-07-59 W, a distance of 46.42 feet;
THENCE N 13-22-16 W, a distance of 38.91 feet;
THENCE N 12-15-12 W, a distance of 31.47 feet;
THENCE N 28-22-05 E, a distance of 87.13 feet;
THENCE N 62-58-42 E, a distance of 30.21 feet;
THENCE N 01-41-38 W, a distance of 54.79 feet;
THENCE N 20-37-10 W, a distance of 30.38 feet;
THENCE N 46-20-41 W, a distance of 20.79 feet;
THENCE N 72-48-53 E, a distance of 38.89 feet;
THENCE N 10-05-32 W, a distance of 39.84 feet;
THENCE N 06-43-20 E, a distance of 83.68 feet;
THENCE N 17-20-12 E, a distance of 66.33 feet;
THENCE N 44-45-50 E, a distance of 22.38 feet;
THENCE N 00-22-32 E, a distance of 55.86 feet;
THENCE N 13-41-27 E, a distance of 74.04 feet;
THENCE N 01-02-53 E, a distance of 245.07 feet;
THENCE N 14-34-19 W, a distance of 43.91 feet;
THENCE N 48-49-34 E, a distance of 20.56 feet;
THENCE N 79-32-44 E, a distance of 22.63 feet;
THENCE N 40-28-54 E, a distance of 19.63 feet;
THENCE N 12-30-22 E, a distance of 52.08 feet;
THENCE N 04-02-33 E, a distance of 82.26 feet;
THENCE N 58-58-22 E, a distance of 27.15 feet;
THENCE N 38-14-02 E, a distance of 186.94 feet;
THENCE N 21-24-41 E, a distance of 74.11 feet;
THENCE N 02-20-05 W, a distance of 123.86 feet;
THENCE N 33-04-18 E, a distance of 92.18 feet;

THENCE N 01-26-47 E, a distance of 100.70 feet to the PLACE OF BEGINNING, and containing 277.49 acres.

EXHIBIT B

STRATEGIC PARTNERSHIP AGREEMENT BETWEEN THE CITY OF TEXAS CITY, TEXAS, AND GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 52

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

This **STRATEGIC PARTNERSHIP AGREEMENT** (this "Agreement") is entered into as of the Effective Date between the **CITY OF TEXAS CITY, TEXAS** (the "City"), a municipal corporation and home-rule city of the State of Texas, acting through its governing body, the City Commission of the City of Texas City, Texas, and **GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 52** (the "District"), a conservation and reclamation district created pursuant to Article XVI, Section 59, Texas Constitution, and operating pursuant to Chapters 49 and 54, Texas Water Code.

RECITALS

1. Section 43 0751 of the Texas Local Government Code (the "Act") authorizes the City and the District to negotiate and enter into a strategic partnership agreement by mutual consent; and

2. This Agreement provides for the disannexation of the District and the subsequent annexation of the District for limited purposes in accordance with the terms set forth in this Agreement; and

3. As required by the Act, the City held public hearings on January 4, 2006, at 5 p.m. and on January 18, 2006, at 5 p.m. in the Kenneth Nunn Council Chambers at City Hall, 1801 - 9th Avenue North, Texas City, Texas, and the District held public hearings on January 13, 2006, at 3:00 p.m., at 5510 Grand Cay Blvd., Texas City, Texas 77590, within the District, and on January 17, 2006, at 1:00 p.m., at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, outside the District, at which members of the public were given the opportunity to present testimony or evidence regarding the proposed Agreement, and the City and the District made copies of the proposed Agreement available, and gave notice of the hearings prior to the public hearings in accordance with the terms of the Act; and

4. The City and the District wish to enter into a strategic partnership agreement to provide the terms under which services will be provided by the City and the District, under which the District will continue to exist for an extended period of time after the District is annexed for limited purposes, and under which the District will continue to exist for an extended period of time after the District is annexed for general purposes.

THE PARTIES AGREE AS FOLLOWS:

**ARTICLE I
FINDINGS**

The City and the District find and declare:

1. The Act authorizes the City and the District to enter into this Agreement to define the terms under which services will be provided by the City and the District, under which the District will continue to exist after the District is annexed for limited purposes pursuant to this Agreement, and under which the District will continue to exist after the District is annexed for general purposes pursuant to this Agreement;

2. This Agreement does not require the District to provide revenue to the City solely for the purpose of an agreement with the City to forgo annexation of the District;

3. This Agreement provides benefits to the City and the District, including revenue, services, and regulations which are reasonable and equitable with regard to the benefits provided to the other Party;

4. All the terms contained in this Agreement are lawful and appropriate to provide for the provision of municipal services; and

5. The City and the District negotiated this Agreement by mutual consent; the terms of the Agreement are not a result of the City's Annexation Plan or any arbitration between the City and the District

**ARTICLE II
DEFINITIONS**

Unless the context requires otherwise, and in addition to the terms defined above, the following terms used in this Agreement will have the meanings set out below:

"Act" means Texas Local Government Code, §43.0751 (Vernon Supp. 2004) and any amendments thereto.

"Agreement" means this strategic partnership agreement between the City and the District

"Annual Municipal Services Fee" is defined in Section 7.02, below.

"Board" means the Board of Directors of the District

"City" means the City of Texas City, Texas, a municipal corporation and home-rule city of the State of Texas.

"City Commission" means the City Commission of the City or any successor governing body.

"City Regulations" means all Chapters of the Code of Ordinances, City of Texas City, Texas (2005), as amended, and the City's uncodified franchise ordinances.

"City System" means all the water production pumps, lines, meters, components, facilities, and equipment owned and used by the City to pump, treat, monitor, convey, supply, and distribute water to the public and all the wastewater treatment facilities, lines, components and equipment owned and used by the City to collect, convey, treat, monitor, regulate, and dispose of wastewater.

"Consent Resolution" means Resolution No. 04-98, including all attachments and exhibits passed by the City Commission consenting to the creation of and inclusion of land in the District, as may be amended from time to time.

"District" means Galveston County Municipal Utility District No. 52, a conservation and reclamation district created pursuant to Article XVI, Section 59, Texas Constitution and operating pursuant to Chapters 49 and 54, Texas Water Code.

"District Navigation System" means all levees, bulkheads, channels, port, harbor, and other navigation related facilities that will be constructed by the Developer or the District.

"District Park System" means all parks and recreational facilities that will be constructed by the Developer or the District.

"District Road System" means the roads, streets, bridges, levees, or related facilities that will be constructed by the Developer or the District.

"District Water System" means the water supply and distribution system that will be constructed by the Developer or the District for the treatment and distribution of potable water to serve the District, ending at the Point of Water Connection.

"District Wastewater System" means the wastewater system that will be constructed by the Developer or the District to serve the District for the collection of wastewater received from customers on the District, ending at the Point of Wastewater Connection, and will include any sewer force main, booster pumps and lift stations that will be required to transport wastewater to the Point of Wastewater Connection.

"Effective Date" means the date the City Commission approves this Agreement.

"Implementation Date" means the date the limited-purpose annexation ordinance is passed by the City Commission pursuant to Section 3.01.

"Landowner" means a person that owns real property in the District

"Monthly Municipal Services Fee" is defined in Section 7.02, below.

"Non-City Improvements" means all roads, bridges, levees, bulkheads, channels, parks, and other facilities that are constructed by the Developer or the District and not required to be conveyed to the City by this Agreement or some other agreement between the City and such parties.

"Party" or "Parties" means a party or the parties to this Agreement, being the City and/or the District.

"Point of Water Connection" means that point where the District Water System connects to the City Water System at a location determined by the City Engineer or his designee.

"Point of Wastewater Connection" means that point where the District Wastewater System connects to the City Wastewater System at a location determined by the City's Engineer or his designee.

"Resident" means a person that resides in the District.

"Solid Waste Services Fee" is defined in Section 7.03, below.

"Utility Services Agreement" means the utility services agreement entered into between the City, the Developer, and the District.

"Utility Services Fee" is defined in Section 7.01, below

ARTICLE III DISANNEXATION AND LIMITED-PURPOSE ANNEXATION

Section 3.01 Disannexation of the District

As authorized by Section 43.144 of the Texas Local Government Code, the City shall disannex the District prior to the annexation of the District for limited purposes as described below

The District and the City find and agree that the amount of money collected by the City in property taxes and fees from landowners within the area of the District during the period that the area was a part of the City is less than the amount of money that the City spent for the direct benefit of the area during that period. The District will make a good faith effort to obtain waivers of sums that could be claimed to be due pursuant to Local Government Code § 43.148 from existing or previous landowners in

the District. If the City is legally required to refund property taxes to landowners in the District in accordance with Local Government Code § 43.148, then the District will reimburse the City for all such payments.

Section 3.02 Limited Purpose Annexation

As soon as practical following the disannexation of the District described in Section 3.01 of this Agreement, the City shall annex the land within the District for limited purposes in accordance with the terms set forth in this Agreement.

Section 3.03 Property Taxes and District Liability for Debts of the City

During the term of this Agreement, except as provided in Article IX: (i) neither the District nor any owners of taxable property within the District is liable for any present or future debts of the City, and (ii) current and future ad valorem taxes levied by the City will not be levied on taxable property within the District.

Section 3.04 Powers and Functions Retained by the District

Except as limited by the Consent Ordinance, the Utility Services Agreement, or this Agreement, the District is authorized to exercise all powers and functions of a municipal utility district provided by existing law or any amendments or additions thereto. Except as provided in Article IX of this Agreement, the District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District. Disposition or acquisition of additional assets, liabilities, indebtedness, and obligations by the District will be governed by the Consent Ordinance to the extent the Consent Ordinance is not inconsistent with this Agreement.

Section 3.05 Municipal Court Jurisdiction

The City's municipal courts shall have jurisdiction to adjudicate cases filed under the City Regulations and under state laws as set out in Article 4.14 of the Texas Code of Criminal Procedure, arising from actions occurring within the District.

ARTICLE IV SALES AND USE TAX

Section 4.01 Imposition of the City's Sales and Use Tax

Pursuant to Subsection (k) of the Act, the City shall impose a sales and use tax within the District. The sales and use tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate specified by the City and permitted under

Chapter 321 of the Texas Tax Code and amendments thereto. The sales and use tax shall take effect on the date described in Texas Tax Code §321 102.

Section 4.02 Imposition of Hotel Occupancy Tax

Pursuant to Subsection (n) of the Act, the City shall impose a municipal hotel occupancy tax within the District pursuant to Chapter 351 of the Texas Tax Code.

Section 4.03 Imposition of Franchise Tax

To the extent allowed by the laws of the State of Texas, the City's uncodified franchise ordinances, and the franchise agreements entered into thereunder by the City, the City shall impose all applicable franchise taxes within the District.

ARTICLE V WATER, SEWER, AND DRAINAGE SERVICES

Section 5.01. Water and Sewer Services

The Developer or the District shall finance the District Water System and the District Wastewater System, as required to serve the District, pursuant to plans and specifications approved by the City in accordance with the Consent Conditions, the Utility Services Agreement, and applicable laws and ordinances. Upon completion of facilities comprising a component of the District Water System or the District Wastewater System in accordance with all permits and approvals and upon acceptance thereof by the City, the Developer or the District, as applicable, or both, will convey such facilities to the City in accordance with the terms and conditions of the Utility Services Agreement. Upon conveyance of such facilities, the City shall incorporate conveyed facilities into the City System and provide services to the District in accordance with the terms and conditions of the Utility Services Agreement.

Section 5.02 Detention Services

The Developer or the District will finance and construct stormwater detention facilities to serve the District, if necessary, and the City will have no responsibilities with respect thereto. The detention facilities, if any, will be constructed in accordance with the requirements of the City and Galveston County, whichever are more stringent, and will be maintained by the District or by the property owners' association(s) serving the District, as appropriate.

**ARTICLE VI
ALLOCATION OF MUNICIPAL SERVICES WITHIN THE DISTRICT**

Section 6.01 City Fire/EMS Services

The District will formulate, with the assistance and advice of the City, a "fire plan," as such term is used in Water Code §49 351, consistent with the terms of this section. The City will provide, or cause to be provided, all required fire and emergency medical services ("EMS") within the District. Such services will be provided at the same level as those services are provided at the corresponding time within other parts of the City with topography, land use, and population density similar to the District. The District will use its reasonable efforts to secure the required authorization for the fire plan and to provide therein for compensation to the City for fire/EMS protection services to the District. Payment to the City with regard to services provided under this section shall be described in the fire plan subject to the terms of Section VII, below

Section 6.02 Police Protection

In consideration of the Annual Municipal Services Fee, the City will provide police protection services within the District. The City agrees to provide police protection services as warranted by the then-current status of development within the District, on the same basis and using the same criteria as are used for the determination of the provision of such services within the City.

Section 6.03 Solid Waste Services

In consideration for the Solid Waste Services Fee, the City will provide solid waste collection services to the residential users within the District.

Section 6.04 City inspection and regulation services

In consideration for the Annual Municipal Services Fee and as a part of the municipal services to be provided within the District by the City, the City shall enforce the City Regulations within the District, including the requirements included in such regulations relating to inspection of residential and commercial property and construction. The City reserves the right to charge an inspection fee for any inspections conducted in the District, but such fee shall not be more than one hundred percent (100%) of the in-City inspection fee. To assist the City in enforcing the City Regulations, the District shall include in its Rate Order or other applicable water and sewer regulations a provision requiring that applicants for new District sewer taps affirm their compliance with the City Regulations, and that continued water and sewer services from the District shall be contingent upon the continued compliance of the affected

property by the City Regulations; provided that the District shall not be responsible for detecting or enforcing violations of the City Regulations except as provided in this Section. The District shall not transfer any new water or sewer service from a builder to the initial occupant of any structure requiring a certificate of occupancy without first obtaining from the applicant a certificate of occupancy issued by the City with respect to the structure.

Section 6.05 Other City Services.

In consideration of the Annual Municipal Services Fee, the City shall provide Residents of the District access to all of the City's recreational facilities (e.g., golf courses, libraries, shooting range, birding trails, etc.) on the same terms and conditions as such facilities are available to residents of the City. The Parties may also cooperate to provide additional services within the District upon mutual agreement of the District and the City. The City shall not own, maintain, maintain, or provide any services related to the Non-City Improvements

ARTICLE VII FEES AND COLLECTIONS

Section 7.01 Utility Services Fee

The District shall pay the City for the services rendered by the City to each customer in the District pursuant to the terms of the Utility Services Agreement. Charges, fees, and rates to the District for the services rendered to customers in the District pursuant to the terms of the Utility Services Agreement shall be the same as similarly situated customers within the City as a whole (the "Utility Services Fee")

Section 7.02 Municipal Services Fee

In consideration for the municipal services described above in Sections 6.01, 6.02, 6.04, and 6.05, the District shall pay the City a fee of \$400 per residence (or per 2,000 square feet of commercial space) per year for the first ten years that this Agreement is in effect (the "Annual Municipal Services Fee"). For each successive ten (10) year term that this Agreement is in effect after the initial term, the City shall determine a new annual fee to be paid by the District for such municipal services and shall provide notice of such fee to the District at least 60 days prior to the beginning of such successive term. The new annual fee for any successive term shall not increase by more than 100% of the annual fee for the prior period. The District may impose a fee on residential property within the District to be used to pay the City the Annual Municipal Services Fee as provided herein

Section 7.03 Solid Waste Services Fee

In consideration for the solid waste services described above in Sections 6.03, the District shall pay the City a monthly fee per residence equal to the fee paid per residence by other customers receiving such services from the City (the "Solid Waste Services Fee"). The Solid Waste Services Fee shall be enforceable to the extent allowed by law in the same manner as other District fees and expenses.

Section 7.04 Collection and Payment of Fees

The District shall be responsible for billing and collecting the Utility Services Fee, the Annual Municipal Services Fee, and the Solid Waste Services Fee due from customers located in the District in accordance with the billing and collection procedures described in the Utility Services Agreement. The District will be responsible for payment of the Utility Services Fee, the Municipal Services Fee, and the Solid Waste Services Fee due to the City for each service address in the District in accordance with the billing and collection procedures described in the Utility Services Agreement, regardless of the District's ability to collect such fees.

ARTICLE VIII DISTRICT INDEBTEDNESS

Section 8.01 Generally

Bonds will be issued by the District only for the purposes provided in the Consent Resolution, including purchasing and constructing, or purchasing or constructing under contract with the City, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, drainage facilities, fire-fighting facilities, parks and recreational facilities, port, harbor and navigation facilities, and street, road and bridge facilities or parts of such systems or facilities, and to make any and all necessary purchases, construction, improvements, extensions, additions, and repairs thereto, and to purchase or acquire all necessary land, right-of-way easements, sites, equipment, buildings, plants, structures, and facilities therefor, and to operate and maintain same, and to sell water, sanitary sewer, and other services within or without the boundaries of the District.

Section 8.02 Bonds Issued In Separate Series

The District shall issue bonds in separate series for purposes provided in the Consent Resolution, including purchasing or constructing, or purchasing or constructing under contract with the City, each of the District Water System, the District

Wastewater System, the District Park System, the District Navigation System, and the District Road System.

Section 8.03 Bond and Other Financial Information Provided to City

The District shall provide the City with copies of all submittals to the ICEQ related to the approval of bonds issued by the District at the same time such information is submitted to the ICEQ. The District shall also provide the City with copies of the Preliminary Official Statement and Official Statement related to any bonds issued by the District at such time as such statements are approved by the District. The District will provide the City with a copy of the District's annual audit report at such time as the audit is approved by the District.

Section 8.04 City Consent For Certain Bonds

The City hereby grants its consent for the District to issue new money bonds, in multiple series, in an aggregate principal amount not to exceed \$62,725,000 for the purposes provided in the Consent Resolution, including the purchase and construction of any components of the District Water System, the District Wastewater System, and the District Park System and the District shall be required to obtain the City's prior written consent for the issuance of any bonds in excess of such amount for the purchase of any components of such systems. The provisions of this Section 8 04 do not apply to any refunding bonds of the District. The District shall not be required to obtain the City's consent to issue bonds for the purchase or construction of the District Road System or the District Navigation System.

Section 8.05 Refunding Bond Requirements

Any refunding bonds of the District must provide for a minimum of three percent (3%) present value savings and no maturity of the refunding bonds may extend beyond the latest maturity of the refunded bonds, unless approved by the City in writing prior to the sale thereof.

ARTICLE IX FULL-PURPOSE ANNEXATION

Section 9.01 No Full-Purpose Annexation During Term of Agreement

The City agrees that it will not annex all or part of the District or commence any action to annex all or part of the District for full purposes until one of the following conditions is satisfied:

- a. Twenty (20) years have elapsed since the Effective Date of this Agreement;
- or
- b. Both of the following conditions have occurred:
 - (i) Ninety percent (90%) of the District's water, wastewater treatment, and drainage facilities have been constructed; and
 - (ii) The Developer, or the Developer's successors or assigns, has been reimbursed by the District for the facilities described in subsection (i), above, to the maximum extent permitted by the rules of the Texas Commission on Environmental Quality, or the City assumes any obligation for such reimbursement of the District under such rules.

Section 9.02 Continuation of the District as a Limited District Upon Full-Purpose Annexation

Upon annexation of the District under the provisions of this Article IX, the District will continue to exist for an initial term of ten (10) years for purposes of owning, operating, and maintaining the Non-City Improvements (the "Limited District") The Limited District shall have the same boundaries as the District and shall continue to be known as Galveston County Municipal Utility District No. 52 Upon the expiration of the initial term of the Limited District, the existence of the Limited District shall be renewable by the City Commission for successive ten (10) year terms for as long as the City Commission deems the existence of the Limited District is necessary. If, at any point during the initial term or any successive term, the City Commission determines that the existence of the Limited District is no longer necessary, then the City Commission may dissolve the Limited District

Section 9.03 Liability for District Debts

Upon annexation of the District under the provisions of this Article IX, the City shall become liable for any debts of the District associated with the District Water System, the District Wastewater System, and the District Park System. For as long as the Limited District remains in existence, the Limited District shall be liable for any debts of the District associated with the District Navigation System and the District Road System, and any debts other than those associated with the District Water System, the District Wastewater System, and the District Park System.

Section 9.04 Other Consequences

Upon the annexation of the District under the provisions of this Article IX and despite whether the Limited District is in existence, the City shall provide the municipal services described in Article VI of this Agreement to the District on the same basis and using the same criteria as are used for the determination of the provision of such services within the City and the District shall no longer be liable for payments of the Annual Municipal Services Fee or the Solid Waste Services Fee.

ARTICLE X MATERIAL BREACH, NOTICE AND REMEDIES

Section 10.01 Generally

It is the intention of the Parties to this Agreement that the District and the City be regulated in accordance with the terms of this Agreement. If a Party to this Agreement believes that another Party has, by act or omission, committed a material breach of this Agreement, the provisions of this Article shall govern the remedies for breach of this Agreement.

Section 10.02 Notice of District's Default

A. The City shall notify the District in writing of an alleged failure by the District to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The District shall, within 30 days after receipt of the notice or a longer period of time as the City may specify in the notice, either cure the alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure.

B. The City shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the District. The District shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

C. If the City determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that the failure is excusable, the determination shall conclude the investigation.

D. If the City determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by

the District in a manner and in accordance with a schedule reasonably satisfactory to the City, then the City may exercise the applicable remedy under Section 10 04(A).

Section 10.03 Notice of City's Default

A. The District shall notify the City in writing specifying any alleged failure by the City to comply with a provision of this Agreement, describing the alleged failure with reasonable particularity. The City shall, within 30 days after receipt of the notice or the longer period of time as the District may specify in the notice, either cure the alleged failure or, in a written response to the District, either present facts and arguments in refutation or excuse of the alleged failure or state that the alleged failure will be cured and set forth the method and time schedule for accomplishing the cure.

B. The District shall determine (i) whether a failure to comply with a provision has occurred; (ii) whether the failure is excusable; and (iii) whether the failure has been cured or will be cured by the City. The City shall make available to the District, if requested, any records, documents or other information necessary to make the determination.

C. If the District determines that the failure has not occurred, or that the failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the District, or that the failure is excusable, the determination shall conclude the investigation.

D. If the District determines that a failure to comply with a provision has occurred and that the failure is not excusable and has not been or will not be cured by the City in a manner and in accordance with a schedule reasonably satisfactory to the District, then the District may exercise the applicable remedy under Section 10 04(B).

Section 10.04 Remedies

A. If the City determines that the District has committed a material breach of this Agreement, the City may file suit in a court of competent jurisdiction in Galveston County, Texas, and seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act and termination of this Agreement as to the District in addition to the monetary awards as may be appropriate.

B. If the District determines that the City has committed a material breach of this Agreement, the District may file suit in a court of competent jurisdiction in

Galveston County, Texas, and seek any relief available at law or in equity, including, but not limited to, an action under the Uniform Declaratory Judgment Act in addition to the monetary awards as may be appropriate.

ARTICLE XI BINDING AGREEMENT, TERM, AND AMENDMENT

Section 11.01 Beneficiaries

This Agreement binds and inures to the benefit of the Parties, their successors and assigns, and, only as provided in Article VII, the Landowners and Residents. In the event of a material breach of Article VII by the City, the Landowners and Residents shall have the same rights as the District and shall follow the same procedures as the District as set out in Article IX. The District shall record this Agreement with the County Clerk in Official Records of Galveston County, Texas. This Agreement binds each owner and each future owner of land included within the District's boundaries in accordance with Subsection (c) of the Act.

Section 11.02 Term

This Agreement commences and binds the Parties on the Effective Date and continues for 50 years thereafter, unless terminated on an earlier date pursuant to other provisions of this Agreement or by express written agreement executed by the City and the District. Upon the expiration of fifty (50) years from the Effective Date, this Agreement may be extended by express written agreement executed by the City and the District for successive one-year or longer periods until all land within the District has been annexed by the City.

Section 11.03 Amendment

The Parties, by mutual consent, may amend the terms of this Agreement at any time.

ARTICLE XII MISCELLANEOUS PROVISIONS

Section 12.01 Notices and Addresses

Any formal notices or other communications ("Notice") required to be given by one Party to another by this Agreement shall be given in writing addressed to the Party to be notified at the address set forth below for the Party, (i) by delivering the Notice in person (ii) by depositing the Notice in the United States Mail, certified or registered, return receipt requested, postage prepaid, addressed to the Party to be notified, (iii) by

depositing the Notice with Federal Express or another nationally recognized courier service guaranteeing "next day delivery," addressed to the Party to be notified, or (iv) by sending the Notice by telefax with confirming copy sent by mail. Notice deposited in the United States mail in the manner herein above described shall be deemed effective from and after the date of such deposit. Notice given in any other manner shall be effective only if and when received by the Party to be notified. For the purposes of Notice, the addresses of the Parties, until changed as provided below, shall be as follows:

All Notices required or permitted under this Agreement shall be in writing and shall be served on the Parties at the following address:

City: City of Texas City
P.O. Box 2608
Texas City, Texas 77592-2608
Attn: Mayor or his or her designee

District: Galveston County Municipal Utility District No 52
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attn: Stephen M. Robinson

The Parties may from time to time change their respective addresses, and each may specify as its address any other address within the United States of America by giving at least five days written notice to the other Party. If any date or any period provided in this Agreement ends on a Saturday, Sunday, or legal holiday, the applicable period for calculating the notice shall be extended to the first business day following the Saturday, Sunday or legal holiday.

Section 12.02 Time

Time is of the essence in all things pertaining to the performance of this Agreement.

Section 12.03 Severability

If any part of this Agreement is found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either Party.

Section 12.04 Waiver

Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof or of any other provision hereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all of the provisions of this Agreement.

Section 12.05 Applicable Law and Venue

The construction and validity of this Agreement shall be governed by the laws of the State of Texas without regard to conflicts of law principles. Venue shall be in Galveston County, Texas.

Section 12.06 Reservation of Rights

To the extent not inconsistent with this Agreement, each Party reserves all rights, privileges, and immunities under applicable laws.

Section 12.07 Further Documents

The Parties agree that at any time after execution of this Agreement, they will, upon request of the other Party, execute and deliver the further documents and do the further acts and things as the other Party may reasonably request in order to effectuate the terms of this Agreement.

Section 12.08 Incorporation of Exhibits and Other Documents by Reference

All Exhibits and other documents attached to or referred to in this Agreement are incorporated into this Agreement by reference for the purposes set forth in this Agreement.

Section 12.09 Effect of State and Federal Laws

Notwithstanding any other provision of this Agreement, the District shall comply with all applicable statutes or regulations of the United States, the State of Texas, and City Ordinances and City charter provisions implementing such statutes or regulations.

Section 12.10 Authority for Execution

The City certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted in conformity with the City charter and City Ordinances. The District certifies, represents, and warrants that the execution of this Agreement is duly authorized and adopted by the Board.

[SIGNATURE PAGES FOLLOW]

AGREED AND ACCEPTED as of the date first above written.

GALVESTON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 52

By: Ramon Wisal
President, Board of Directors

ATTEST:

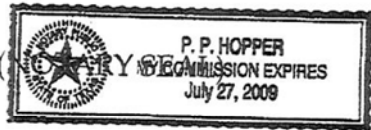
By: [Signature]
Secretary, Board of Directors



STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

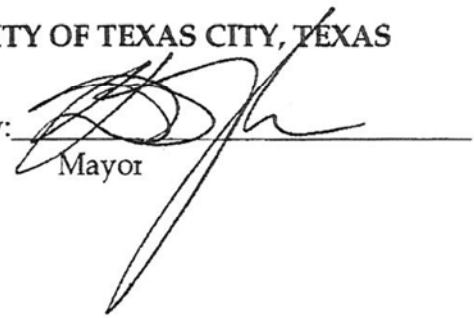
This instrument was acknowledged before me this 17th day of January, 2008, by Ramon Weiskuhn, as President, and Michael Artzburn, as Secretary, of Galveston County Municipal Utility District No. 52, a political subdivision of the State of Texas, on behalf of said political subdivision.

[Signature]
Notary Public in and for the State of Texas



CITY OF TEXAS CITY, TEXAS

By: _____



Mayor

ATTEST

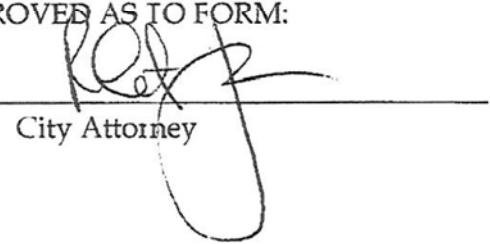
By: _____



City Secretary

APPROVED AS TO FORM:

By: _____



City Attorney

EXHIBIT C



ORDINANCE 2006082505

3 PGS

ORDINANCE NO. 05-38

AN ORDINANCE AMENDING CHAPTER 40 OF THE CODE OF ORDINANCES OF THE CITY OF TEXAS CITY, GALVESTON COUNTY, TEXAS, ALSO KNOWN AS THE ZONING ORDINANCE, BY REZONING FROM DISTRICT "G-2", RECREATIONAL WATERFRONT TO DISTRICT "PUD", PLANNED UNIT DEVELOPMENT, TO "A-2", PATIO HOMES AND TO "A", SINGLE FAMILY RESIDENTIAL TO DEVELOP MARINA, TOWNHOMES AND HOMES; BEING APPROXIMATELY 265 ACRES OUT OF THE STEPHEN F. AUSTIN NO. 4, ABST. NO. 4, LOCATED WEST OF THE T.C. FLOOD PROTECTION LEVEE AND ON MOSES LAKE, TEXAS CITY, GALVESTON COUNTY, TEXAS; ORDERING SAID CHANGES MADE ON THE CITY ZONING MAP; CONTAINING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT THEREWITH; DISPENSING WITH THE CHARTER REQUIREMENT FOR READING THIS ORDINANCE ON THREE (3) SEPARATE DAYS; AND PROVIDING THAT THIS ORDINANCE SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION AND PUBLICATION BY CAPTION ONLY IN THE OFFICIAL NEWSPAPER OF THE CITY.

WHEREAS, due and proper notice has been given and public hearing held and all other required action taken to amend the Zoning Ordinance for the City of Texas City, Texas, and it is the considered opinion of the City Commission that said Ordinance be amended and changed as follows for the public welfare, good, economy, and enjoyment.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:

SECTION 1: That certain property located within the City of Texas City, being approximately 265 Acres out of the Stephen F. Austin No. 4, Abst. No. 4, located West of the T.C. Flood Protection Levee and on Moses Lake, Texas City, Galveston County, Texas, currently zoned as District "G-2", Recreational Waterfront, is hereby rezoned and classified as District "PUD", Planned Unit Development, "A-2", Patio Homes and "A", Single Family Residential.


SECTION 2: That the City Engineer shall designate said changes from District "G-2", Recreational Waterfront, to District "PUD", Planned Unit Development, "A-2", Patio Homes and "A", Single Family Residential, as hereinabove provided on the original zoning map, as amended, and on the duplicate copy thereof kept in the Office of the City Planning Board.

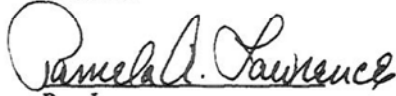
SECTION 3: That all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed. In the event any section, clause, sentence, paragraph, or part of this Ordinance shall be for any reason adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, invalidate, or impair the remainder of this Ordinance.

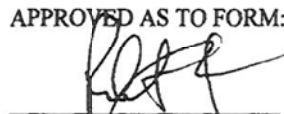
SECTION 4: That the Charter requirement for reading this Ordinance on three (3) separate days has been dispensed by a majority vote of the City Commission.

SECTION 5: That this Ordinance shall be finally passed upon the date of its introduction and shall become effective from and after its passage and adoption and publication by caption only in the official newspaper of the City.

PASSED AND ADOPTED the 5th day of October, 2005.


Matthew T. Boyle, Mayor
City of Texas City, Texas

ATTEST:

Pam Lawrence
City Secretary

APPROVED AS TO FORM:

Robert Cervais
City Attorney

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

Before me, the undersigned authority, on this day personally appeared MATTHEW T. DOYLE, Mayor of the City of Texas City, Texas, a Municipal Corporation in Galveston County, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this, the 5th day of October, A D., 2005.

Sharon M. Cox
Notary Public, Galveston County, Texas



Sharon m Cox
(Printed Name)

My Commissioner Expires: 7-19-2009

AFTER RECORDING PLEASE RETURN TO:

City of Texas City
P.O. Drawer 2608
Texas City, TX 77592-2608

FILED AND RECORDED



OFFICIAL PUBLIC RECORDS

Mary Ann Daigle

2006082505

December 07, 2006 01 09 22 PM

FEE \$24 00

Mary Ann Daigle, County Clerk
Galveston County, TEXAS

SIGNED ORIGINAL WAS
RECEIVED BY DON CARROLL
ON 1-13-04

APPLICATION FOR REZONING

An application, signed by the applicant and property owner, if applicant is not owner, addressed to the Texas City Zoning Commission, shall be filed in the Inspection Department, along with the foregoing information, a minimum of fifteen (15) days before the next regular date of the Zoning Commission. A filing fee shall be paid by the applicant.

DATE: 1-13-04

Texas City, Texas
Building Inspection
_____ Initial

To the Zoning Commission and City Commission of the City of Texas City, Texas
I (we), the undersigned, do hereby respectfully make application to the City Zoning Commission and City Commission to amend the Zoning Ordinance and to change the "Zoning District Map" boundaries of the City of Texas City, Texas.

TOM MOUGHON

GRAND CAY HARBOUR, LTD.
Applicant
13167 N.W. FREEWAY 713-934-3800
Address HOUSTON, TX 77040 Phone
LYMAN S. REED FAMILY LIMITED PARTNERSHIP
Owner

LYMAN S. REED

Building Official for City of Texas City

1. Please list below the official legal description of the property sought to be rezoned.
 - A. The property sought to be rezoned is owned by:

LSRFLP 1517 20TH AVE N. TEXAS CITY, TX 77590 409-945-6713
 Name Address Phone
 as evidenced by Deed from COUNTY CLERK'S FILE #9734490 recorded in
 Book No. _____ Page No. _____; Deed Records of Galveston County.
 - B. Description of property sought to be rezoned: Address SKYLINE DR. @ TIDE GATE
 Lot No. _____ Block _____
 Subdivision GRAND CAY HARBOUR Survey STEPHEN F. AUSTIN SURVEY NO. 4, ABSTRACT 4
 Tract _____metes and bounds description with total acreage (for areas not subdivided).
2. A statement by the applicant whether or not the property sought to be rezoned is covered by any restrictive covenants of record in the County of Galveston, State of Texas and if so, the general terms of such covenants. This includes easements of all types, i.e. pipelines, etc.

Application for Rezoning - cont.

A. Property (does) ~~(does not)~~ have restrictive covenants of record.

B. General terms of such restrictive covenants are as follows:

REFER TO ATTACHMENT "RESTRICTIVE COVENANTS"

3. A plat, drawn to a scale of not less than one (1) inch equals one hundred feet (100'), showing the property sought to be rezoned and the adjacent property on all sides to a minimum of two hundred feet (200'). The Zoning classification of all adjacent property and all streets, alleys and easements, if any, shall be investigated by the applicant and attached to the original application.

4. If the proposed change is for a classification other than residential or apartment, the applicant must state what type structure is proposed, the size, the nature of the usage, and the number of employees to be engaged therein.

Type of structure(s) proposed REFER TO "ZONING PLAT"

Size of structure(s) _____

Usage of such structure(s) (explain in detail) _____

5. Zoning for apartments must show on the plot plan a complete layout of the number of units proposed and the number and size of all off-street parking spaces allocated. Each apartment project must provide a minimum of two (2) off-street parking spaces per unit and not less than one-thousand (1000) square feet per unit in Apartment Zone. For other zones, check Zoning Ordinance.

Plot plan layout of apartment complex:

a. Total number of apartment units proposed _____

b. Total number of parking spaces _____

c. City street ROW is landscaped (no paving) other than driveways _____

d. 1000 square feet per apartment unit being met _____

Application for Rezoning - cont.

7. Attachment of a property list shall be made by the Building Inspection Department. Such a property list shall indicate all of the individuals, firms or corporations owning real property lying within two hundred feet (200') of the property on which the change in classification is proposed, and who were duly notified as to the time and place of a Public Hearing as set forth in the Zoning Ordinance.

Two (2) prints of a plot plan shall be submitted concurrently at time of application for rezoning and shall indicate:

- 1) Name and address of property owner.
- 2) Location and layout of buildings, existing or proposed.
- 3) Plot plan shall be drawn to a scale of 1" = 100' or greater.
- 4) Bordering streets, driveways and off-street parking on the property shall be indicated and dimensioned.
- 5) Proposed or existing advertising signs on the property shall be indicated and their size given.
- 6) Existing boundary lines of the lot and/or block and their distances given.
- 7) North arrow and scale indicated.
- 8) Street names given, alleys, utility and drainage easements, and set back lines indicated and dimensioned.
- 9) Existing water and sewer lines, their sizes and location indicated and dimensioned.
- 10) Total area of land to be rezoned, shall be expressed in acreage where land is not subdivided.
- 11) Existing topographic information may include a contour map, at intervals or not more than five (5) feet based on USGS datum, and stated upon plat.
- 12) Land to be rezoned within the 100 year flood plain shall be indicated as a flood plain area. Its boundaries and location outlined or shaded to indicate the flood plain.
- 13) Proposed fences or suitable screening or plantings, indicated and dimensioned.
- 14) One (1) print of plot plan shall be submitted to the Planning Director upon paying required filing fee.

A check sheet shall be attached to the plat by the Building Inspection Department for the Building Inspector, Director of Public Works, Director of Planning and Director of Utilities as a reminder for the Zoning Commission members indicating said application has been reviewed by the Department Heads and their findings attached.

Application for Rezoning - cont.

6. It is desired and requested that the foregoing property be rezoned:

<u>FROM</u>		<u>TO</u>
<u>G-2</u>	District "A" Single Family Residential	<u>YELLOW</u>
_____	District "A-1" Single Family Residential	_____
<u>G-2</u>	District "A-2" Zero Lot Line Residential	<u>GREEN</u>
_____	District "B" Single Family Attached, Duplex Residential	_____
_____	District "B-1" Townhouse Residential	_____
_____	District "C" Multi-Family Residential	_____
_____	District "C-1", Multi-Family Residential	_____
_____	District "MH", Mobile Home	_____
_____	District "O-P", Office Professional	_____
_____	District "D", Neighborhood Service	_____
_____	District "D-1", Limited Service	_____
<u>G-2</u>	District "E", General Business	<u>PINK</u>
_____	District "E-1", Central Business	_____
_____	District "E-2", Freeway Commercial	_____
_____	District "E-3", Outdoor Commercial	_____
_____	District "E-4", Commercial Warehouse	_____
_____	District "F", Light Industrial	_____
_____	District "F-1", Outdoor Industrial	_____
_____	District "P-I", Planned Industrial	_____
_____	District "G", Waterfront	_____
<u>G-2</u>	District "G-2", Recreational Waterfront	<u>BLUE</u>
_____	District "H", Heavy Industrial	_____
_____	District "O", Open Space	_____
<u>G-2</u>	District "T", Planned Unit Development	<u>PURPLE</u>
_____	District "S-P", Site Plan	_____

The Lyman S. Reed Family Limited Partnership
1517 20th Avenue N.
Texas City, TX 77590

January 22, 2004

City of Texas City, Tx.
Planning and Zoning Commissions

RE: Variances for the Proposed Grand Cay Harbour Subdivision

The Grand Cay Harbour marina/residential subdivision will be a unique development that all of Texas City can be proud of. However, a unique product results in some unique design issues. Therefore, the developers for the proposed Grand Cay Harbour Subdivision have asked that I request the following variances to City Ordinances:

- A. Allow a change in **Subdivision Regulation** that states "Plats consisting of more than 10 residential lots of less than 1 acre shall include sidewalks complying with Texas Architectural Barriers standards and shall be installed on both sides of each street." Allow the construction of a single 8 foot wide sidewalk along one side of each street in lieu of a typical 3'6" wide walk on each side of streets.

The reason for this modification is as follows:

1. *To allow for a walkway that is wide enough for the additional use of golf carts along with bicycles and walking area. The proposed subdivision is waterfront/recreational and a dedicated hike/bike/golf cart way would be an enhancement to the residents' for reaching all of the amenities as well as keeping automobile lanes clear of slow vehicle for safety.*

Sidewalks will be generally located on the east side of north/south streets and south side of east/west streets. The sidewalk will be parallel to the entry boulevard on the northwest side.

- B. Allow a change in **Section 40-16. District A-2, Zero Lot Line Residential**, Paragraph (f) (5) **lot fencing** to delete "Solid (opaque) walls or fences of wood, masonry, or other durable, suitable material".

The reasons for this request for the deletion of this type of fencing are as follows:

1. *There are no back to back lots as would normally be found in an in-city subdivision since all of the lots back up to wetlands views, Dollar Bay views, or 90 foot wide channels where the resident's lots extend 20 feet from the face of retaining walls into the channels to boat docks.*

2. *The developers will include requirements for childproof, transparent fencing if the lot owners desire to fence their back yards.*
- C. Allow for a variance in **Section 40-14. District A, single-family residential**, Paragraph (d) (4) **minimum front yard** and (d) (5) **minimum rear yard** to amend the setback requirements for this subdivision. *The reasons for this variance are to establish setback rules for waterside lots:*
1. *Front lot setbacks – no change*
 2. *Side setbacks – no change*
 3. *A variance for the rear setback due to waterfront. All lots on the water will have property lines extending a minimum of 20 feet into the canals from the face of the retaining walls. This 20 foot space is intended to provide mooring space for boats as well as piers, decks, boat lifts and boat houses. This area allows for auxiliary structures and needs defining for this subdivision.*
 4. *House wall, screened porch, pool or any other structure must be a minimum of 5 feet from the face of the retaining wall to allow for maintenance by the homeowners association. Maintenance and dredging will be done from work barges in the canals. If houses all have 5 foot setbacks to screened structures, they will still be a minimum of 100 feet apart.*
- D. Allow for a variance in **Subdivision Ordinance 110-42 (8) Cul-de-sacs**. In general, cul-de-sacs shall not exceed 600 feet in length. Allow for cul-de-sacs streets to exceed 600 feet in length. *The reasons for this modification are as follows:*
1. *Grand Cay Harbour is designed to be a canal/waterfront community. The long streets with culs-de-sacs are necessary for the streets to work with the canal design that was approved by the Army Corps of Engineers. (The canals were designed so the water would flow through the waterways with no dead ends to collect debris or to become stagnant.)*
 2. *The street layout has been approved by the Texas City Fire Chief Gerald Grimm in a letter dated December 19, 2003.*
 3. *There will be an oversized cul-de-sac midway on Allen Cay Drive to allow for school busses to turn around without having to back up.*

Your consideration of the above requests for this unique subdivision will be greatly appreciated.

Sincerely,
Lyman S. Reed

CITY OF TEXAS CITY, TEXAS

DEC 29 2003

TEXAS CITY FIRE DEPARTMENT • OFFICE: (409) 643-5701 • FAX: (409) 643-5719



Mayor:
Carlos Garza

Commissioners:
Matthew T. Doyle
Larry Edrozo
Dedrick D. Johnson, Sr.
Linson Landrum
Donald B. Singleton
Carl Sullivan

December 19, 2003

Norman Reed
Arete Real Estate & Development Company
340 N. Sam Houston Pkwy. E, #140
Houston, Texas 77060

Re: Availability of Fire and EMS Services

Dear Sir:

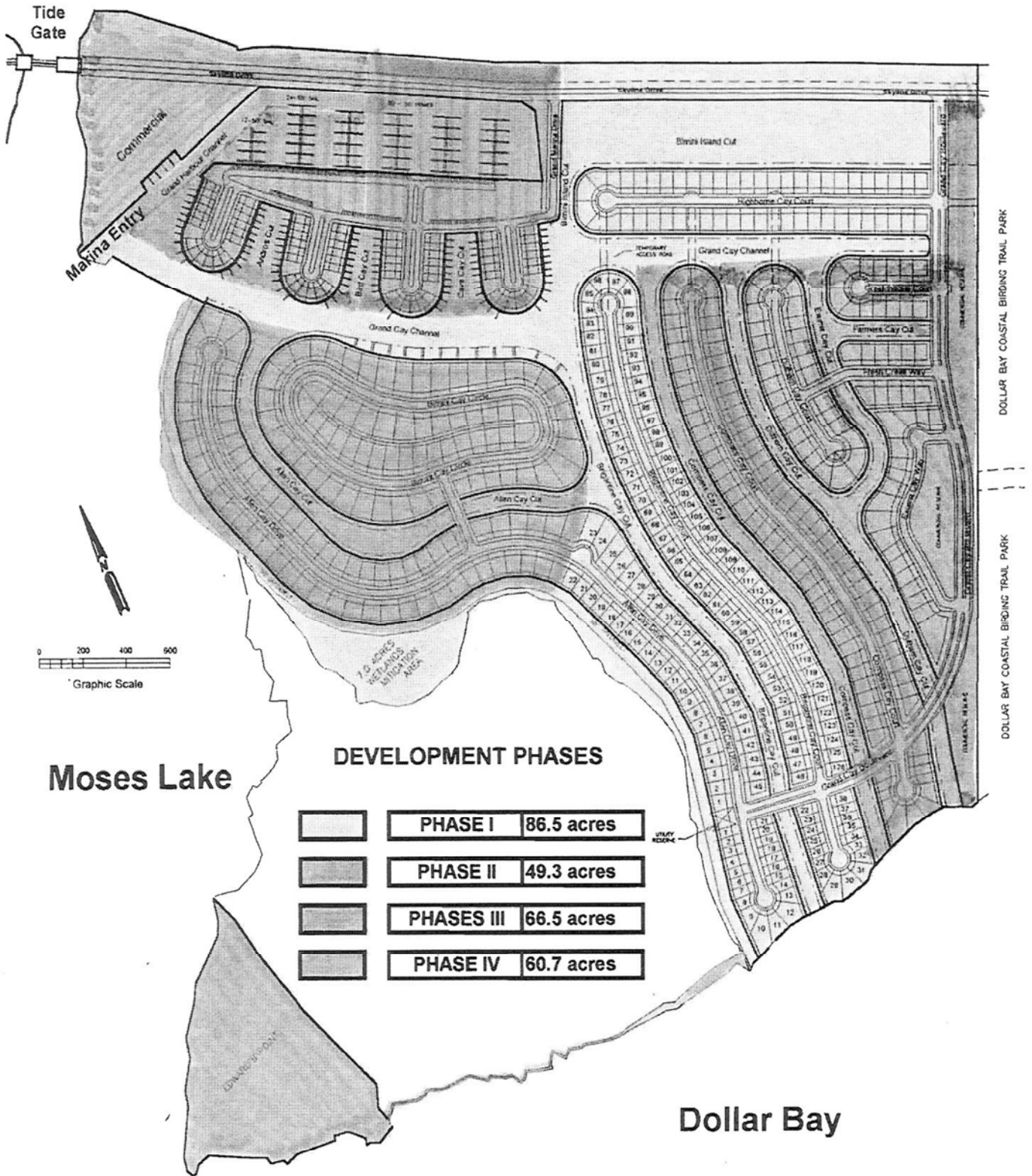
As we discussed in our meeting on October 27, 2003, the Texas City Fire Department can adequately support the proposed Grand Cay Harbour subdivision/marina. One of the main concerns that I have with this or any other new subdivision is that the cul-de-sacs will not be less than 80 feet back of curb to back of curb. The locations and spacing of fire hydrants on the water layout plan appears sufficient for the needs of the Fire Department, but will remain subject to final review, modification, and approval.

Sincerely,

Gerald Grimm
Fire Chief

"QPS - Quality Public Service"

Galveston Bay



GRAND CAY HARBOUR LOT COUNT

PHASE I 86.5 ACRES

9	40' PATIO HOME LOTS WETLANDS VIEW
32	40' PATIO HOME LOTS WATERFRONT
22	60' STANDARD LOT WETLANDS VIEW
104	60' STANDARD LOTS WATERFRONT
30	70' CUSTOM LOTS WATERFRONT
12	80' CUSTOM LOTS WATERFRONT

PHASE II 49.3 ACRES

9	40' PATIO HOME LOTS WATERFRONT
39	60' STANDARD LOTS WATERFRONT
36	TOWNHOME LOTS WATERFRONT
150	BOAT SLIPS EAST HALF OF MARINA

PHASE III 66.5 ACRES

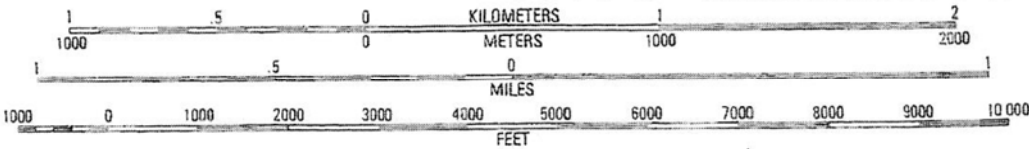
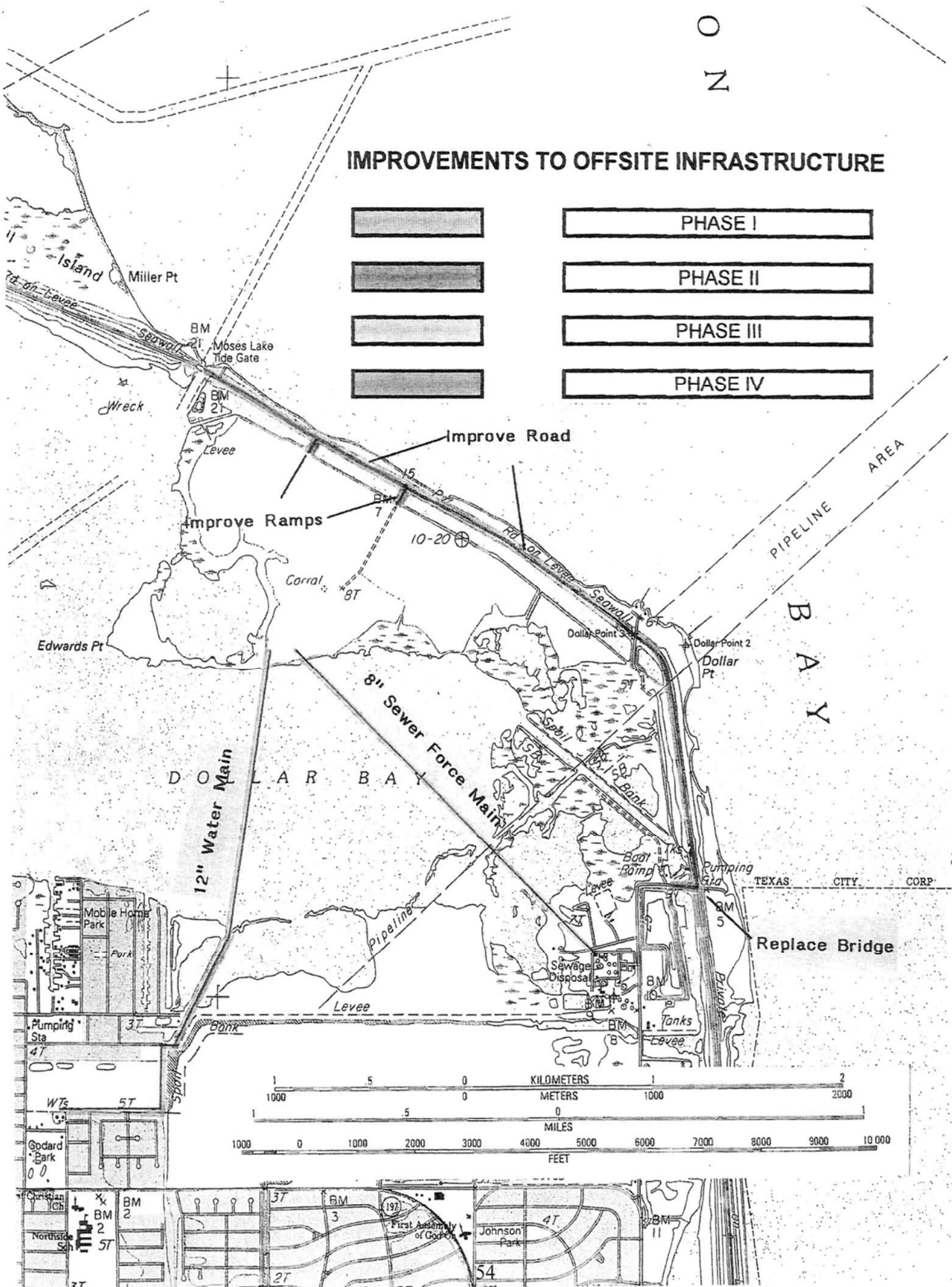
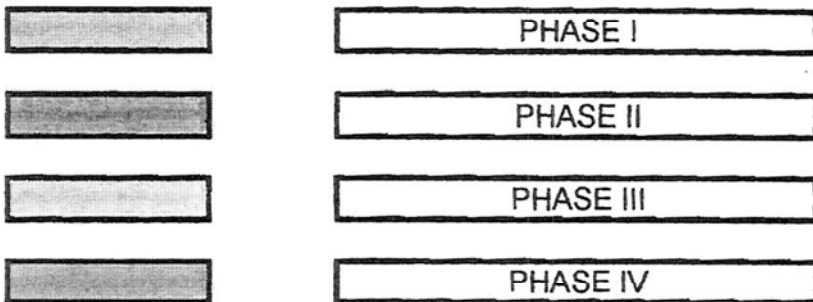
5	40' PATIO HOME LOTS WATERFRONT
107	60' STANDARD LOTS WATERFRONT
36	TOWNHOME LOTS WATERFRONT
150	BOAT SLIPS WEST HALF OF MARINA
100%	COMMERCIAL

PHASE IV 60.7 ACRES

33	EXECUTIVE LOTS WETLANDS
30	EXECUTIVE LOTS WATERVIEW
70	EXECUTIVE LOTS WATERFRONT
10	ESTATE LOTS EDWARDS POINT

O
N

IMPROVEMENTS TO OFFSITE INFRASTRUCTURE



GRAND CAY HARBOUR DEVELOPMENT SCHEDULE (REFER TO DEVELOPMENT PHASE MAP)

ID	Task Name	Duration	Start	Finish	Predecessor	Resource Name	21
							23 26 29
1	Phase I Development	257 days	Tue 11/25/03	Wed 11/17/04			
2							
3	Administration	257 days	Tue 11/25/03	Wed 11/17/04			
4							
5	Surveying	113 days	Mon 3/15/04	Wed 8/18/04			
6							
7	Soil Exploration	20 days	Wed 3/24/04	Tue 4/20/04			
8							
9	Engineering - Phase I	40 days	Mon 3/1/04	Fri 4/23/04			
10							
11	Landscaping Design	16 days	Wed 3/31/04	Wed 4/21/04			
12							
13	Permitting	99 days	Mon 1/12/04	Thu 5/27/04			
14							
15	Construction of Phase I	119 days	Wed 6/2/04	Mon 11/15/04			
16							
17							
18	PHASE II DEVELOPMENT	174 days	Wed 8/11/04	Mon 4/11/05			
19							
20	Administration	171 days	Mon 8/16/04	Mon 4/11/05			
21							
22	Surveying	100 days	Mon 8/30/04	Fri 1/14/05			
23							
24	Soil Exploration	20 days	Mon 9/20/04	Fri 10/15/04			
25							
26	Engineering - Phase II	40 days	Mon 8/16/04	Fri 10/8/04			
27							
28	Landscaping Design	16 days	Mon 8/30/04	Mon 9/20/04			
29							
30	Permitting	20 days	Wed 8/11/04	Tue 9/7/04			

Project: Grand Cay Harbour Schedule
Date: Mon 1/19/04

Task		Milestone		Rolled Up Split		External Tasks	
Split		Summary		Rolled Up Milestone		Project Summary	
Progress		Rolled Up Task		Rolled Up Progress			

GRAND CAY HARBOUR DEVELOPMENT SCHEDULE (REFER TO DEVELOPMENT PHASE MAP)

ID	Task Name	Duration	Start	Finish	Predecessor	Resource Name
31						
32	Construction of Phase II	105 days	Tue 11/16/04	Mon 4/11/05	15	
33						
34						
35	PHASE III DEVELOPMENT	166 days	Mon 1/17/05	Mon 9/5/05		
36						
37	Administration	166 days	Mon 1/17/05	Mon 9/5/05		
38						
39	Surveying	100 days	Tue 2/1/05	Mon 6/20/05		
40						
41	Soil Exploration	20 days	Fri 3/4/05	Thu 3/31/05		
42						
43	Engineering - Phase III	40 days	Wed 1/19/05	Tue 3/15/05		
44						
45	Landscaping Design	16 days	Mon 1/31/05	Mon 2/21/05		
46						
47	Permitting	20 days	Tue 3/1/05	Mon 3/28/05		
48						
49	Construction of Phase III	105 days	Tue 4/12/05	Mon 9/5/05	32	
50						
51						
52	PHASE IV DEVELOPMENT	164 days	Wed 6/15/05	Mon 1/30/06		
53						
54	Administration	164 days	Wed 6/15/05	Mon 1/30/06		
55						
56	Surveying	100 days	Thu 6/23/05	Wed 11/9/05		
57						
58	Soil Exploration	20 days	Thu 7/14/05	Wed 8/10/05		
59						
60	Engineering - Phase IV	40 days	Thu 6/23/05	Wed 8/17/05		

Project: Grand Cay Harbour Schedule
Date: Mon 1/19/04

Task		Milestone		Rolled Up Split		External Tasks	
Split		Summary		Rolled Up Milestone		Project Summary	
Progress		Rolled Up Task		Rolled Up Progress			

GRAND CAY HARBOUR DEVELOPMENT SCHEDULE (REFER TO DEVELOPMENT PHASE MAP)

ID	Task Name	Duration	Start	Finish	Predecessors	Resource Name	121	23	26	29
61										
62	Landscaping Design	16 days	Thu 7/7/05	Thu 7/28/05						
63										
64	Permitting	20 days	Wed 7/27/05	Tue 8/23/05						
65										
66	Construction of Phase IV	105 days	Tue 9/6/05	Mon 1/30/06	49					
67										
68										
69	OFFSITE INFRASTRUCTURE IMPROVEMENTS	501 days	Mon 3/1/04	Mon 1/30/08						
70										
71	Improvements During Phase I	186 days	Mon 3/1/04	Mon 11/15/04						
72										
73	Improvements During Phase II	105 days	Tue 11/16/04	Mon 4/11/05	71					
74										
75	Improvements During Phase III	105 days	Tue 4/12/05	Mon 9/5/05	73					
76										
77	Improvements During Phase IV	105 days	Tue 9/6/05	Mon 1/30/06	75					

Project: Grand Cay Harbour Schedule
Date: Mon 1/19/04

Task		Milestone		Rolled Up Split		External Tasks	
Split		Summary		Rolled Up Milestone		Project Summary	
Progress		Rolled Up Task		Rolled Up Progress			

EXHIBIT D

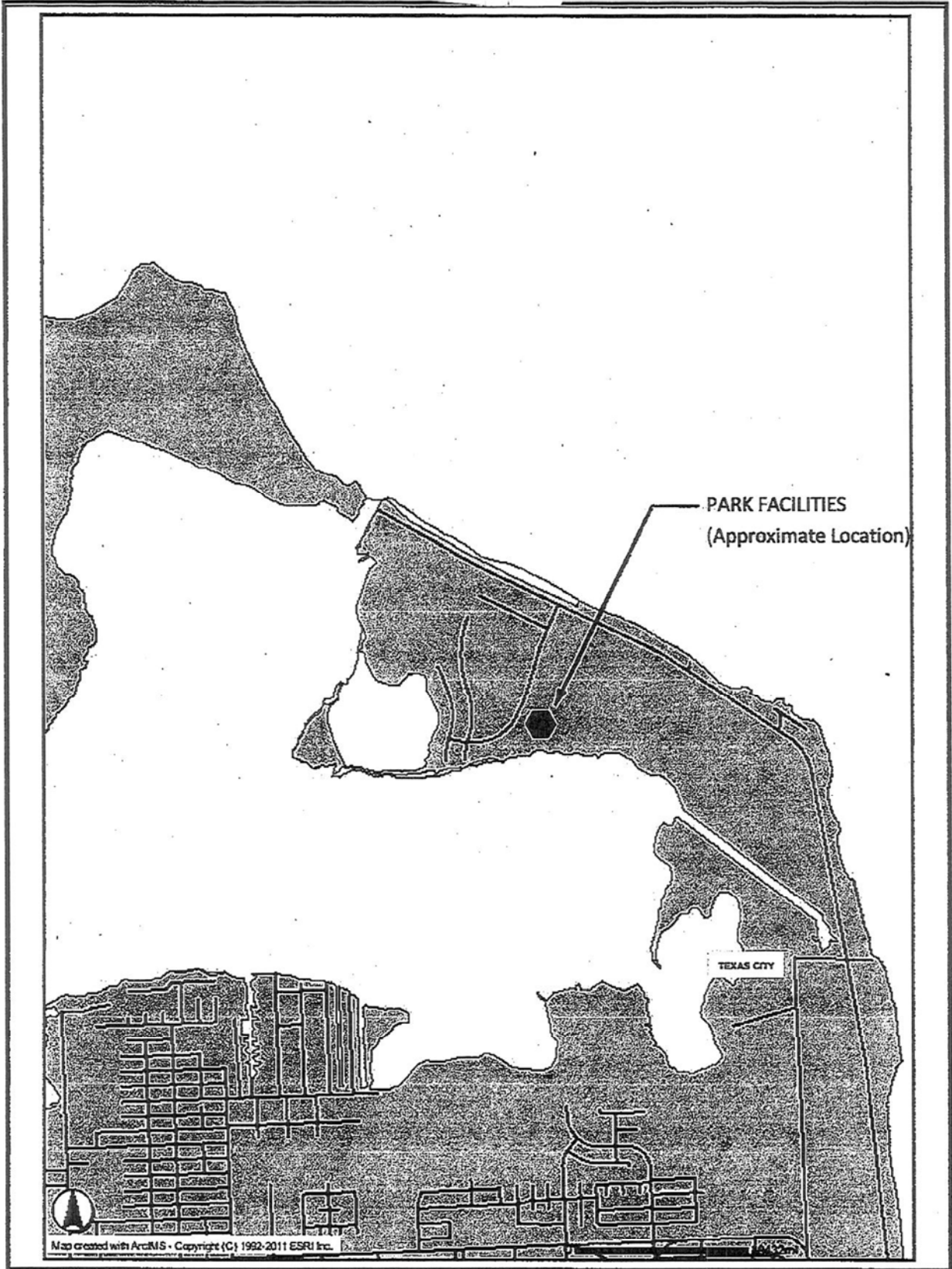


EXHIBIT E

Description of the Marina Tract and the Edwards Point Tract

Marina Tract

A tract or parcel of land consisting of approximately 62.33 acres situated in that approximately 277.49 acre tract of land out of the Stephen F. Austin Survey No. 4, Abstract No. 4, and being the same tract conveyed to Lyman S. Reed Family Limited Partnership in Film Code No. 012-22-0985 as recorded in the office of the County Clerk, Galveston County, Texas (said tract being referenced herein as the "Reed Tract"), said approximately 62.33 acre tract being described as follows (the "Marina Tract"):

- (i) the boundary of the Marina Tract runs in a westerly direction from the Northwest corner of Section 3, Grand Cay Harbour, a subdivision in Galveston County, Texas according to the plat thereof filed under Volume 2006A, Page 215 of the Galveston County Map Records ("Section 3"), along the north boundary of the Reed Tract and continues southerly along the west boundary of the Reed Tract until the said west boundary intersects the north boundary of that certain easement described by metes and bounds in that certain Third Amended and Restated Waterway Easement recorded under Clerk's File No. 2006070350 of the Real Property Records of Galveston County, Texas (said easement referenced herein as the "Waterway Easement");
- (ii) the boundary line of the Marina Tract continues from the intersection described in (i) above easterly along the north boundary of the Waterway Easement until such boundary intersects Section 2, Grand Cay Harbour, a subdivision in Galveston County, Texas according to the plat thereof filed under Volume 2007A, Page 14 of the Galveston County Map Records ("Section 2"); and
- (iii) the boundary line of the Marina Tract continues from the intersection described in (ii) above in a northerly direction along the west boundaries of Section 2 and Section 3 until said boundary intersects with the north boundary of the Reed Tract, being the starting point described in (i) above (i.e., the Northwest corner of Section 3).

Edwards Point Tract

Approximately 24.04 acres of land out of the Reed Tract (described above), being a highly irregular shape and being all of the residue of the Reed Tract that is situated south and west of the southern and western boundaries of the Wetland Mitigation Reserve of Section 1, Grand Cay Harbour, a subdivision in Galveston County, Texas according to the plat thereof filed under Volume 2006A, Page 209 of the Galveston County Map Records.

EXHIBIT F

Planning Board Meeting

On Monday, November 20, 2006 at 5:00 p.m. the Planning Board met in a regularly scheduled meeting. Board members present were Acting Chairperson Mayor Doyle, Commissioner Haney, and Jose Boix. Staff members present were James McWhorter, Larry Iles and Don Carroll. Citizen present were Carlos Garza, Bob Patel, Jim Daniels, Tom Moughon, Mark Welch, Crawford Gordon, Jeannine Sais, Steven Beckman, and Billy Eaton.

APPROVAL OF MINUTES. Minutes of October 16, 2006 were not provided to Board members a motion to approve the minutes at the next meeting was made by Mayor Doyle/Jose Boix. All members present voted aye. Acting Chairperson Mayor Doyle indicated a quorum was present and called the meeting to order.

ITEM NO. 1. Billy Eaton requests review and approval of proposed lighting in front of Bahama Bucks located at 2716 Palmer Highway. (Action) Mr. Carroll referred the agenda item to Larry Iles, Building Official to provided an overview on the issue before the Board. Mr. Carroll advised Board that Staff had no objections or concerns. Mr. Iles indicated that he had reviewed the proposal and requested the applicant present the proposal to the Board. The applicant was available to present and answer questions concerning the proposed lighting request. Mr. Eaton presented the proposed lighting details with pictures showing lighted Palm trees. The Mayor asked how may Palm Trees and where they would be located? Mr. Eaton indicated that there would be two palms with white lights in front of the building. The Mayor asked City Planner if Staff had any concerns? Staffs only concerns has been potential lighting distraction. The Building Official indicated it will be a nice development and that the proposal was for the lights to remain on until the business closed at 10:00 p.m. Mr. Eaton advised that there would be additional security lighting for the business that would remain on. Mayor Doyle suggested that this would be beneficial to that area. There being no further discussion, a motion to approve as presented was made by Jose Boix/Commissioner Haney. All members present voted aye.

ITEM NO. 2. Divicom, Inc. and Marathon requests abandonment of alley right-of-way between 4th Avenue South and 5th Avenue South and bordered by 10th Street South and 11th Street South located between Block 2 and Block 3, between 10th and 11th Street South. (Action) Mr. Carroll provided an overview on issue before the Board indicating that there were issues to be reconciled (memo attached). Public Hearing notices have been posted. Mr. Carroll recommended a continuing of the Public Hearing until the next meeting in order to give an applicant additional time to reconcile issues. Carlos Garza, representing the applicant presented an overview and agreed with the rationale for continuance and felt would have no problem in reconciling and providing documentation. There being no further discussion, a motion to approve continuing until the next meeting was made by Jose Boix/Commissioner Haney. All members present voted aye.

ITEM NO. 3. Bharat N. Patel requests site Plan review for Comfort Inn Suites to be located at 320 Hwy. 146 N. (Action) Mr. Carroll provided an overview on issue before the Board. He advised the Board that Staff has reviewed the plans and the Utilities Department and Public Works Department have minor stipulations still outstanding. The aforementioned departments did not feel the remaining issues were significant enough to preclude developer from seeking Planning Board approval. There being no further discussion, a motion to approve was made by Commissioner Haney/Boix. All members present voted aye.

ITEM NO. 4. U. S. Coast Guard request site plan review for office building to be located on the Southwest corner of FM 2004 and 32nd Avenue North. (Action) Mr. Carroll provided an overview on issue before the Board (memo attached). Staff reviewed the proposal and all planning

Concerns have been resolved. Staff has no objections. Mr. Carroll called on the Principals to address the Board and provide an overview of the proposal. Mr. Boix had a question concerning construction of fencing. Mr. Daniels responded it will be a combination of wrought iron and masonry. There being no further discussion, a motion to approve was made by Commissioner Haney/Boix. All members present voted aye.

ITEM NO. 5. Tom Moughon for Grand Cay request variance to height restrictions for cupola. (Action) Mr. Carroll provided an overview on issue before the Board (memo attached). He advised the Board that Staff has reviewed and has no objections. Larry Iles, Building Official, provided a technical overview and explained the City concerns and what is now the Industry Standard in regulating. Staff has no objection to this requested variance. Mr. Tom Moughon and Mark Welch for Grand Cay elaborated on the request. Mr. Welch provided clarification on the cupola and height variance request of 50'. Mr. Carroll had a question on the impact of height of 50' on windstorm regulations. Mr. Iles confirmed that this was clarified through the Windstorm Commission as not an issue as long the plans contained an engineer stamp certifying the structure for windstorm requirements. There being no further discussion, a motion to clarify our height ordinance not to exceed 50' at the peak was made by Mayor Doyle/Boix. All members present voted aye.

ITEM NO. 6. Tom Moughon request for Grand Cay approval for zero lot line variance. (Action) Mr. Carroll provided an overview on issue before the Board. He requested the applicant to address the Board for clarification. The applicant advised Board that the request was to allow homes on 45' lots to be located on the lots with a 5' side yard set back on both sides and not require adherence to the 10' on one side and 8" on the other side of the Home. This will allow symmetrical placement of the structure on the lot. Staff will look at the feasibility of amending this performance standard provision for Zero Lot Patio Homes. This request is not technically a variance since the City currently allows 5' side yard set backs. There being no further discussion, a motion to approve allowing 5' setback on each side of structure was made by Commissioner Haney/Boix. All members present voted aye.

ITEM NO. 7. Tom Moughon request for Grand Cay request variance to property line for boathouse. (Action) Mr. Carroll and Mr. Iles provided an overview concerning the building of boathouses as applicable to property lines. City would not be permitting boathouses since this is in navigational waters. Staff advised the Board that the property line is not at the center of the canal like other areas in the City. This canal is considered public waters and applicant must get approval from Corps of Engineers and/or GLO. The applicant was called upon to address and clarify the request. Discussion followed concerning canal size. Planning Board approved the design concept as presented. There being no further discussion, a motion to approve the concept as presented Jose Boix/Commissioner Haney. All members present voted aye.

ITEM NO. 8. Other Business

There being no further business, a motion was made to adjourn by Commissioner Haney/Jose Boix. All members present voted aye.


Donald Carroll, Secretary

Mayor Doyle, Acting Chairperson

CITY COMMISSION AGENDA

Item #: 6. (a.

Date: 02/16/2011

Rezoning Request for Knighthawk Engineering

Submitted By: Jean Vincent, Inspections

Department: Planning

ACTION REQUEST (Brief Summary)

Approve or deny rezoning for Diane and Cliff Knight to rezone from "O" (Open Space) to "P-I" (Planned Industrial) to construct a building for an office, manufacturing, lab and testing facility to be located on FM 3436.

Legal Description: Being 19.7311 acres out of Lot 12, C.C. Pettits S/D.

BACKGROUND

Previously approved by the Planning Board and Zoning Commission.

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

Ord 11-03

google map for knighthawk

ORDINANCE NO. 11-03

AN ORDINANCE AMENDING CHAPTER 40 OF THE CODE OF ORDINANCES OF THE CITY OF TEXAS CITY, GALVESTON COUNTY, TEXAS, ALSO KNOWN AS THE ZONING ORDINANCE, BY REZONING FROM “O”, OPEN SPACE, TO DISTRICT “P-I”, PLANNED INDUSTRIAL), TO CONSTRUCT A BUILDING AT LOT 12, C.C. PETTITS SUBDIVISION, LOCATED ON FM 3436, TEXAS CITY, GALVESTON COUNTY, TEXAS; ORDERING SAID CHANGES MADE ON THE CITY ZONING MAP; CONTAINING A SAVINGS CLAUSE; PROVIDING FOR THE REPEAL OF ALL ORDINANCES IN CONFLICT THEREWITH; DISPENSING WITH THE CHARTER REQUIREMENT FOR READING THIS ORDINANCE ON THREE (3) SEPARATE DAYS; AND PROVIDING THAT THIS ORDINANCE SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION AND PUBLICATION BY CAPTION ONLY IN THE OFFICIAL NEWSPAPER OF THE CITY.

WHEREAS, due and proper notice has been given and public hearing held and all other required actions taken to amend the Zoning Ordinance for the City of Texas City, Texas, and it is the considered opinion of the City Commission that said Ordinance be amended and changed;

WHEREAS, this property was previously granted preliminary rezoning approval by both the Zoning Commission and the City Commission; and

WHEREAS, a building permit has been issued for the construction to begin.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF TEXAS CITY, TEXAS:

SECTION 1: That certain property located on FM 3436, being 19.7311 acres out of Lot 12, C.C. Pettits Subdivision, Texas City, Galveston County, Texas, currently zoned as District “O” (Open Space), is hereby rezoned and classified as District “P-I” (Planned Industrial), to construct an office, manufacturing, lab and testing facility by Diane and Cliff Knight.

SECTION 2: That the City Engineer shall designate said changes from District “O”, Open Space, to District “P-I”, Planned Industrial, as hereinabove provided on the original zoning map, as amended, and on the duplicate copy thereof kept in the Office of the City Planning Board.

SECTION 3: That all ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed. In the event any section, clause, sentence, paragraph, or part of this Ordinance shall be for any reason adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, invalidate, or impair the remainder of this Ordinance.

SECTION 4: That the Charter requirement for reading this Ordinance on three (3) separate days has been dispensed by a majority vote of the City Commission.

SECTION 5: That this Ordinance shall be finally passed upon the date of its introduction and shall become effective from and after its passage and adoption and publication by caption only in the official newspaper of the City.

PASSED AND ADOPTED the 16th day of February, 2011.

Matthew T. Doyle, Mayor
City of Texas City, Texas

ATTEST:

APPROVED AS TO FORM:

Nicholas J. Finan
City Secretary

Ronald F. Plackemeier
City Attorney



FOR INTERIM REVIEW ONLY
 THESE DRAWINGS AND/OR
 SPECIFICATIONS ARE
 INCOMPLETE AND ARE
 NOT INTENDED FOR
 BIDDING, PERMIT, OR
 CONSTRUCTION DOCUMENTS.

Church
 DesignBuild
 Services, Inc.
 Bellaire, Texas

A New Office / Laboratory / Shop For
 Knighthawk Engineering
 Texas City, Texas

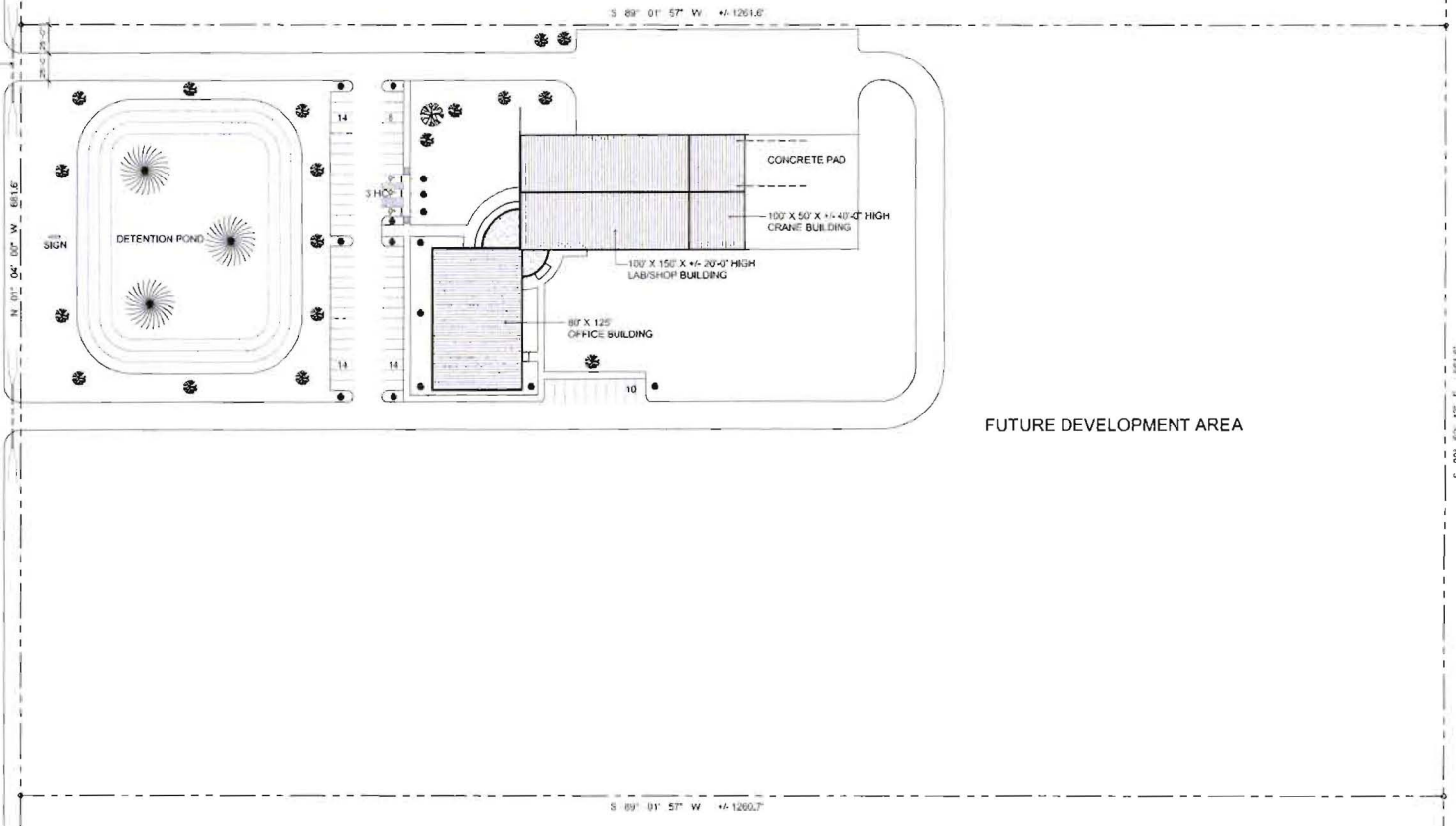
Project: 00000
 Date: Dec 17, 2010

SD1
 Sheet of 1



TEMPORARY
 24" RCP CULVERT

F.M. 3436



FUTURE DEVELOPMENT AREA

Site Plan

SCALE: 1" = 50'
 01

The Drawings, Specifications and other documents prepared by the Architect for this Project are instruments of the Architect's service for use solely with respect to the Project, and the Architect shall be deemed the author of these documents and shall retain all copyright, statutory and other reserved rights, including the copyright. The Owner shall be permitted to retain copies, including reproducible copies, of the Architect's Drawings, Specifications and other documents for information and reference in connection with the Owner's use and occupation of the project. The Architect's Drawings, Specifications or other documents shall not be used by the Owner or others on other projects, for additions to this Project or for completion of this Project by others, except by agreement in writing and with appropriate compensation to the Architect.



TEMPORARY
24" RCP CULVERT

Delete Driveway
and culvert

N 01° 04' 00" W 681.6'

SIGN

DETENTION POND

3 HC

S 89° 01' 57" W -/- 1261.6'

CONCRETE PAD

100' X 50' X +/- 40" HIGH
CRANE BUILDING

100' X 150' X +/- 20" HIGH
LAB/SHOP BUILDING

80' X 125'
OFFICE BUILDING

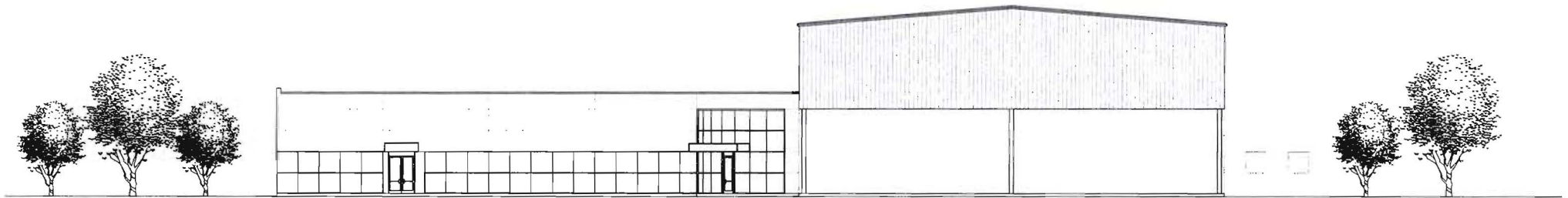
change to 45' wide
and center of
property - this will
be the only
entrance per
TXDOT

F. M. 3436

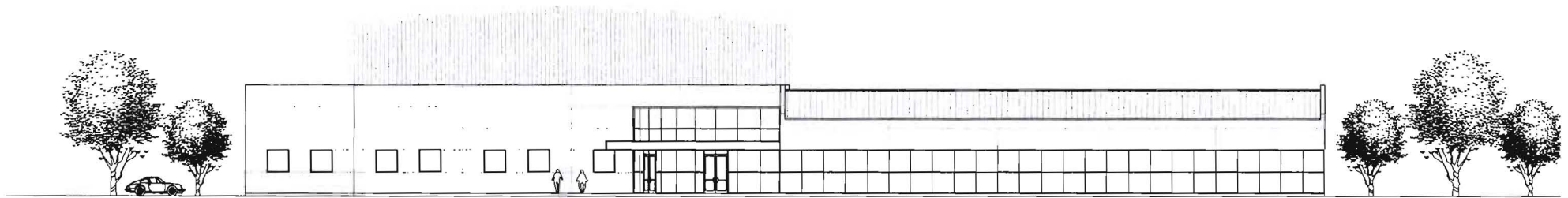
S 89° 01' 57" W -/- 1260.7'

FUTURE DEVELOPMENT AREA

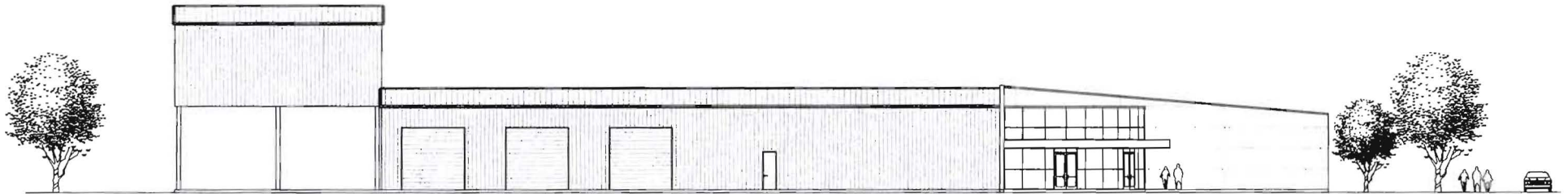
S 00° 59' 12" E 681.6'



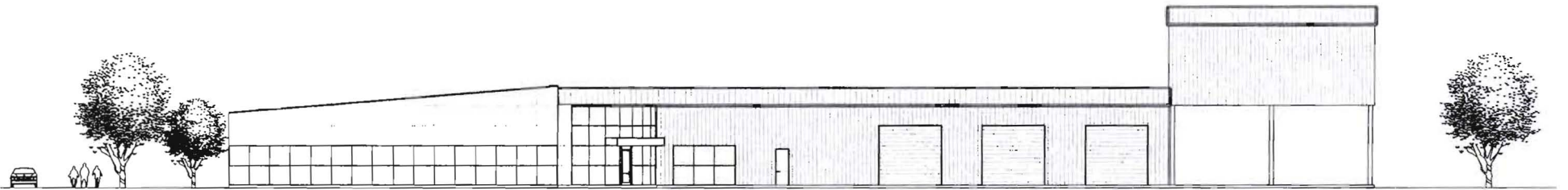
View From East



View From FM 3436



View From North



View From South