Port of Corpus Christi

Regular Meeting

Tuesday, August 10, 2010 9:00 AM

Port of Corpus Christi

Regular Meeting

Tuesday, August 10, 2010 - 9:00 AM

Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas

AGENDA

1.	Call meeting to order and receive Conflict of Interest Affidavits. Presenter: Mike Carrell	
2.	Approve the minutes of the July 13, July 30 and August 3, 2010 Commission meetings. Presenter: Mike Carrell	5
3.	Receive comments from the public. ***(Each speaker will be limited to three minutes)*** Presenter: Mike Carrell	
4.	Recognition of John A. Casey, P.E., the new Texas Department of Transportation Corpus Christi District Engineer. Presenter: Greg Brubeck	
5.	Elect directors to fill vacancies on the Board of Directors of the Industrial Development Corporation of Port of Corpus Christi. Presenter: Dennis DeVries	
6.	Consider and take action on Resolution approving the Renewal Proposal for the Port of Corpus Christi Health and Dental Benefit Plan for the Plan year beginning October 1, 2010, including changes to employees' contributions to the plan. Presenter: Sandra Davis	25
7.	Consent Agenda. The Port Commissioners have been furnished with supporting documentation and staff's recommendation for each of the following items. All Consent Agenda items will be approved, in accordance with the respective staff recommendations, by one vote without being discussed separately unless a Port Commissioner requests otherwise:	
7. A.	Approve Amendment #2 to the Local Project Advance Funding Agreement (LPAFA) with the Texas Department of Transportation in connection with the Joe Fulton International Trade Corridor - Phase II. Presenter: Dave Michaelsen	29
7. B.	Approve a Professional Services Purchase Order with RVE Inc. for design and administrative assistance to PCCA regarding Security Grants 6 & 7. Presenter: Dave Michaelsen	30
7. C.	Approve a Professional Service Purchase Order with Miller Environmental for waste management services. Presenter: Sarah Garza	32
7. D.	Approve the purchase of a Ford 550 with drug seizure funds for the Port Police Department. Presenter: Arch Achambo	33
7. E.	Ratify tend contract with Rental World for Sail South Texas 2010. Presenter: Patricia Cardenas	34

8. Review and approve PCCA's Investment Policy for 2010. 35
Presenter: Dennis DeVries

9. Receive report from the Executive Director on upcoming PCCA events and the activities of the following PCCA departments during the preceding month: business development, community relations, government affairs, operations, engineering services, and human resources. 69
Presenter: John LaRue

10. Receive a status report from the Chairman of the Agricultural Committee on efforts to have the Port of Corpus Christi designated as a cotton delivery point.
Presenter: Francis Gandy

11. The Port Commission will go into executive session pursuant to §551.087 of the Texas Government Code to deliberate the offer of a financial incentive or other incentive to a business prospect that PCCA seeks to have expand in the Port of Corpus Christi and with which PCCA is conducting economic development negotiations.
Presenter: Bill Green

12. Approve the First Reading of a Franchise Agreement granting Valero Refining - Texas, L.P. the right to cross the south bulkhead line of the Tule Lake Channel from its property at the Valero Barge Terminal fronting on the Tule Lake Channel. The Port Commission may go into executive session pursuant to §551.071 of the Texas Government Code to seek the advice of its attorney regarding certain legal issues pertaining to this franchise prior to taking any action on this agenda item. 100
Presenter: Bill Green

13. Approve an Easement Agreement with Valero Refining, L.P. for a 16-inch effluent line, approximately 2,702 feet in length, located west of the former Tule Lake Bridge crossing. 110
Presenter: Bill Green

14. Approve a Resolution declaring 916.345 acres of upland property on Ingleside Point in San Patricio County, the improvements thereon formerly known as Naval Station Ingleside Main Base, and the two adjacent (former NSI) piers in Corpus Christi Bay (collectively, the **"NSI Development Property"**) to be surplus property not needed by PCCA for a navigation-related project.
Presenter: Jimmy Welder

15. Review and accept the appraisal of the NSI Development Property obtained by PCCA. 124
Presenter: Tom Moore

16. The Port Commission will go into executive session pursuant to Sections §551.072 of the Texas Government Code to:
Presenter: Tom Moore

    16. A. Deliberate the proposal submitted by APEX Investment Group, Inc., to lease the NSI Development Property.

    16. B. Deliberate the proposal submitted by Corpus Development, L.P., to purchase the NSI Development Property.

    16. C. Deliberate the proposal submitted by Service Marine Group, LLC, to purchase the NSI Development Property.

17. Discuss the proposal from APEX Investment Group, Inc., to lease and develop

the NSI Development Property.
Presenter: Tom Moore

18. Discuss the proposal from Corpus Development, L.P., to purchase and develop the NSI Development Property.
Presenter: Tom Moore

19. Discuss the proposal from Service Marine Group, LLC, to purchase and develop the NSI Development Property.
Presenter: Tom Moore

20. Consider and take action on a motion to authorize PCCA staff to negotiate a letter of intent or a definitive agreement for the purchase or lease of NSI Development Property with one of the following companies for approval by the Port Commission at its meeting on September 14, 2010: APEX Investment Group, Inc., Corpus Development, L.P., or the Service Marine Group, LLC.
Presenter: Richard Borchard/Tom Moore

21. PCCA and The Texas A&M University System (TAMUS) entered into an Amended and Restated Development Services Agreement (the "Development Services Agreement") effective as of May 11, 2010, for the development of the NSI Development Property. The Port Commission will go into executive session pursuant to §551.071 of the Texas Government Code to seek the advice of its attorney regarding PCCA's legal right to terminate the Development Services Agreement.
Presenter: Tom Moore

22. Receive comments from Commissioners on any of the agenda items for this meeting, the Port's activities during the preceding month, upcoming PCCA events and suggestions for future agenda items.
Presenter: Mike Carrell

23. Adjourn
Presenter: Mike Carrell

JULY 13, 2010

The Port Commissioners of the Port of Corpus Christi Authority met in regular session on Tuesday, July 13, 2010 at 9:00 a.m., at the Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas.

Present:	Mr. Mike Carrell Mr. Richard M. Borchard Ms. Judy Hawley Mr. Robert J. Gonzalez, Sr. Mr. Kenneth L. Berry Mr. Francis I. Gandy, Jr. Mr. Robert Kostelnik
Present:	Mr. John P. LaRue Mr. Frank Brogan Mr. Sandy Sanders Mr. Tony Alejandro Mr. Greg Brubeck Mr. Michael Perez Chief Arch Archambo Mr. Bill Green Mr. Ruben Medina Ms. Patricia Cardenas Mr. Dennis DeVries Ms. Audre Debler Ms. Sherry DuBois Mr. Gustavo Espinosa Mr. Dave Michaelsen Mr. Tom Moore Ms. Nelda Olivo Mr. Richard Stroot Mr. Dave Throop Ms. Maggie Turner Mr. John Valls Mr. Bennie Benavides Ms. Liz Cantu Mr. Bland Chamberlain
Others Present:	Mr. Leo J. Welder, Jr.
Others Present:	Mr. Tom Curlee Port Industries

Ms. Nancy Vasquez
  MD&A
Ms. Fanny Chirinos
  Caller-Times
Mr. Pat Veteto
  RVE
Mr. Tim Clower
  TCC
Mr. Rick DuPriest
  WL Bates
Commissioner Fred Nardini
  San Patricio County
Ms. Lillian Riojas
Mr. Roland Mower
  CC Regional Economic Development Assn.
Mr. David Fields
  Gulf Compress
Mr. Charles Kirvy
  US Coast Guard
Ms. Rhoda Poenisch
Ms. JoAnn Ehmann
  Ingleside On The Bay
Ms. Barbie Baker
Ms. Rose Collins
  LRA
Ms. Angela Herrington
Ms. Nancy Allen
  USO
Mr. Steven Williams
Ms. Sandra Bockehman
  We The People
Mr. Mike Hummell
Mr. Carroll
  CITGO
Mr. Daniel Hodgkins
  Citizen
Mr. Ron Jorgensen
  City of Portland
Ms. Wendy Allen
  Ingleside ISD
Mr. Arthur Haas
  TAMUCC
Mr. Jim Rimbey
  ZEP
Mr. Frank Perez
  S.W.T.

Mr. Harry G. Plomarity
Citizen

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. None were submitted.

II.

On motion made by Mr. Borchard and seconded by Mr. Berry, the minutes of the June 8, 2010, Commission meeting were unanimously approved in the form presented to the meeting.

III.

Chairman Carrell asked for comments from the public. None were made.

IV.

On motion made by Mr. Gonzalez and seconded by Mr. Berry, the following Resolutions of Appreciation were unanimously adopted:

Resolution of Appreciation
For
Daniel R. Hodgkins
For a Job Well Done
July 13, 2010

WHEREAS, Daniel R. Hodgkins, also known as "Danny", served the Port of Corpus Christi Authority from November 26, 1973, to June 30, 2010, in various capacities including Accountant/Financial Analyst and, for the past twenty-five years, Chief Financial Officer; and

WHEREAS, during Danny's tenure and leadership as Chief Financial Officer, the Port of Corpus Christi was beneficiary to numerous initiatives and accomplishments that include the introduction and implementation of computer technology into day-to-day operations, the establishment of a self-funded employee benefits plan and retirement program, and participation in the Government Finance Officers Association, for which the Port has received the prestigious Certificate of Achievement for Excellence in Financial Reporting for twenty-six consecutive years, and

WHEREAS, Danny successfully negotiated a significant insurance settlement from the Port's 1981 grain elevator explosion that became the catalyst or building block for cash reserves that has enabled the Port to manage and maintain its Capital Improvement Program and promote new business opportunities for the Port over the years; and

WHEREAS, Danny's strong work ethic and dedication to the Port proved to be a guiding force to his staff, and every decision Danny ever made was based on the emphasis of "Is it good for the Port?" and

WHEREAS, Danny has been an active member of the American Association of Port Authorities Finance Committee and served as its Chairman from 1990-92, the American Management Association, the Government Finance Officers Association, the Board of Trustees of the Texas Political Subdivisions Joint Self-Insurance Funds, the Propeller Club of the United States where he served as President from 1984-85, the West Corpus Christi Rotary where he served as President from 1990-91, and is a Paul Harris Fellow; and

WHEREAS, Danny has always been supportive of his staff, and stood steadfast to his beliefs and convictions.

THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, that the Port Commission and Staff wish to honor Danny's selfless dedication and commitment to the mission of the Port of Corpus Christi; and

BE IT FURTHER RESOLVED, that the Port Commission and Staff, with the adoption of this Resolution, enthusiastically wish to acknowledge their appreciation of Daniel R. Hodgkins as a loyal friend and trusted colleague of the Port of Corpus Christi who will be truly missed; and

BE IT FURTHER RESOLVED, that this Resolution be made part of the permanent minutes of the Port Commission and that a signed original copy of this instrument be delivered to Danny and his lovely wife, Judy, with our sincerest best wishes for calm seas and following winds for his future endeavors.

####

Resolution of Appreciation
To
ARTHUR F. BABIN
For His Service To
The Port of Corpus Christi Authority
Of Nueces County, Texas

WHEREAS, Arthur F. Babin, better known as "Fred," served the Port of Corpus Christi as the Manager of Transportation from September 9, 1985 to June 30, 2010; and

WHEREAS, Fred's professional approach to conducting business has garnered him high praise and respect from his peers in the rail industry and his extensive knowledge of rail operations was essential in opening and maintaining meaningful and progressive relationships with the carriers at the Port; and

WHEREAS, Fred's more outstanding accomplishments includes the founding of the Corpus Christi Rail Association, changing the railroad operation in the Port of Corpus Christi Authority from an ineffective joint facility to a capable partnership among the Port, the three major railroads and Rail Link; and

WHEREAS, Fred's extensive expertise in rail operations has been invaluable in his role of advisor to the San Patricio Rural Rail Transportation District and as a member of the Board of Directors of the Nueces County Rural Rail Transportation District; and

NOW, THEREFORE, BE IT RESOLVED, by the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, that the Port Commission wishes to honor Fred's selfless dedication to the mission of The Port of Corpus Christi Authority and commitment to the Corpus Christi community; and

BE IT FURTHER RESOLVED, that the Port Commission, with the adoption of this Resolution enthusiastically wishes to acknowledge their appreciation of Fred Babin as a loyal friend and trusted employee of the Port of Corpus Christi who will be truly missed; and

BE IT FURTHER RESOLVED, that this Resolution be made a part of the permanent minutes of the Port Commission and that the signed original copy of this instrument be delivered to Fred with our best wishes as he now journeys to a leisurely retirement.

####

Resolution of Appreciation
For A Job Well Done
By
SHARON M. HURST
For
Port of Corpus Christi Authority
Of Nueces County, Texas

WHEREAS, Sharon M. Hurst, Vessel Traffic/Cargo Billing Supervisor in the Accounting Department, retired on June 30, 2010, after thirty-two years of outstanding service to the Port of Corpus Christi; and

WHEREAS, Sharon began her career with the Port on April 28, 1978, as an Accounts Payable Clerk and, as a result of diligent work and demonstrated ability, she advanced to a position of increased responsibility, that of Vessel Traffic/Cargo Billing Supervisor. In this capacity she was responsible for the invoicing of dockage and wharfage charges, cargo billing and lease rentals, Sharon's extensive knowledge of the Port's tariff made her the "go to" person for tariff application for Port customers and employees; and

WHEREAS, Sharon Hurst's dedication and commitment to the Port of Corpus Christi has earned her the respect and gratitude of her fellow employees; and

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this resolution, we, the Port Commissioners, wish to say thank you to Sharon Hurst for her conscientious service to the Port of Corpus Christi over the past thirty-two years; and

BE IT FURTHER RESOLVED that we extend our congratulations on her well-earned retirement, and our best wishes to her for continued success, happiness, and good health in the years to come.

####

V.

The Commission gave special recognition to Jacob Morales and Bert Perez for becoming registered professional engineers in the state of Texas.

VI.

The Commission recognized Capt. Bobby Grumbles as the new presiding officer of the Aransas-Corpus Christi pilots.

VII.

On motion made by Mr. Berry and seconded by Mr. Borchard, the Commission adopted the following resolution recognizing community volunteers for Sail South Texas 2010.

RESOLUTION

WHEREAS, Sail South Texas 2010 (SSTX 2010) was a successful International Tall Ship event created to open the doors of former U.S. Naval Station Ingleside to the community and the region during the 234th United States Independence Day Weekend; and

WHEREAS, the SSTX- 2010 event had the official participation of the Naval Academy Tall Ships from Chile, Mexico, Uruguay and the United States bringing with them more than 860 officers and cadets; and

WHEREAS, the organization brought volunteers not only from the Port of Corpus Christi but from the South Texas region to fulfill the duties of chairs of committees to assure the success of SSTX 2010; and

WHEREAS, during their service to SSTX-2010, the chairs of each committee worked uncalculated hours bringing along with them more than 500 other volunteers in support of each of their duties; and

WHEREAS, Port representatives, the chairs and volunteers of SSTX-2010, have earned many positive acknowledgments and recognitions throughout the region from event visitors and the members of the participating Tall Ships for the success of this unforgettable International Independence weekend celebration; and

WHEREAS, with the contributions and support of many sponsors, SSTX-2010 was able to offer a free admission event with entertainment for all ages; and

NOW, THEREFORE BE IT RESOLVED, that the Port Commission wishes to express its gratitude for the service and support to SSTX-2010 volunteers and sponsors by presenting them with a Port of Corpus Christi Authority Commission Resolution; and

BE IT FURTHER RESOLVED, that this Resolution be made a part of the permanent minutes of this Port Commission and that a copy of this Resolution be furnished to all Chairs of SSTX-2010 and major sponsors.

####

VIII.

The Commission received a presentation on PCCA ISO 14001 Certification of the EMS Program for the maintenance facility, bulk terminal and the public cargo docks and laydown areas.

IX.

On motion made by Mr. Gandy and seconded by Ms. Hawley, the following resolution was unanimously adopted by the Commission:

RESOLUTION
SUPPORTING THE PORT OF CORPUS CHRISTI &
PORT OF BROWNSVILLE JOINT GRANT APPLICATION
TO USDOT TIGER II DISCRETIONARY GRANT PROGRAM

WHEREAS, the Ports of Corpus Christi and Brownsville are partnering for the greater benefit of South Texas to increase rail capacity and improve the competitiveness of South Texas and the United States; and

WHEREAS, a joint grant application will be submitted to USDOT for funding in the amount of $16,500,000 to upgrade rail bridges to increase capacity from 263,000 pounds to 286,000 pounds per carload (the “Joint Grant Application”); and

WHEREAS, eliminating the weight restrictions on the Colorado River and Gracitas Creek bridges will greatly enhance freight mobility at the Port of Corpus Christi and Brownsville as well as freight to Laredo and Mexico; and

WHEREAS, the proposed project will increase capacity for passenger and local freight movements on US Highways I-37, I-10, I-20, Texas Highway 181, 77 and 281, reduce travel times and improve connectivity between modes of transportation; and

WHEREAS, by converting truck traffic to rail and reducing congestion on America's roadways, the project will alleviate roadway maintenance costs for state authorities; and

WHEREAS, the ability to attract new and support existing business in order to maintain and grow primary jobs is dependent on access to rail; and the project is located in an Economically Distressed Area (EDA) and will create more than 370 jobs in a rural area;

NOW, THEREFORE BE IT RESOLVED that the Port Commission of the Port of Corpus Christi Authority supports the USDOT Joint Grant Application for a rail project for South Texas to aid in the long term economic competitiveness of the Port of Corpus Christi.

####

X.

The staff updated the Commission on the 2010 Capital Projects.

XI.

On motion made by Mr. Gonzalez and seconded by Ms. Hawley, the Commission approved the expenditure of an additional $170,000 under PCCA's contract with Unique Employment Services for temporary employment services at the Cold Storage Facility, and an additional $6,000 for medical coverage for these temporary employees.

XII.

The Chairman announced that Item C would be removed from the consent agenda to be acted on separately. Then on motion made by Mr. Borchard and seconded by Ms. Hawley, Items A, B, D, E, F and G on the consent agenda were unanimously approved, in accordance with the respective staff recommendations furnished to the Commissioners at the meeting, by one vote. These items were as follows:

A. Award a contract to Leete Generators, the lowest and best bidder based upon bids received on June 23, 2010 for purchase of emergency generator and automatic transfer switch for Annex Building.

B. Award a contract to J.M. Davidson, Inc., the lowest and best bidder based upon bids received on June 23, 2010 for maintenance painting at the Bulk Terminal.

D. Approve an Office Space Lease Agreement with Coastal Bend Bays & Estuaries Program.

E. Ratify the Clean Diesel Funding Grant Assistance Agreement for the repowering of the Bulk Terminal Locomotive Switch Engine.

F. Ratify contingency increase for the Bulk Terminal Maintenance Painting Contract with Seeco Painting, LLC.

G. Approve the purchase of 800 MHz public safety communications equipment through available Security Grant 6 Funds.

With respect to Item C on the consent agenda, on motion made by Mr. Berry and seconded by Mr. Gandy, the Commission tabled (postponed) consideration of an Easement Agreement with Valero Refining, L.P. for a 16-inch effluent line, approximately 2,702 feet in length, located west of the former Tule Lake Bridge crossing.

XIII.

On motion made by Ms. Hawley and seconded by Mr. Gandy, the Commission tabled (postponed) consideration of the Port of Corpus Christi Investment Policy for 2010, as amended.

XIV.

On motion made by Ms. Hawley and seconded by Mr. Gandy, the Commission tabled (postponed) consideration of a list of broker/dealers that would be authorized to engage in investment transactions with PCCA.

XV.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission unanimously adopted a resolution authorizing participation in TexPool/TexPool *Prime* and designating authorized representatives. A copy of this resolution is attached to these minutes as Exhibit “A”.

XVI.

In his report, the Executive Director discussed the following: Update on LaQuinta; Wind turbine industry new project from Mojave Desert; NSI update; promotion of Dennis DeVries; Impact study on wind energy; dredge permit update.

At 10:00 a.m., Chairman Carrell announced that the Commission would go into closed session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate items 17, 18, 19, 20 and 2.

At 12:24 p.m. the Commission reconvened into open session.

XVII.

On motion made by Mr. Berry and seconded by Mr. Gonzalez, the Commission approved a settlement offer from and release agreement with Kirby Inland Marine for the repair of damages to Oil Dock 9. A copy of this settlement offer and release agreement is attached to these minutes as Exhibit “B”.

XVIII.

On motion made by Mr. Berry and seconded by Mr. Gandy, the Commission tabled (postponed) consideration of the first reading of a Franchise Agreement granting Valero Refining – Texas, L.P., the right to cross the south bulkhead line of the Tule Lake Channel from its property at the Valero Barge Terminal fronting on the Tule Lake Channel.

XIX.

On motion made by Mr. Gonzalez and seconded by Mr. Berry, the Commission voted to:

A. Rescind the Commission's prior approval (on March 9, 2010) of a settlement offer from CITGO Refining and Chemicals Company L.P. for use of and repairs to the Fire Barge following CITGO's Alkylation Unit fire on July 19, 2009, contingent upon CITGO signing an agreement to be responsible for any damages occurring to the Fire Barge in the future while fighting a fire on CITGO property.

B. Approve a settlement offer from CITGO Refining and Chemicals Company L.P. in the amount of $50,538.04 for use of and repairs to the Fire Barge following CITGO's Alkylation Unit fire on July 19, 2009.

Mr. Kostelnik abstained from voting on this motion.

XX.

Agenda Item 20 was for executive session only.

XXI.

On motion made by Mr. Borchard and seconded by Mr. Berry, the Commission rejected the proposal submitted by Service Marine Group, LLC, to purchase the property covered by the Amended and Restated Development Services Agreement between PCCA and The Texas A&M University System, which includes 916.345 acres of upland property in San Patricio County, the improvements thereon formerly known as Naval Station Ingleside, and the two former NSI piers in Corpus Christi Bay (the "NSI Development Property"). The Commission instructed staff to continue working with Service Marine Group until the end of the month, at which time a special Commission meeting would be held to receive presentations from each proposer.

XXII.

The Chairman of the NSI Redevelopment Committee gave a report on proposals submitted by private entities to lease and/or purchase the NSI Development Property. Tom Moore was instructed to meet with each company that has submitted a proposal and report back to the full Commission at the special Commission meeting to be held at the end of the month.

XXIII.

On motion made by Mr. Berry and seconded by Mr. Borchard, the Commission authorized the executive director to enter into a confidentiality agreement with any entity making a proposal to lease or purchase the NSI Development Property with respect to such entity's trade secrets, or other commercial or financial information the disclosure of which would cause substantial competitive harm to the entity or would give a competitive advantage to another proposing entity.

XXIV.

Chairman Carrell called for comments from Commissioners on any of the agenda items for this meeting, the Port's activities during the preceding month, upcoming PCCA events, and suggestions for future agenda items.

XXV.

At 12:36 p.m., the meeting adjourned.

Exhibit "A"

TEXPOOL

An Investment Service for Public Funds

Resolution
Authorizing Participation in TexPool/TexPool *Prime*
and
Designating Authorized Representatives

WHEREAS, Port of Corpus Christi Authority ("Participant") is a local government or state agency of the State of Texas and is empowered to delegate to the public funds investment pools the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pools ("**TexPool/TexPool *Prime***"), public funds investment pools, were created on behalf of entities whose investment objectives in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act.

NOW THEREFORE, be it resolved as follows:

A. That Participant shall enter into a Participation Agreement to establish an account in it's name in **TexPool/TexPool *Prime***, for the purpose of transmitting local funds for investment in **TexPool/TexPool *Prime***.

B. That the individuals, whose signatures appear in this Resolution, are authorized representatives of the Participant and are each hereby authorized to transmit funds for investment in **TexPool/TexPool *Prime*** and are each further authorized to withdraw funds from time to time, to issue letters of instruction, and to take all other actions deemed necessary or appropriate for the investment of local funds.

List of the authorized representatives of the Participant. These individuals will be issued P.I.N. numbers to transact business via the phone with a Participant Service Representative.

1. Name Dennis J. DeVries Title Director of Finance

Phone/Fax/Email (361)885-6139/(361)881-5167/dennis@pocca.com

Signature ______________________________

2. Name Audre Debler Title Chief Accountant

Phone./Fax/Email (361)885-6147/(361)881-5167/debler@pocca.com

Signature ______________________________

3. Name ______________________________ Title ______________________________

Phone/Fax/Email ____

Signature ____

List the name of the Authorized Representative provided above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Participation Agreement.

Name: Dennis J. DeVries

In addition and at the option of the Participant, one additional authorized representative can be designated to perform inquiry only of selected information. This limited representative cannot make deposits or withdrawals. If the Participant desires to designate a representative with inquiry rights only, complete the following information.

4. Name ______________________ Title ______________________

Phone/Fax/Email ____

C. That this resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until **TexPool/TexPool *Prime*** receives a copy of any such amendment or revocation.

This resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the ___ Day of July 13, 20 10.

NAME OF PARTICIPANT Port of Corpus Christi Authority

BY: ______________________________
Signature

____
Printed Name

____
Title

ATTEST: ______________________________
Signature

____
Printed Name

____
Title

OFFICIAL SEAL

STATE OF TEXAS §
§
COUNTY OF NUECES § **RECEIPT AND RELEASE**

Be it known that, before me, the undersigned notary public, this day personally appeared, John P. LaRue, Executive Director of Port of Corpus Christi Authority of Nueces County, Texas ("PCCA"), in his capacity as the duly authorized officer and agent of PCCA, and who, being first duly sworn, declared:

1. **PCCA** does hereby acknowledge that upon receipt of the sum of Nine Hundred Forty Seven Thousand Six Hundred Ninety One Dollars and 00/100 ($947,691.00) paid to **PCCA**, by Kirby Inland Marine, LP, and in consideration of the payment of said sum, **PCCA** does hereby release, relinquish, acquit and forever discharge Kirby Inland Marine, LP, their officers, directors, owners, successors, parent, subsidiary and affiliated corporations, assigns, employees, agents, receivers, operators, charterers, lessees, managers, underwriters and insurers, M/V Capt. Frank Stallings, Kirby 21004T, masters, vessel officers, crew members, and any and all vessels, from any and all claims for property damage, cost, loss of service, business interruption, loss of use, detention, downtime, expenses and compensation whatsoever, on account of or in any way growing out of the collision of the Kirby 21004T in tow of the M/V Capt. Frank Stallings with the PCCA oil dock #9 on the Corpus Christi Ship Channel mile marker 561.8 on January 27, 2010.

2. In consideration of the payment of the aforesaid sum of $947,691.00 cash in hand paid to **PCCA**, by Kirby Inland Marine LP, the receipt of which is hereby acknowledged, and in consideration of a compromise of said claim, **PCCA** agrees not to file any civil action against Kirby Inland Marine, LP in personam or against Kirby 21004T and/or M/V Capt. Frank Stallings, *in rem*, arising directly or indirectly out of the collision of the Kirby 21004T with PCCA oil dock #9 on January 27, 2010.

3. **PCCA** states that it is the only true and lawful owner of the damaged property and rightful party of interest and that it has the authority to sign this Receipt and Release.

4. As further consideration for this Receipt and Release, without which PCCA would not execute this Receipt and Release, Kirby Inland Marine, LP agrees to keep in place the spud-barge BM-1 adjacent to oil dock #9 for the duration of the period during which repairs to oil dock #9 caused by the collision with Kirby 21004T on January 27, 2010 are carried out, at the expense of Kirby Inland Marine, LP until the spud barge is released by CCC Group.

5. It is understood that the consideration provided for in this Receipt and Release is the payment to **PCCA** by way of compromise and settlement, and shall not be considered as an admission of liability.

6. The undersigned further declares and represents that no promise, inducement or agreement not herein expressed has been made to the undersigned, and that this Receipt and Release contains the entire agreement between the parties hereto, and that the terms of this Receipt and Release are contractual and not a mere recital.

IN WITNESS WHEREFORE, **PCCA** signs this agreement in duplicate originals, on this _______ day of July, 2010.

Port of Corpus Christi Authority of Nueces County, Texas

____

By: John P. LaRue
Title: Executive Director

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _______, 2010.

My Commission Expires:

____________________ ________________________________
NOTARY PUBLIC

JULY 30, 2010

The Port Commission ("Commission") of the Port of Corpus Christi Authority ("PCCA") and PCCA's Naval Station Ingleside Redevelopment Committee ("NSI Committee") met in joint session on Friday, July 30, 2010 at 9:00 a.m., at the Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas.

Present:	Mr. Mike Carrell Mr. Richard M. Borchard Ms. Judy Hawley Mr. Robert J. Gonzalez, Sr. Mr. Kenneth L. Berry Mr. Francis I. Gandy, Jr. Mr. Robert Kostelnik
Present:	Mr. John P. LaRue Mr. Frank Brogan Mr. Sandy Sanders Mr. Greg Brubeck Mr. Michael Perez Mr. Bill Green Ms. Patricia Cardenas Mr. Dennis DeVries Ms. Sherry DuBois Mr. Gustavo Espinosa Mr. Tom Moore Mr. Dave Throop Mr. Alex Benavides
Others Present:	Mr. Leo J. Welder, Jr.
Others Present:	Mr. Tom Curlee Port Industries Ms. Fanny Chirinos Caller-Times Mr. Tim Clower TCC Mr. Rick DuPriest WL Bates Commissioner Fred Nardini San Patricio County Mr. Roland Mower CC Regional Economic Development Assn. Ms. Rose Collins LRA

Ms. Angela Herrington
Ms. Nancy Allen
  USO
Mr. Harry G. Plomarity
  Citizen
Mr. Tom Merrick
Ms. Rhoda Poenisch
Ms. JoAnn Ehmann
Mr. Dick Ehmann
  Ingleside on the Bay
Mr. Christopher Allison
  M.E. Allison
Mr. R.E. Veatch
Mr. Howard Fuller
  ITP
Capt. John Williams
  Aransas CC Pilots
Mr. Larry Reed
Mr. Lance Duncan
  Service Marine
Mr. Dan Korrs
  US Navy
Ms. Cindy Wilson
Mr. Stewart Wilson
Mr. Steve Diehl
  Ingleside
Ms. Jaclyn Uresti
  Rep. Abel Herrero

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. None were submitted.

II.

Each of the following companies made a public presentation regarding its proposal to purchase or lease and develop 916.345 acres of upland property in San Patricio County, the improvements thereon formerly known as Naval Station Ingleside, and the two former NSI piers in Corpus Christi Bay (collectively, the "NSI Development Property"): Ingleside Technology Park, LLC, Service Marine Group, LLC, Corpus Development, L.P., Apex Investment Group, Inc., and Secure World Trade.

At 10:37 a.m., Chairman Carrell called for a 5 minute recess.

At 10:44 a.m., the meeting reconvened.

Chairman Carrell asked for comments from the public. Mr. John Kelly of "We The People" commented.

III.

The Commission asked for staff's recommendations on the proposals PCCA has received to purchase or lease the NSI Development Property. Mr. LaRue reported that, in staff's opinion, Service Marine, Corpus Development and Apex had submitted the three best proposals.

IV.

The Chairman of the NSI Committee recommended that the Commission as a whole decide which companies had made the best proposals to lease or purchase the NSI Development Property, rather than have the NSI Committee make an independent recommendation.

V.

The Chairman of the NSI Committee recommended that the Commission as a whole decide which companies had made the best proposals to lease or purchase the NSI Development Property.

VI.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission instructed staff to continue negotiations with Service Marine Group, LLC, Corpus Development, L.P., and Apex Investment Group, Inc., for the purchase or lease of the NSI Development Property.

VII.

PCCA and The Texas A&M University System ("TAMUS") entered into an Amended and Restated Development Services Agreement (the "Development Services Agreement") effective as of May 11, 2010, for the development, sale and/or lease of the NSI Development Property. Mr. Borchard moved that the Development Services Agreement be amended to extend the date by which PCCA must grant a third party the right or option to purchase the NSI Development Property in order for TAMUS to receive 8% of the consideration paid to PCCA. Ms. Hawley seconded the motion.

The motion failed, with Commissioners Berry, Gonzalez, Gandy and Kostelnik voting against the motion.

VIII.

There being no further business, the meeting adjourned at 12:05 p.m.

AUGUST 3, 2010

The Port Commission ("Commission") of the Port of Corpus Christi Authority ("PCCA") met in special session on Tuesday, August 3, 2010 at 8:00 a.m., at the Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas.

Present:	Mr. Mike Carrell Mr. Richard M. Borchard Ms. Judy Hawley Mr. Robert J. Gonzalez, Sr. Mr. Kenneth L. Berry Mr. Francis I. Gandy, Jr. Mr. Robert Kostelnik
Present:	Mr. John P. LaRue Mr. Frank Brogan Mr. Sandy Sanders Mr. Greg Brubeck Ms. Patricia Cardenas Mr. Dennis DeVries Ms. Sherry DuBois Mr. Gustavo Espinosa Mr. Tom Moore Ms. Nelda Olivo Mr. Dave Throop Ms. Michelle Swistak
Others Present:	Mr. Leo J. Welder, Jr.
Others Present:	Mr. Tom Curlee Port Industries Ms. Fanny Chirinos Caller-Times Mr. Tim Clower TCC Mr. Rick DuPriest WL Bates Commissioner Fred Nardini San Patricio County Mr. Roland Mower CC Regional Economic Development Assn. Ms. Rose Collins LRA

Ms. Angela Herrington
Ms. Nancy Allen
USO
Mr. Harry G. Plomarity
Citizen
Mr. Pete Perkins
Mayor of Ingleside
Mr. Scott Outlaw
Signet Maritime
Mr. Jim Rimbey
ZEP
Mr. Terry Arnold
CC Transfer Co.
Mr. Tripp Batey
Hose of South Texas
Ms. Stella Hermann
Ingleside
Mr. Christopher Allison
M.E. Allison
Mr. Jim Grey
City of Ingleside
Mr. Willie Vaden
Ingleside

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. None were submitted.

II.

Chairman Carrell asked for comments from the public. There were none.

At 8:05 a.m., Chairman Carrel announced that the Commission would go into closed session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate items 3 and 4.

At 10:18 a.m., the Commission reconvened into open session.

III.

Agenda Item 3 was for executive session only.

IV.

Agenda Item 4 was for executive session only.

V.

Mr. Kostelnik instructed staff to further negotiate the following points with APEX Investment Group, Inc., in connection with its proposal to lease 916.345 acres of upland property in San Patricio County, the improvements thereon formerly known as Naval Station Ingleside, and the two former NSI piers in Corpus Christi Bay (collectively, the "NSI Development Property"):

1. A substantial upfront payment at the beginning of the lease in addition to the $2 million security deposit.

2. The yearly lease payment should be tied to the value of the property versus a percentage of income rather than a percentage of anticipated future profits during rental years 3 through 5.

3. Identify the parent company, entity or responsible party who will sign the lease and commit to fulfilling its financial obligations under the lease.

VI.

Ms. Hawley instructed staff to further negotiate the following points with Corpus Development, L.P., in connection with its proposal to purchase the NSI Development Property:

1. Define structure of the purchase option.

2. Shorten the due diligence to a more reasonable time period.

3. Provide an amortization schedule of the Port financed portion of the purchase price to clarify the terms and conditions for payment.

VII.

Mr. Gonzalez instructed staff to further negotiate the following points with Service Marine Group, LLC, in connection with its proposal to purchase the NSI Development Property:

1. Clarify which entity/entities will be the guarantor of the purchase obligation.

VIII.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission directed PCCA staff to obtain final and best offers for the purchase or lease of the NSI Development Property from Service Marine Group, LLC, Corpus Development, L.P., and Apex Investment Group, Inc., for consideration and action by the Commission at its meeting on August 10, 2010.

IX.

There being no further action, the meeting adjourned at 10:27 a.m.

AGENDA ITEM 3

NO ATTACHMENT

AGENDA ITEM 4

NO ATTACHMENT

AGENDA ITEM 5

NO ATTACHMENT

PORT CORPUS CHRISTI

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis J. Gandy
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: **AGENDA ITEM NO. 6**
Health and Dental Benefits Plan
Renewal
Effective October 1, 2010

Dear Commissioners:

On July 29, 2010, staff met with Walker & Associates (Consultant) to discuss and make recommendations to the Port Commission on the proposed renewal of the Health and Dental Benefits Plan beginning October 1, 2010. The current Plan agreement is for a five years with an option to seek proposals at the end of each plan year. The Plan year beginning October 1, 2010 is the third year of the five year period. After a review of the increased costs it was staff recommendation to continue with the current providers with no benefit changes.

The estimated maximum cost of the Plan beginning October 1, 2010 is $3,332,943.48, which is a 2.33% increase over the total cost of the Plan. The total cost is based upon (191) employees and (150) dependent units. In order to offset the increase in expenses, staff further recommends employees increase contributions by 2.33%. Listed below are the current monthly contributions and the recommended contribution amounts:

	CURRENT Health & Dental	PROPOSED Health & Dental
Employee Only	$32.00	$32.76
Employee & Spouse	$58.58	$60.06
Employee & Children	$51.25	$52.55
Employee & Family	$82.94	$85.04

Attached is a Resolution for the renewal of the Health and Dental Benefits Plan, effective October 1, 2010. Staff recommends your approval.

If you have questions, please contact me.

Sincerely,

John P. LaRue
Executive Director

Attachment

RESOLUTION REGARDING RENEWAL OF THE PORT OF CORPUS CHRISTI HEALTH AND DENTAL BENEFIT PLAN FOR THE PLAN YEAR BEGINNING OCTOBER 1, 2010 AND RELATED MATTERS

WHEREAS, the Port of Corpus Christi Authority of Nueces County, Texas ("Authority") maintains The Port of Corpus Christi Health and Dental Benefit Plan ("Health Plan") for the benefit of its eligible employees, retirees, and their dependents; and

WHEREAS, the Authority's Employee Benefits Committee ("Benefits Committee") oversees the operation of the Health Plan; and

WHEREAS, Walker and Associates ("Consultant") advises the Benefits Committee with respect to the operations of the Health Plan; and

WHEREAS, the Benefits Committee, with the assistance of the Consultant, has reviewed various renewal proposals for the operation, administration, and maintenance of the Health Plan for the Plan Year beginning October 1, 2010, and ending September 30, 2011 (the "Upcoming Plan Year"); and

WHEREAS, the Benefits Committee and Consultant have recommended that the Port Commission of the Authority approve the following renewal proposal for the Health Plan for the Upcoming Plan Year (the "Renewal Proposal"):

(a) Administrators and Reinsurance Carrier:

Entrust, Inc. – Third Party Administrator
QBE Insurance Company – Excess Loss Reinsurance Carrier
Medical Helpline, Inc. – Utilization Review Administrator

(b) Providers:

CHRISTUS Spohn Health Network – Preferred Provider Organization Network
First Health Network – Wrap Preferred Provider Organization Network
CVS CareMark – Prescription Benefits Manager

WHEREAS, under the Renewal Proposal the maximum total cost of the Health Plan for the Upcoming Plan Year would be $3,332,943 (based on 191 employees and 150 dependent units and a $94,000 aggregating specific) allocated as follows:

Medical Claims Administration – approximately $107,083
Re-Insurance Premiums – approximately $163,714
Maximum Annual Claim Liability – approximately $3,062,146

WHEREAS, the maximum total cost of the Health Plan for the Upcoming Plan Year is 2.33% more than the maximum total cost of the Health Plan for the Plan Year ending September 30, 2009; and

WHEREAS, the Benefits Committee recommends that the employees' contributions to the Health Plan account be increased by 2.33% beginning October 1, 2010; and

WHEREAS, the Authority will contribute to the Health Plan account the balance of the funds necessary to pay the claims arising under the Health Plan and the other costs and expenses incurred by the Health Plan;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF PORT OF CORPUS CHIRSTI AUTHORITY OF NUECES COUNTY, TEXAS, THAT:

<u>Section 1</u>. The Renewal Proposal for the Upcoming Plan Year is hereby approved.

<u>Section 2</u>. Beginning October 1, 2010, the employees' contributions to the Health Plan account for each level of coverage shall be increased 2.33%.

<u>Section 3</u>. The Authority will contribute to the Health Plan account the balance of the funds necessary to pay the claims arising under the Health Plan and the other costs and expenses incurred by the Health Plan

<u>Section 4</u>. The Port Commission hereby authorizes the Executive Director to execute, on behalf of the Authority, such agreements with the Administrators, Reinsurance Carrier, and Providers described in the Renewal Proposal as he deems necessary or appropriate to carry out the purposes of this resolution.

* * * * * * * * * * * *

PORT CORPUS CHRISTI

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 7-A***

Amendment #2 to the Local Project Advance Funding Agreement (LPAFA) with the Texas Department of Transportation in Connection with the Joe Fulton International Trade Corridor – Phase II

Dear Commissioners:

On March 26, 2009, the Port Commission approved a Local Project Advance Funding Agreement (Agreement) with the Texas Department of Transportation (TxDOT) for phase two of the Joe Fulton International Trade Corridor project. This Agreement outlines the responsibilities of both parties and the terms and conditions by which federal and state monies are distributed. Since this project is being funded with American Recovery and Reinvestment Act (ARRA) funds, the Federal Highway Administration requires additional agreement terms. Amendment #2 to the Agreement (see attached) addresses the Port's additional material testing, personnel training, auditing and reporting requirements for this ARRA funded project.

Staff recommends approval of Amendment #2 to the Agreement. This is included on the agenda of the August 10 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 7-B***
Professional Services Purchase Order with RVE Inc. for Design & Administrative Assistance to PCCA Regarding Security Grants 6 and 7

Dear Commissioners:

Since 2002, RVE Inc. has been performing very well as the Port's Engineer and Project Manager for all Security Grants received to date. Engineering services contacts in amount of $1,300,000 for Security Grant 6 and $385,000 for Security Grant 7 were awarded to RVE in February of 2007 and February of 2008, respectively. Security Grant 6 funds are for cameras and lighting upgrades at our strategic facilities as well as new command and control systems. Security Grant 7 funds are for new security gate improvements at the northside facilities and critical dock areas.

These projects have encountered a number of delays and changes over the last two to three years that have significantly increased the engineering effort required. The federal government did not authorize (definitize) the final scope of work for nearly a year after approval of Grant 6 and almost two years after approval of Grant 7. This delay has prolonged the administration of these grants, the reporting required, and increased our consultant's time and costs. Also, our plans and location for the new northside gate were revised a number of times as a result of changes in our customers' requests for secure access to our facilities. As a result of these delays, RVE Inc. is requesting that the engineering services contracts for these two grants be increased to cover the cost of these unforeseen conditions (which have now been resolved). The engineering and project management fees for RVE's additional work is $173,000 for Security Grant 6 and $300,000 for Security Grant 7.

Staff recommends approval of two additional professional services purchase orders to RVE Inc. totaling $473,000. This item is included on the agenda of the August 10 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

PORT**CORPUS CHRISTI**

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 7-C***
Professional Services Purchase Order with
Miller Environmental for Waste Management Services

Dear Commissioners:

Each year, as part of the General Environmental Services budget, staff issues professional services purchase orders to waste management firms to assist with routine as well as unexpected waste issues that occur at the port. This year has seen an increase in generated wastes on port properties due to construction activities at locations such as the Bulk Terminal, storm drain cleanouts, and Harbor Island requiring the management of large quantities of soils that need special handling due to their concentrations of metals or petroleum hydrocarbons. Staff requests that an additional purchase order in the amount of $25,000 be issued to Miller Environmental to continue management of port-generated wastes for the remainder of 2010. To date, two purchase orders have been issued to Miller Environmental totaling $45,000.00.

Staff recommends approval of a professional services purchase order to Miller Environmental in the amount of $25,000. This item is included on the agenda of the August 10commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

PORT CORPUS CHRISTI

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: AGENDA ITEM NO. 7-D
Purchase of Heavy Duty Vehicle to Launch/Recover Marine Patrol Boats

Dear Commissioners:

To date, the trailering, launching and recovery of Port patrol boats has been facilitated through the use of heavy duty Maintenance Dept. vehicles. These vehicles are assigned to various PCCA personnel who require these vehicles throughout the Port. The ability to launch/recover the patrol boat(s) is dependent on the intermittent availability of the vehicle. The delays that both departments experience are counterproductive. Our newest patrol boat also weighs more than the first. That additional weight has become taxing on the existing Maintenance dept. vehicles. Looking at the long term, the third boat will weigh more than the first two boats received. To ensure the effective operational readiness of our marine patrol assets, staff recommends the purchase of a Ford F550 heavy duty truck, with the towing capacity to handle our present/future towing needs.

The purchase of this vehicle will be made through the authorized use of Asset Forfeiture funds available. The use of these available funds requires no port match funds. The use of Asset Forfeiture funds would not involve Port operating funds.

Staff recommends approval for the purchase of a Ford F550 truck from Access Ford Ltd, 3680 US Hwy 77, Corpus Christi, Texas 78410. Access Ford Ltd. has provided a Government Pricing Concession (GPC) quote for the vehicle which amounts to $39,912.00.

Sincerely,

John P. LaRue

John P. LaRue
Executive Director

PORT CORPUS CHRISTI

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 7-E***
Ratification of Agreement with
Rental World for Sail South Texas 2010 Event

Dear Commissioners:

In July 2010, the Port of Corpus Christi Authority contracted with Rental World Equipment to provide and maintain all equipment (*e.g.*, tents, stages, kid area rides, barricades, tables, chairs, coolers, *etc*.) at the Sail South Texas 2010 event. This contract was in conjunction with an agreement between the Buc Days Commission and Rental World.

Rental World's initial bid was $107,000 excluding damages. Due to Hurricane Alex, the Port's final cost is $122,000, which includes the actual cost changes for add/drops during the event and hurricane-related expenses.

This item is included on the agenda of the August 10 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

AGENDA ITEM 8

PORT CORPUS CHRISTI

INVESTMENT POLICY

(~~March 2009~~August 2010)

Port of Corpus Christi Authority of Nueces County Texas

*"I'm not as concerned about the return **on** my principal as I am about the return **of** my principal."*

Will Rogers

Investment Policy

Table of Contents

Page

PORTCORPUSCHRISTI

Investment Policy

I. INTRODUCTION

The goal of the Port of Corpus Christi Authority's (Authority) Investment Policy is the safety of all funds of the Authority, the availability of those funds for the payment of all necessary obligations of the Authority, and to provide for the investment of all funds, not immediately required, in securities earning a reasonable market yield.

II. PURPOSE

This Policy provides the guidelines by which the Authority will ~~maintain the minimum amount of cash in its bank accounts to meet daily needs, and to~~ provide protection for its principal and liquidity, while receiving the highest reasonable market yield in accordance with its objectives. This Policy complies with the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, hereinafter referred to as the "Act", as amended.

The Investment Committee and Port Commission must approve any modifications to, and shall review and adopt this Policy not less than annually.

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

III. SCOPE

This Policy applies to the investment activities of all funds of the Authority, except those that are not managed by the Authority. This Policy will also apply to ~~With respect to~~ the funds of non-profit corporations ~~that are~~ established by Resolution of the Port Commission ~~and~~ which act as instrumentalities of the Authority~~, the Port Commission recommends that the Authority's Investment Policy be followed. However, t In addition to this Policy t~~The investment of bond proceeds and other bond funds (including debt service and reserve funds) shall be governed and controlled by this Policy, the respective bond resolutions and ~~by the~~ provisions of the IRS Code, including all regulations and rulings promulgated there-under applicable to the issuance of tax-exempt obligations. It is the policy of the Authority that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with the Act, Federal Laws and Regulations, requirements of bond documents for Authority bond issues, and this Policy.

This Policy shall be presented to anyone offering to sell the Authority an investment and those with ~~who has~~ management~~-~~/advisory responsibility for any Authority funds to assure that the goals and guidelines are followed.~~,~~

IV. INVESTMENT OBJECTIVES

The Authority's overall objectives, in order of priority, shall be: safety of principal, liquidity, diversification, and yield.

Safety

The primary objective of the Authority's investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they ~~be~~are from security defaults, safekeeping, or erosion of market value. All investments will be of high quality securities with no perceived default risk.

Liquidity

The Authority's investment portfolio shall be structured to meet all expected obligations ~~in a timely manner~~. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintaining additional liquidity for unexpected liabilities. Liquidity shall also be protected by investing in high-credit quality securities with active secondary markets. Short-term investment pools, ~~and~~ money market mutual funds and depository accounts may be used to provide daily liquidity or utilized as a competitive yield alternative to fixed maturity investments.

Diversification

The Authority's portfolio shall be diversified by market sector and maturity in order to avoid over concentration in any market sector or ~~risk~~or issuer. Diversification minimizes the risk to the overall ~~I~~investment ~~P~~portfolio of potential losses on individual ~~S~~securities and enhances ~~the~~ overall safety ~~of the Investment Portfolio~~. Investment maturities shall be staggered throughout the budget cycle to provide cash flow based on the anticipated needs of the Authority.

Yield

Attaining a competitive market yield within portfolio restrictions is the objective. The primary benchmarks for the Authority's portfolio shall be the six-month and one-year U.S. Treasury securities, designated for its comparability to the Authority's expected average cash flow pattern, and allowing for liquidity needs of the Authority. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified herein and prudent investment policies. A secondary objective will be to obtain a yield equal to or in excess of a the state's local government investment pool. ~~or money market mutual fund~~.

It must be recognized that portfolio yields always lag market rates during periods of changing ~~increasing~~ interest rates ~~, satisfying the yield objective may not be possible~~ because ~~lower yielding~~ existing portfolio investments must mature before re-investment at ~~the higher~~ new rates.

The Authority shall avoid any transactions that might impair public confidence in the Authority's ability to govern effectively. The Authority recognizes that in diversifying the portfolio, occasional measured unrealized losses due to market volatility are inevitable, and must be considered within the context of the overall Portfolio. The prudence of investment decisions shall be measured in context of the entire portfolio (2256.006(b)).

V. INVESTMENT STRATEGY

Regardless of market conditions, to fulfill the objectives of the Authority the investment strategy for operating funds has as its primary objective that anticipated cash flows are matched for adequate liquidity. The secondary objective is to create an investment portfolio that will experience minimal volatility during economic cycles. To accomplish this strategy the Authority will purchase high credit quality, short to medium-term investments with active secondary markets that complement each other and provid~~eing~~ liquidity and diversification. The maximum dollar weighted average investment maturity (WAM) of the portfolio shall be 365 days or less and calculated using the stated final maturity dates of each investment.

Effective cash management is recognized as essential to good fiscal management and to maximize investment interest as a viable and material revenue source. Cash management is defined as the process of managing monies to maximize cash availability and yields on all funds~~short-term investments~~. It encompasses the processing ~~is concerned with what happens between~~ from invoicing to collection and the flow of funds from receipt through expenditure. ~~the point that revenue is earned and an expense payment clears the Bank.~~ The Authority shall maintain an active cash management program that includes collection of accounts receivable on a timely basis, timely vendor payments in accordance with invoice terms ~~and state law~~, and prudent investment of its ~~available cash~~all funds.

The Authority has a ~~modified~~ proactive "buy and hold" portfolio strategy. Maturity dates are matched with anticipated cash flow requirements and investments are purchased with the intent to be held until maturity. However, securities may be sold before they mature if market conditions present an opportunity for the Authority to benefit overall from the trade. Securities may be sold for the following reasons:

- A security with declining credit may be sold early to minimize the risk of loss of principal;
- A security swap would improve the quality, yield or target duration in the portfolio and result in a positive horizon value of the swap;
- Liquidity needs of the portfolio require that the security be sold.

The Authority may commingle funds in one portfolio for investment purposes while addressing the unique characteristics of the funds represented in the portfolios. The overall portfolio will have a maximum weighted average maturity of one year to address the needs of all represented funds.

a. **Operating funds** must meet anticipated cash flow needs with adequate investment liquidity. This may be accomplished by purchasing high credit quality securities matched to known liabilities in a laddered structure. Based on a fiscal year, these funds would normally have a weighted average maturity of 6-9 months.

b. **Debt service funds** shall be invested to ensure adequate funding for each consecutive debt service payment. Funds shall be invested in such a manner so as not to exceed an "unfunded" debt service date with the maturity of any investment. Since payments are normally made semi-annually the dollar weighted average maturity of such funds would normally be six months.

c. **Capital project funds** address particular project needs and are normally expended over a two to three year time period. Anticipated cash flows are matched with a portfolio of structured securities while allowing for a liquidity buffer. Such a portfolio would normally include at least 10% in liquid securities to allow for flexibility and unanticipated project outlays. The stated final maturity dates or securities held should not exceed the estimated project completion date.

d. **Reserve Funds** do not have immediate liquidity needs and therefore have as their primary objective generation of incremental income through safe medium term investments. The funds are normally invested longer than one year to capture reasonable yield.

VI. RESPONSIBILITY AND CONTROL

A. *Delegation*

Investment Officers

In accordance with Section 2256.005(f) of the Act, the Port Commission will designate by resolution the ~~Chief Financial Officer~~Director of Finance and ~~Controller~~Chief Accountant of the Authority ~~are hereby designated~~ as the Investment Officers ~~and are~~ responsible for the investment of the Authority's funds. The ~~A~~authority granted to ~~a person~~ the Investment Officers ~~to invest the Authority's funds~~ is effective until rescinded by the Port Commission or until termination of the person's employment by the Authority. The ~~i~~Investment ~~o~~Officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the investment activities of Authority~~ staff and officials~~. No person may engage in an investment transaction except as provided under the terms of this Policy.

The Port Commission may contract with a~~n~~ SEC registered investment management firm to provide for the investment and management of ~~public funds or other~~ funds under its control. The ~~investment officer~~Investment Officer~~(s)~~ advisers ~~of~~in the investment management firm are considered to be the ~~i~~Investment ~~o~~Officer(s) of the Authority. The initial contract made under authority of this subsection may not be for a term longer than two years (2256.003(b)), and the Port Commission must approve any renewal or extension of such contract. Authority granted to invest the Authority's funds is effective until rescinded by the Port Commission or until expiration of the contract with the Authority.

In the administration of the duties of an ~~i~~Investment ~~o~~Officer, the ~~investment officer~~Investment Officer(s) shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the Port Commission of the Authority retains ultimate responsibility as fiduciaries of the assets of the Authority. Unless authorized by law or resolution of the Commission, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the Authority.

Investment Committee

An Investment Committee, consisting of three Port Commission appointees, the ~~Chief Financial Officer~~Director of Finance and any other designated Investment Officer(s) shall meet at least quarterly to determine operational strategies and to monitor investment results. The Investment Committee shall include in its deliberation such topics as: economic outlook, portfolio diversification, maturity structure, risk, and performance of the portfolio(s).

The Investment Committee will review quarterly reports and will, on no less than an annual basis, review and adopt the list of authorized broker/dealers and training providers. The Committee will annually review the Policy and recommend changes to the Commission.

Port Commission

The Port Commission has the ultimate fiduciary responsible for the investment of Port Authority assets. It is required by the Act to:

- designate Authority Investment Officers by resolution,
- adopt the Investment Policy and Strategy at least annually,
- review quarterly investment reports, and
- provide for training of investment officers.

Investment Advisers

Any Investment Adviser contracted by the Authority is required to comply with this Policy in all transactions.

B. *Training* –

Investment Officers must obtain training in accordance with Section 2256.008 of the Act. The Investment Officers shall attend at least one ten-hour investment training session within twelve months of taking office or assuming duties and receive not less than ten hours of instruction relating to investment responsibilities every succeeding two years. The training provider must be an independent source. The following are organizations approved by the Authority's Investment Committee for providing this training:

Government Finance Officers Association
Government Finance Officers Association of Texas
Government Treasurers Organization of Texas
Association of Public Treasurers US&C
Texas Municipal League
University of North Texas, Center for Public Management
Patterson &~~and~~ Associates

If the Investment Officer desires to attend an investment-training seminar presented by another organization or on-line for training credit, the Investment Committee must approve such ~~seminar~~training.

C. *Internal Control* –

An internal control structure shall be established and maintained by the ~~Chief Financial Officer~~Director of Finance to protect the assets of the Authority from loss, theft or misuse. The structure should recognize that (1) the cost of control ~~does~~ should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Authority shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures and the Act.

D. *Prudence* –

The standard of prudence to be used by the Investment Officers shall be the "Prudent Person Rule", as set forth in Section 2256.006 of the Act and will be applied in the context of managing the overall portfolio:

> "Investments shall be made with judgment and care under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Investment Officers acting in accordance with written procedures and this Policy and exercising due diligence do not have personal liability for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

E. *Ethics and Conflict of Interest* –

Investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment Officers and employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Investment Officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the Authority.

Anyone involved in investing Authority funds shall file with the Authority and Texas Ethics Commission a statement disclosing any personal business relationship and any material financial interest in a business organization that handle Authority investments.

Any Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Authority shall file a statement disclosing that relationship with the Port Commission and the Texas Ethics Commission.

VII. AUTHORIZED INVESTMENTS

Assets of the Authority may be invested in only the following instruments as authorized and further defined by the Act.

1. Obligations of the US Government, its agencies and instrumentalities with a maximum stated maturity of two-years, excluding mortgage backed securities.

2. Fully insured or collateralized Certificates of Deposit issued by banks doing business in Texas collateralized in accordance with this Policy, under the terms of a written agreement, and with a maximum stated maturity of one year.

~~2.~~3. Fully collateralized repurchase agreements with a defined termination date secured in accordance with this Policy and placed with a primary securities dealer. All repurchase agreement transactions shall be governed by an executed ~~Bond Market Master~~ Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreement. The maximum stated maturity shall be 90 days except for bond fund flex repurchase agreements, which will match expenditure plans on the bond funds.

~~2.~~4. AAA Rated, constant dollar Local Government Investment Pools as defined by the Act and specifically approved by resolution of the Port Commission.

~~2.~~5. A SEC registered Money Market Mutual Fund whose assets consist exclusively of obligations of the US Treasury, its agencies or instrumentalities and repurchase agreement backed by those securities.

6. Interest bearing accounts in banks doing business in Texas.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the Authority until this Policy has been amended and the amended version adopted by the Port Commission. Should an investment type become unauthorized by the Act or this Policy, existing positions need not be liquidated without prudent consideration of the impact on the entire portfolio. The Investment Committee and Commission shall be notified of the change immediately.

VIII. INVESTMENT PARAMETERS

Diversification

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Risk is controlled through portfolio diversification, which shall be achieved by using the following general guidelines:

- Avoiding over-concentration in securities from a specific issuer or business sector;
- Limiting investment in securities that have potential credit risks;
- Laddering securities with varying maturities to match cash flow, and;
- Maintaining a liquid portion of the portfolio in readily available funds such as local government investment pools, money market funds, bank liquidity options, or overnight repurchase

agreements to ensure the appropriate liquidity is maintained in order to meet ongoing obligations.

The following maximum limits, by instrument, are established for the Authority's total portfolio:

~~1.~~U.S. Treasury Securities	100%
~~2.~~U.S. Agency Securities	100%
~~2.~~Certificates of Deposit	100%
~~2.~~Repurchase Agreements	100%
~~2.~~Flex Agreements by bond fund	100%
~~2.~~Local Government Investment Pools	100%
Percent of pool ownership	10%
~~2.~~Money Market Mutual Funds	100%
Percent of fund ownership	10%

Competitive Quotes or Offers

All transactions will require competitive solicitation of ~~quotes~~ bids or offers except for:

- Transactions with money market mutual funds and local government investment pools;
- ~~Treasury and agency securities purchased at issue through an approved broker/dealer or financial institution;~~
- Automatic overnight "sweep" transactions with the Authority's Depository.

At least three ~~quotes~~ bids or offers must be solicited for transactions involving individual securities and certificates of deposit. The Authority's investment advisor is also required to solicit at least three ~~quotes~~ bids or offers when transacting trades on the Authority's behalf. In situations where other dealers do not offer the exact security being offered, offers on the closest comparable investment may be used to establish a fair market price for the security. Securities purchased at issue must be compared to other similar offering to determine value.

Delivery vs. Payment

All transactions will be executed on a delivery versus payment basis. That is, Authority funds shall not be released until the security or collateral has been received by the custodian. Securities shall be held in the name of the Authority or pledged to the Authority. The Custodian's records shall affirm the Authority's ownership of~~, or explicit claim on,~~ the securities. The original copy of all safekeeping receipts shall be delivered to and maintained by the Authority.

IX. FINANCIAL COUNTER-PARTIES

Broker/Dealers

The Investment Committee shall, at least annually, review and adopt a list of authorized broker/dealers and financial institutions authorized to engage in investment transactions with the Authority. Transactions may be executed only with broker/dealers on the authorized list. In order to be considered, those firms that desire to become qualified broker/dealers for investment transactions will be required to provide information regarding creditworthiness, experience and reputation.

Financial institutions offering only certificates of deposit need not be on the authorized list but must provide all the required Authority information before the transaction is made. Authorized firms may include primary dealers or regional broker/dealers and qualified depositories as established by Chapter 105 of the Local Government Code. A list of not less than three or more than ~~five~~seven broker/dealers shall be maintained to assure a competitive process.

Financial institutions and broker/dealers who desire to transact business must supply the following documents to the Investment Officer or Investment Adviser (as applicable).

- Current year and annual audited financial statements;
- ~~National Association of Securities Dealers~~ Financial Industry Regulatory Association (~~NASD~~FINRA) certification and ~~NASD's~~ FINRA Central Depository Registration (CRD) number;
- Proof of Texas State Securities registration (broker/dealer).
- Certification of Policy review.
- Completion of a questionnaire detailing contact and experience.

Banks offering certificates of deposit

No investment transactions (except CDs) may be entered into with the bank or a brokerage subsidiary of the central depository bank in order to fulfill all delivery versus payment (DVP) requirements for trade independence.

Certification

A written copy of ~~this~~ the current Investment Policy shall be presented to any firm offering to engage in an investment transaction with the Authority. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools), which have provided the Authority with a written instrument executed by a qualified representative of the firm, acknowledging that the business organization has:

- Received and reviewed the Authority's Investment Policy, and;
- Implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Authority and the organization that are not authorized by the Authority's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Authority's entire portfolio or requires an interpretation of subjective investment standards.

Depositories

At least every five years the Authority will designate one banking institution through a competitive process as its central banking services provider. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization of each financial institutions shall be considered. This institution will be used for normal banking services including disbursements, deposits, and safekeeping of securities. Certificates of deposit may be purchased from this depository on a competitive basis.

Depository agreements executed in accordance with FIRREA will be established before funds are deposited.

Other banking institutions from which the Authority may purchase certificates of deposit will also be designated as depositories and must execute a written depository contract in accordance with the collateral provisions of this Policy as applicable.

Safekeeping of Authority Owned Securities

All securities owned by the Authority (including repurchase collateral) will be settled delivery versus payment into an Authority approved custodial arrangement. The custodian shall be a party independent from the trade.

Safekeeping of Securities Pledged to the Authority

All securities pledged to the Authority by a financial institution will be settled delivery versus payment into an Authority approved custodial arrangement. The custodian shall be a party independent from the trade.

X. COLLATERAL

Consistent with requirements of the Public Funds Collateral Act (Texas Government Code, 2257), the Authority requires that all time and demand deposits of Authority funds shall be secured by pledged collateral with a market value equal to or greater than 102~~3~~% of the principal plus accrued interest less an amount insured by FDIC.

All collateral shall be held in an independent third party institution outside the holding company of the depository and approved by the Authority.

The custodian will provide evidence of proper collateralization in the form of original safekeeping receipts and provide monthly reports directly to the Authority listing the collateral held.

Substitution rights are granted but an Investment Officer must approve the release of any Authority collateral prior to substitution and new collateral must be ~~pledged~~ custodied before existing collateral is released to the depository by the custodian.

The depository shall be contractually liable for the monitoring and maintaining of collateral daily~~at all times~~. ~~The depository or custodian will provide monthly reports to the Authority detailing the collateral and including current market values.~~

The Authority shall accept only the following ~~securities~~ as collateral:

- FDIC ~~FSLIC~~ insurance coverage;
- Obligations of the United States of America, its agencies and instrumentalities including mortgage-backed securities which pass the bank test of the Federal Reserve.

If a depository offers a pooled collateral under the purview of the State Comptroller, the Investment Officers will review the program and present their recommendation to the Investment Committee. Use will require approval by the Investment Committee.

Repurchase Agreements (Owned Collateral)

Collateral under a repurchase agreement is owned by the Authority. It will be held by an independent third party safekeeping agent approved by the Authority under the terms of an executed ~~Bond Market~~

SIFMA Master Repurchase Agreement. Collateral with a market value totaling 10~~3~~2% of the principal and accrued interest is required and the counter-party is responsible for the daily monitoring and maintaining of collateral and margins ~~at all times~~.

XI. REPORTING

The Investment Officers/Adviser will prepare monthly reports and report quarterly to the Investment Committee and Port Commission, within a reasonable time after the end of each quarter.

The report shall contain at a minimum the following:

~~•Be prepared jointly by all Investment Officers;~~

- ~~Be s~~Sign~~ed~~atures of ~~by~~ each Investment Officer(s);
- ~~Contain a~~A summary statement prepared in compliance with generally accepted accounting principles that states the:
  - Beginning and ending market value for portfolio for the reporting period;
  - Addition and changes to the market value during the period;
  - Fully accrued interest and amortized earnings for the reporting period;
- Statement of ~~the~~ book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset invested;
- Statement of the maturity date of each separately invested asset;
- Statement of the account or fund for which each individual investment was acquired;
- Statement of the overall weighted yield on the portfolio and the yield for the benchmark(s); and
- Statement of the compliance of the investment portfolio as it relates to:
  - The investment strategy in the Authority's Investment Policy; and
  - Relevant provisions of the Act.

Pricing for valuation purposes shall be obtained from independent sources.

The Authority's external, independent auditor will conduct an annual review of the quarterly reports in conjunction with the annual financial audit. The results of the audit will be reported to the Port Commission upon receipt. The audit will review compliance with management control on investments and adherence to this Investment Policy.

XII. INVESTMENT POLICY ADOPTION

The Authority's Investment Policy shall be subject to revision to stay current with changing laws, regulations, market conditions, and needs of the Authority, and shall be reviewed annually by the Investment Committee. The Committee will recommend any changes or modifications to the Port Commission for review and adoption. The Authority's Investment Policy shall be adopted by resolution of the Port Commission and that resolution will include any changes made to the Policy.

APPENDICES

GLOSSARY OF TERMS

Accretion: The straight line increase in value of an asset bought at a discount to~~ward~~ its ~~redemption~~ maturity price at par~~over time as it approaches maturity~~. The accretion ~~adds~~ represents earnings to the owner of the security.

Accrued Interest: The accumulated interest due on a note/bond at the coupon rate as of the last interest payment made by the issuer.

Agency: A debt security issued by a federal or federally sponsored agency. Some federal agencies are backed by the full faith and credit of the U.S. Government. Government Sponsored Enterprises (GSEs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of a ~~FSA~~GSE is the Federal National Mortgage Association (FNMA).

Amortization: The ~~systematic~~ straight line decrease in value of an asset bought at a premium to its maturity price at par.~~reduction of the amount owed on a debt issue through periodic payments of principal.~~ The amortization is an expense to the owner reducing earnings.

Ask~~ed~~ Price: The price at which securities are offered for sale. The price the Authority pays to buy a security.

Authority: The Port of Corpus Christi Authority of Nueces County, Texas

Bank: A financial institution or the Authority's banking services depository.

Basis Point: A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of a percent of yield. e.g., "1/4" of 1 percent is equal to 25 basis points (0.25% or 0.0025).

Bid: The price at which an investor will sell a security.

Book Value: The value at which a security is carried on the inventory lists or other financial records of an investor. The book value is net of amortization or accretion. The book value may differ significantly from the security's current value in the market.

Bond: A security which has a principal amount and a coupon rate. The terms 'note' and 'bond' may be used interchangeably.) "The Bond" is the longest Treasury being auctioned at any time.

Broker: A broker brings buyers and sellers together. He does not have a portfolio so takes no position in the trade. In the money market, brokers do not charge any fee or commission. All prices to the Authority are net of any commissions or fees taken by the broker/dealer.

Callable Bond: A debt security embedded with a~~n~~ call option giving the issuer the option to redeem before maturity under specified conditions. There may be ~~are~~ multiple structures of the call.

Call Price: The price at which an issuer may redeem a bond prior to maturity.

Call Risk: The risk to a bondholder that a bond may be redeemed prior to maturity and funds re-invested at lower yields.

GLOSSARY OF TERMS

Cash Settlement: A transaction~~,~~ on which ~~calls for delivery and payment of securities~~ the trade and settlement of the security occur on the same day ~~that the transaction is initiated~~.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. In Texas, public funds CDs must be collateralized or insured. Negotiable CDs are not permitted in Texas.

Collateralization: The pledge of securities, insurance, property, or other deposits for the purpose of securing the repayment of a loan and/or security. In Texas bank collateral is controlled by the Public Funds Collateral Act (Texas Government Code Chapter 2257.

Commercial Paper: (CP) An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days. The market in CP is primarily in the 1-90 day maturity range.

Comprehensive Annual Financial Report (CAFR): The official annual report for the Authority. It includes combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provision, extensive introductory material, and a detailed statistical section.

Convexity: A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate: The annual rate of interest received by an investor on fixed-income securities. Also known as the "interest rate."

Credit Quality: The measurement of the financial strength of a ~~bond~~ security issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the principal upon maturity. Generally, the higher the credit quality of an ~~bond~~ issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Current Yield (Current Return): A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Dealer: A dealer, as opposed to a broker, has an inventory of securities and can act as a principal in all transactions, buying and selling for his own account. A dealer can also act as a broker.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: Delivery of securities with a simultaneous exchange of money effected by the custodian. Guarantees Authority control over cash and securities.

GLOSSARY OF TERMS

Derivative Security: Security created from, or whose value depends upon, a security or one or more underlying assets or indexes of asset values.

Discount: The dollar or point difference between the price of a security and its redemption value (at par)~~amount by which the par value of a security exceeds the price paid for the security~~. Net it represents ~~T~~the earnings on a "discount security".

Discount Securities: Non-interest bearing money market instruments with an initial maturity less than one year that are always issued at a discount price (below par) and redeemed at maturity for full face value, e.g., U.S. Treasury Bills or agency discount notes.

Diversification: A process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates. More important on longer securities.

Fair Market Value: The amount at which a~~n investment~~ security could be sold in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds): Rate at which Federal Reserve Banks may lend ~~fed~~ funds to each other overnight or on a longer basis. Fed funds are considered to be immediately available funds and a prime short-term measure of rates.

Federal Funds Rate: Effective ~~I~~interest rate charged by one banking institution lending federal funds to the other.

Federal Credit Agencies: Agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g. ~~S&L's,~~ small business firms, farmers, farm cooperatives, and exporters.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently ~~(generally)~~ up to $~~10~~250,000 per deposit (2009-2013).

Federal Home Loan Banks (FHLB): The institutions that regulate and lend to member banks. ~~savings and loan associations.~~ The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks. The banks are owned by their regional banks

Federal National Mortgage Association (FNMA or Fannie Mae): Agency issuing both debentures and mortgage-backed securities. FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (H.U.D). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. FNMA is in conservatorship from 2009-2013.

APPENDIX A

GLOSSARY OF TERMS

Federal Open Market Committee (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets ten times each year to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money. Their guidelines are executed by the Federal Reserve New York.

Federal Reserve System: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,~~7~~900 commercial banks that are members of the system.

~~Xx~~Financial Industry Regulatory Authority (FINRA): A self-regulatory organization (SRO) of brokers and dealers. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities. (www.FINRA.org ~~-~~allows access to research members via their CRD number).

Government National Mortgage Association (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, ~~savings and loan associations,~~ and other institutions. Securities are full faith and credit of the U.S. Government. Ginnie Mae mortgage backed securities are backed by FHA, VA or FMHM mortgages. The term "pass-through" is often used to describe Ginnie Mae's. Ginnie issues no debentures or derivatives.

Government Securities: An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest credit quality of investment securities available in the securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate: See "Coupon Rate."

Interest Rate Risk: The risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls: A structure designed to provide reasonable assurance that the assets of the entity are protected from loss, theft, or misuse. Internal controls normally address the following:

- **Collusion** – Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- **Separation of responsibilities** – By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- **Safekeeping** ~~–p~~Place~~d~~ment of securities with an independent third party for custody~~ial safekeeping~~.

Inverted Yield Curve: A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Policy: A concise and clear statement of the investment objectives and parameters approved by the governing body ~~formulated by an investor or investment manager for a portfolio of investment securities~~.

GLOSSARY OF TERMS

Liquidity: The ability to convert easily and rapidly into cash.

Load: Sales charges levied on the purchase of mutual fund shares. Funds are no-load, front-end loaded or back-end loaded as to when fees are paid. Only no-load funds are authorized under Texas law for public funds.

Local Government Investment Pool (LGIP): An investment by local governments in which their money is pooled as a method for managing local funds. Created under the Interlocal Cooperation Act.

Mark-to-Market: The process whereby a security is priced to identify its current (or fair) market value.

Market Risk: The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value: Current price at which a security could be sold in the open market.

Master Repurchase Agreement: The master agreement defines the nature of the transaction, identifies the relationship between the parties, establishes ownership and custody of the collateral securities during the term of the investment, and provides remedies in the case of default by either party. The industry standard is the ~~Bond Market Industry~~ SIFMA Master Repurchase Agreement. A master agreement is required under Texas law.

Maturity: The date on which the final payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value and interest due to the bondholder ~~as opposed to the call date maturity~~.

Money market: The market under one year in which short-term debt instruments (bills, discos, commercial paper, bankers' acceptances, etc.) are issued and traded.

Money Market Mutual Fund (MMMF): SEC registered securities structured as ~~in which~~ fund~~s~~ ~~are pooled~~ in which owners own their pro rata share of the underlying ~~for~~ investments ~~and Mutual funds shares that~~ These invest solely in money market instruments. MMMF's are designed for liquidity and strive to maintain a $1 net asset value.

Mutual Fund: An SEC registered security "investment company" that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940. Mutual funds are designed for yield enhancement.

National Association of Securities Dealers (NASD): ~~A self-regulatory organization (SRO) of brokers and dealers. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities. (www.nasd.com allows access to research members via their CRD number).~~

Net Asset Value: The market value of one share of a MMMF or mutual fund. This value is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

Nominal Yield: The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," coupon rate," or "interest rate."

APPENDIX A

GLOSSARY OF TERMS

Offer: An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "ask price." The price at which the Authority would buy a security.

Open Market Operations: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Par: Face value or principal value of a bond. A price of 100 (or $1 for $1).

Port Commission: The governing body of the Authority.

Portfolio: Collection of securities owned by an investor.

Positive Yield Curve: A chart formation that illustrates short-term securities having lower yields than long-term securities. Upward sloping curves indicate rates are rising.

Premium: The amount by which the price paid for a security exceeds the security's par value. The premium amount is ~~A~~amortized over the life of the owned security.

Prime Rate: A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate. Prime averages 2% over 6-month Treasury.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms (www.newyorkfed.org/markets/pridealers_current.html). Primaries provide liquidity to the Treasury.

Principal: The face value or par value of a debt instrument. Also the amount of capital invested in a given security.

Prospectus: A legal document that must be provided to any purchaser of a MMMF or mutual fund ~~or security~~ registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule: An investment standard outlining the fiduciary responsibilities of investors relating to investment practices.

Qualified Public Depositories: A Texas financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of the state, which has segregated for the benefit of the Commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return: The yield obtainable on a security based on its current market price. As opposed to yield this includes consideration of the current market value.

GLOSSARY OF TERMS

Reinvestment Risk: The risk that a fixed income investor will be unable to reinvest income proceeds from a security holding at the same yield currently generated by that holding.

Repurchase Agreement (RP or REPO): A simultaneous buy-sell agreement in which one party purchases securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Safekeeping: Custody of assets (e.g. securities) by a financial institution. Always done by an independent party to perfect and control ownership.

SEC Rule 15C3-1: See uniform net capital rule.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation. The agency regulates securities, funds and investment advisers.

Serial Bond: A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

Sinking Fund: Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or pay debt service~~or preferred stock issues~~.

Swap: Selling one asset and purchasing a second security at the same time.

Term Bond: Bonds comprising a large part or all of a particular issue, which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation)+(Dividends paid)+(Capital gains)=Total Return

Treasury Bills: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. All bills are issued to mature in three months, six months or one year in minimum denominations of $1,000.00. The yields on bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Bond: Long-term U.S. Treasury securities having initial maturities of more than ten years. Used as key indicators for mortgage rates.

Treasury Notes: Intermediate term coupon bearing U.S. Treasury securities having initial maturities from over one to ten years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ration of indebtedness to liquid capital of 15 to 1:

GLOSSARY OF TERMS

also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities. This is one reason new public issues are spread among members of underwriting syndicates. In investments, DVP settlement eliminates the credit risk of a broker/dealer firm.

Volatility: A degree of fluctuation in the price and valuation of securities.

Volatility Risk Rating: A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the return ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc" by S&P, "V-10" by Fitch).

Weighted Average Maturity (WAM): The dollar weighted average maturity of all the securities that comprise a portfolio based on book value and days-remaining-maturity. Establishing a maximum WAM guards against over-extension.

When Issued (WI): A buy or sell transaction in which a~~n authorized new~~ security has been announced but not yet ~~been~~ issued. All "when issued" transactions are settled when the actual security is issued.

Yield: The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-Call (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed ~~(~~on its call ~~ed) prior to its nominal maturity~~ date.

Yield Curve-A graphic representation that depicts the relationship at a given point in time between yields and maturity on US Treasury securities. The "normal" yield curve is upward sloping i.e. a positive yield curve.

Yield-to-Maturity: The ~~rate of return~~ yield~~ed by~~ on a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return. It assumes that all coupon interest is reinvested at the same rate as the initial coupon therefore not as valid on long securities.

Zero-coupon Securities: Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

INVESTMENT POLICY CERTIFICATION

This certification is executed on behalf of the Port of Corpus Christ Authority of Nueces County, Texas (the Authority) and ________________________ (the Firm) pursuant to the Public Funds Investment Act, Chapter 2256, Government Code, Texas Codes Annotated (the "Act") in connection with investment transactions conducted between the Authority and the Firm.

The undersigned Authorized Representative of the Firm hereby certifies on behalf of the Firm that:

1. The Authorized Representative is duly authorized to execute this Certification on behalf of the Firm, and
2. The Authorized Representative has received and reviewed the Investment Policy furnished by the Authority, dated ________________, and
3. The Firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Firm and the Authority that are not authorized by the Authority's Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Authority's entire portfolio or requires an interpretation of subjective investment standards.

Authorized Representative

____
Signature

____
Name (Printed)

____
Firm Name (Printed)

____
Title

____
Date

Port of Corpus Christi Authority

BROKER/DEALER QUESTIONNAIRE

Firm Name: ____________________

CRD Number: ____________________

Office Servicing Account: ____________________

Address: ____________________

Please attach bio of primary and secondary representatives covering this account.

Primary Representative: ____________________

Telephone: ____________________

Fax: ____________________

E-mail: ____________________

CRD Number: ____________________

Secondary Representative or Sales Assistant:

Telephone: ____________________

Fax: ____________________

E-mail: ____________________

CRD Number: ____________________

Branch Manager:

Telephone: ____________________

Is your firm designated as a ***primary dealer*** by the Federal Reserve?* ____________

If not, does your firm maintain an inventory? (dealer status)* ____________

Is the firm registered with the State of Texas State Securities Board?* ____________

Is the firm and all its representatives registered with the ~~NASD~~FINRA?* ____________ Provide CFD numbers.

In what market sectors does the account representative specialize? ____________________

____

List three comparable public clients currently working with this representative.

Entity name, contact and phone number.

____

____

____

****- If the answer to any of these questions is no, please explain each separately.***

Attach complete delivery instructions.
All transactions will be completed **delivery versus payment.**

BROKER/DEALER QUESTIONNAIRE

Page 2 to be completed by non-primary broker/dealers only.

Name of Firm: ____ CRD#: _____________

Years in business at this location: ________________ Total Years: ____________________

Brokers years with the firm? ____________________ As registered rep? ________________

What are the market sectors in which you and your firm are involved? Please feel free to provide additional information regarding specialization in any of the following market sectors.

	Firm Involvement	Broker Involvement
US Treasuries	______________	_______________
US Agencies	______________	_______________
Repo	______________	_______________
Mortgage Backed Securities	______________	_______________
~~Commercial Paper~~	______________	_______________
~~Bankers Acceptances~~	______________	_______________
~~Corporate~~	______________	_______________
~~CD's~~	______________	_______________
Other	______________	_______________

Has this firm, or the representatives assigned to this account, been subject to a regulatory agency, state or federal investigation for alleged improper, disreputable, unfair or fraudulent activities related to the sale of securities or money market instruments that resulted in a suspension or censure?

Is there outstanding litigation which would materially affect the firm's financial stability?

____

____

Do you provide any fixed income research and economic commentary? __________________
Please attach sample.

What portfolio information do you require from your clients? ______________________________________
____

Please provide the firm's most recent audited financial statement.
(The Authority will require an annual financial statement be provided.)

Describe the precautions taken by your firm to protect the interests of the public when dealing with a public entity.

____
____
____

Attached is our Investment Policy. The representatives assigned to the account must acknowledge that they have received, read and understood the Policy, dated _____________________ by signing below.

______________________________ ______________________________
Signature Name and Title

______________________________ ______________________________
Signature Name and Title

GOVERNMENT CODE
CHAPTER 2256. PUBLIC FUNDS INVESTMENT
SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

(NEED TO INSERT NEW ACT 2007, OR REFERENCE AN ONLINE REFERENCE TO SAVE PAPER!!)

http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2256.htm

LISTING OF AUTHORIZED BROKER/DEALERS

~~AND FINANCIAL INSTITUTIONS~~

Samco Capital Markets

Cantella & Company

EXECUTIVE DIRECTOR'S REPORT

For the month of August 2010

BUSINESS DEVELOPMENT

- Rail opportunities for, Flour, Fractional Sand and Drilling pipe.
- Working with three companies to move crude from truck to barge.
- On-going discussions regarding new tank farm.
- Working on Tiger II grant.
- Several inquires on Harbor Island.
- Met and working with a company interested in investing/developing La Quinta Multipurpose Terminal.
- Working on pursuing a shipping company to start rolling-stock services through PCCA.
- Working on new wind turbine company to utilize PCCA and will meet with them in near future.
- Working with Central American private entities interested in implementing liner services to/from mentioned areas to PCCA.
- Participating in TXDOT planning corridor for I-69.
- Working with a University "think-tank" for trade development to/from this region into Mexico.
- Assisting cotton entities in pursuing cost/transport/shipments through PCCA.
- Working on Far East new vehicle manufacturer to utilize PCCA for their export services.
- Met with wind turbine company regarding the status of their wind farm project in Texas with potential imports of components from China.
- Met with wind turbine company regarding the status of Papalote Creek II and future of their project in Texas.
- Met with transportation group regarding the opportunity to export wind turbine blades from U.S. to South America via PCCA.
- Gave port presentation and tour to the officers of the State of Texas Future Farmers of America.
- Coordinating with City of Corpus Christi and TXDOT regarding an Oversize Permit project at the port.
- Brought in two new importers of super-sacked cargo importing from China.
- Assisting with exports of various super sacked products to locations in the Caribbean.
- Working on various lay-berth opportunities at PCCA.
- Working with UPRR and wind turbine tenant on rail transport of cargo.
- Continue negotiations for imports of steel products via port.

- In negotiations for project cargo shipment.
- Working with CCREDC on potential tenant project.
- Continued discussions with importers of project cargo and carriers for Las Brisas, TPCO and other projects.
- Continue to work with Texas-Cuba Trade Alliance and cargo shippers on Cuba trade opportunities.
- In discussions with potential lessees regarding PCCA property.
- Continue to market PCCA cold store.
- Assisted with development of information for Cotton Delivery Point Project.
- Continued to monitor updates regarding different perishable commodity accesses to the U.S. market from various South American countries.
- Continued dialogue with potential avocado shipper.
- Initiated proposal for potential shipper of frozen cargo.
- Continued efforts in the development of a potential coldstore lessee.
- Continued maintenance work for Port Tariff 100-A & Bulk Terminal Tariff 1-A.
- Continued efforts with Ro-Ro carrier for potential exports to Central America.

COMMUNICATIONS

During July attended the following events:
- USO Board Meeting
- SSTX Planning Meetings & event
- Coastal Bend Council of Cultures
- Regional Marketing Association
- Volunteer Center

During July worked on:
- July’s My Port newsletter,
- Coordination, planning and participation of the Tall Ships event,
- Final revision of the new Ortiz Center Website,
- Name & Design of External Community and Global E-newsletters

Tours
- City Sister City International Exchange
- Texas Engineering Program
- FFA students
- Hammons Educational Leadership Program

Press Releases Issued

- SSTX
- USA Cotton Trade Mission visit to the Port
- EMS Expansion of Fence Line and Re-Certification.

Ongoing projects

New Port General Brochure

- Working on a new format for the general brochure that will be a useful tool at tradeshows, meetings and mailings. The potential of this new piece, which will contain a large map of the harbor and will allow us to show potential clients the advantages of working with the Port.
- Design of Bi-Monthly External Community and Global E-newsletters
- Breakbulk Conference needs
- Press announcements
- My Port Newsletter
- Bulk Terminal Brochure
- Harbor Island Brochure
- EMS program Brochure and recognition campaign
- EMS program expansion to Gulf Ports participation
- NSI Redevelopment announcements
- Cotton Delivery Point Designation support
- Reorganization of the department
- Wrapping up SSTX
- Creating new set of advertising ads for 2011

Marketing & Advertising Update

Earned a recognition by AAPA's Annual Public Relations Competition for Advertising Series

Publication/Media Editorial Ad

July 2010

- *American Journal of Transportation* – Ad / Port Equip/Project Cargo Big Job. Big Port.
- Breakbulk Connection eNews Sponsor - Ad/ From here to there
- Central America Data Cargo Transportation & Logistics – Ad/De Aqui
- *Fairplay Magazine* Panama – Ad/From here to there
- *Heavy Lift* Renewable Energy – Ad/Big Job. Big Port.
- *Journal of Commerce* Latin American – Ad/Trade From here to there.
- T21.com Online Sponsorship – Ad/ De Aqui
- *T21 Revista* Various – Ad/De Aqui
- *World Wide Shipping* 2010 World Ports Directory – Ad/We Make Texas Easy

August 2010

- *American Journal of Transportation* Latin American Trade From here to there
- *Business Xpansion Journal* Inside Texas We Make Texas Easy
- Central America Data Cargo Transportation & Logistics De Aqui
- *Inbound Logistics Mexico* Latin American Supplement De Aqui

- JOC Daily Newswire eNews Sponsor From here to there
- T21.com.mx Online Sponsorship De Aqui
- *T21 Revista* Various De Aqui

Sail South Texas 2010

Despite Hurricane Alex, Sail South Texas 2010 turned out to be a great success, with over 30,000 people attending throughout the weekend.

Our Facebook profile and website played a large role in keeping the public informed on the schedule changes, up to the hour. At the end of the event, the Sail South Texas 2010 Facebook page had over 1,100 fans, and many people posted their photos and thank you to the Port. The website hit an all time high on June 30th with almost half a million hits. Hurricane Alex no doubt caused a stir. It was interesting to see how many people were following our every schedule change.

GOVERNMENT AFFAIRS

During July 2010, Government Affairs promoted and protected port and regional interests at the local, state and federal levels of government.

LOCAL

- Working with the World Affairs Council on our ecopartnership with the Port of Tianjin; each entity is responsible for identifying common goals/improving efficiencies; formal application will be submitted later this year.

STATE

- Monitoring interim legislative committee hearings which might impact the port.
- Prepared and submitted annual capital projects report to the TX Port Authority Advisory Committee as required by the Legislature.

FEDERAL

- The US House of Representatives introduced the Water Resources Development Act of 2010 on July 28th; included was reauthorization language for the Corpus Christi Ship Channel Project at the higher cost level; due to construction delays and fuel increases this is required.
- Attended USDOT/MARAD TIGER grant workshop hosted by AAPA to prepare for grant application; working with Port of Brownville to write grant application for joint rail project; final application is due August 23rd.
- Working with congressional offices to promote cotton delivery point designation.
- Working with congressional offices and consultants to monitor FY 2011 President's budget, WRDA, transportation reauthorization, NSI issues, homeland security, harbor maintenance tax, rail issues, etc.

Memorandum for Nelda Olivo, Manager of Government Affairs, Port of Corpus Christi Authority
From Randy Erben
Date: July 31, 2010
Re: Activities on behalf of Port of Corpus Christi during July 2010

July 1: Preparation and transmission of memoranda to POCCA representatives regarding interim legislative hearings and congressional activities relating to Hurricane Alex.

July 6: Preparation and transmission of memoranda to POCCA representatives regarding Nueces County delegation newsletters.

July 7: Review of memoranda from, and preparation and transmission of memoranda to, Nelda Olivo, regarding port issues; preparation and transmission of memoranda to POCCA representatives regarding GAO reports.

July 12: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities, interim legislative hearings, and Nueces County delegation newsletters.

July 13: Preparation and transmission of memoranda to POCCA representatives regarding interim legislative hearings and Nueces County delegation newsletters.

July 14: Preparation and transmission of memoranda to POCCA representatives regarding interim committee assignment changes in the Texas Senate, interim legislative hearings, and Nueces County delegation newsletters.

July 15: Preparation and transmission of memoranda to POCCA representatives regarding interim committee assignment changes in the Texas Senate, interim legislative hearings, and Nueces County delegation newsletters.

July 16: Preparation and transmission of memoranda to POCCA representatives regarding political activities.

July 19: Attendance at House Appropriations Subcommittee on General Government meeting on issuance of public debt, transportation, and water funding; conferences with members and staff; preparation and transmission of memoranda to POCCA representatives regarding congressional activities.

July 20: Preparation and transmission of memoranda to POCCA representatives regarding interim legislative hearings and Nueces County delegation newsletters.

July 21: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities and Nueces County delegation newsletters.

July 22: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities, interim committee hearings, and Nueces County delegation newsletters.

July 23: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities.

July 26: Review of memoranda from, and preparation and transmission of memoranda to, Nelda Olivo, regarding August 24 hearing of the Senate Veterans Affairs and Military Installations Committee on BRAC issues in El Paso; legal research regarding same; preparation and transmission of memoranda to POCCA representatives regarding congressional activities, interim committee hearings, political activities, and Nueces County delegation newsletters.

July 27: Preparation and transmission of memoranda to POCCA representatives regarding interim committee hearings.

July 29: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities.

July 1-31: Conferences with Sen. Hinojosa and Reps. Herrero, Hunter, and Ortiz, and staffs, regarding port issues.
Review of, and legal research on, interim activities affecting POCCA.
Review of homeland security legislation and appropriations on federal level and interim studies relating to POCCA on state level.

BBC

B E R L A N G A   B U S I N E S S   C O N S U L T A N T S

MEMORANDUM

To: Nelda Olivo

From: Hugo Berlanga

Re: July Activity Report

Date: August 3, 2010

Below, please find an update on issues of interest to the Port. Also, please find a brief summary of those activities conducted by Berlanga Business Consultants on behalf of the Port:

Lieutenant Governor David Dewhurst announced the shuffling of committee chairmanships. Senator John Carona (R-Dallas) will no longer chair the Senate's committee on Transportation; Carona will instead chair Business and Commerce. Taking over as chair of Transportation will be Senator Tommy Williams (R-The Woodlands). The committee of Administration currently chaired by Senator Williams will be taken over by Senator Kevin Eltife (R-Tyler). Senator Troy Fraser (R-Horseshoe Bay) will be the new chairman of Natural Resources; Fraser replaces retiring Senator Kip Averitt. Longtime Senator Jeff Wentworth (R-San Antonio) says he is in negotiations to take a position with the Texas A&M University system and if all things go as planned he will resign as Senator.

Jay Kimbrough, former chief of staff for Governor Perry, will oversee the Texas Department of Transportation (TX DOT) for the next 14 months. Howard Wolf, chairman and general counsel for a company owned by Lt. Governor Dewhurst, will help Kimbrough in revamping the agency.

The Comptroller announced that June sales tax collections are up 2.2 percent and the state took in $1.16 billion in sales tax revenues last month. The Comptroller explained oil and gas and manufacturing sectors were strong, but the retail sector remained weak.

The Texas Workforce Commission announced the Texas unemployment rate dropped to 8.2 percent, an increase of 14,000 jobs.

- Had a meeting with the new TX DOT District Engineer, John Casey on July 12, 2010.
- Had dinner with Chairman Todd Hunter, Legislative delegation and staff of the Redistricting Committee on July 20, 2010.
- Had a meeting with Rep. Solomon Ortiz, Jr. with TDA.
- Had a meeting with Land Commissioner, Jerry Patterson, after the Dedication of the Veteran's Cemetery on July 20, 2010.
- BBC will continue to work with Port staff to coordinate all legislative lobbying efforts;

- BBC will continue communication with the members and staff of Senate IGR, Senate Natural Resources, Senate State Affairs, the Lt. Governor's office and House Transportation & Speaker's Office;
- BBC will continue to send notices regarding meetings and articles of interest to the Port via fax and/or e-mail.

RMA RICK MALDONADO & ASSOCIATES INC.

1836 15th Street, NW
Washington, DC 20009-3938
Office: 202-265-6080
Facsimile: 202-265-6081
Mobile: 202-427-4235
E-Mail: rickwashingtondc@aol.com

July 29, 2010

**RMA Report
To The
Port of Corpus Christi**

The Senate Appropriations 2011 Energy and Water Appropriations mark-up included $5.3 billion for the Army Corps of Engineers. The subcommittee bill is $416 million more than the Administration's budget request. Included for funding:

- General Investigations - $166 million, this is $62 million above budget request.
- Construction funding - $1.780 billion, this is $90 million above budget request.
- Operations and Maintenance - $2.495 billion, $134 million more than the budget request.
- General Expenses, the Army Corps receive $185 million which is the same as the budget request.
- Office of the Assistant Secretary for Civil Works would receive $6 million, the same as budget request.
- The Regulatory Program would receive $193 million or equal to the budget request.
- The Mississippi River and Tributaries would receive $335 million, which is $130 million more than the budget request.

The House bill included $4,608,000 for Operations and Maintenance (O&M) for the Corpus Christi Ship Channel.

THE RHOADS GROUP
700 THIRTEENTH STREET, NW, SUITE 350
WASHINGTON, D.C. 20005

Tel (202) 637-0040
Fax (202) 637-0041
www.rhoadsdc.com

Firm Client:	Port of Corpus Christi Authority, Texas
Primary Client Team:	Barry Rhoads, Steven McKnight, James Lofton, Carter Cornick, and Susann Miller
Services Period:	July 1-31, 2010

Summary of Services on behalf of Port of Corpus Christi Authority, Texas:

- Substantive consulting on federal government issues on behalf of POCCA
  - Reported comparative data about speed of transfers of BRAC property
  - Researched information about parties interested in acquisition of Naval Station Ingleside property and provided financial data
  - Sent modifications to grant process for TIGER II and discussed status of TIGER II grant application
  - Research requirements and applicability of Defense Economic Adjustment Assistance grants
  - Discussed client objectives related to Association of Defense Communities Annual Conference

- Legislative Liaison and Monitoring
  - Updated Congressional staff on status of Sail South Texas event and Naval Station Ingleside real property transaction
  - Reviewed Energy & Water appropriations legislation and report and advised client re same
  - Discussed status of appropriations legislation generally, including projected actions and potential impact of post-election session

- Client Contact and Team Coordination
  - Engaged in regular telephone and e-mail contact on POCCA matters with Executive Director John LaRue, Government Relations Manager Nelda Olivo, and Business Development Manager Tom Moore on government relations issues
  - Reviewed news media coverage on Naval Station Ingleside reuse issues and discussed same with POCCA

Alan Mauk Associates, Ltd.
Monthly Activity Report
Port of Corpus Christi
July 2010

Alan Mauk Associates, Ltd. (AMA) performed the following services for the Port of Corpus Christi during the month of July 2010:

- AMA tracks legislative activity with respect to the Federal Govt affairs objectives of the Port with regard to the FY2011 Appropriations process in the U.S. House and the Senate, the WRDA 2010 bill, Stimulus funding, and the Surface Transportation Reauthorization Bill.
- We are monitoring a second round of the USDOT TIGER Discretionary Grant Program (TIGER II), legislation affecting the Harbor Maintenance Trust Fund and also legislation affecting trade laws between the U.S. and Cuba.
- AMA provides current and updated information on Federal legislation impacting the Port of Corpus Christi Authority through the Alan Mauk Associates, "Transportation Weekly," which monitors and analyzes developments in Federal transportation and public works policy.
- AMA maintains current working relationships with members and staffs of the U.S. House of Representatives and the U.S. Senate.

#####

OPERATIONS

POLICE DEPARTMENT

- Nothing to report this month.

MAINTENANCE

- Repaired a broken fresh water pipe at OD 2 caused by Tug Point Isabel.
- Responded to and met with SDDC for Strategic Port security inspection.
- Completed draining pool at Ingleside Mine Warfare training center to reduce maintenance costs.
- Investigated moving the Paint/Sand Blasting Shop at Ingleside SIMA building to BMD.
- Repaired the approach to rail road crossing in laydown area at CD 8 after a de rail.
- Referred Weststar foods request for replacement A/C to engineering and marketing for consideration.
- Sent the Radar PC from La Quinta off for repairs.
- Finished painting and touch ups at Dennis Devries new office.
- Tried to replace the missing heavy weather buoy at NSI. Chain sunk in the mud and could not be found.
- Repaired problems with the backup generator at Admin after major power loss.
- Painted the walls at the Annex bldg 3rd floor in preps for photo hanging.

HARBORMASTER

- The harbormaster reports 124 ship arrivals, 87 tankers and 37 cargo carriers. The harbormaster also had 345 barges arrive, 333 were tankers and 12 were cargo carriers. 210 tugs entered the harbor pushing barges.
- The average daily ship arrival for July is 4.0 and the average daily barge arrivals is 11.13
- The harbormaster reports 10 tankers and 10 cargo ships shifted inside the port area while 909 tanker barges and 23 cargo barges shifted.
- There were 15 ships using the ports docks as standby in July. Four of those were the Tall Ships.
- There were 20.9 hours of channel disruption. Hours for closures are 7.08 for rig movements, 1.33 for fireworks, 12.5 for set (Hurricane Alex). There were 1 inbound and 5 outbound vessels delayed.

FOREIGN TRADE ZONE

- Excalibar Minerals, LLC was activated this week as an operator within the Port's general purpose zone. With Excalibar Minerals joining FTZ #122, we now have all 3 local barite facilities with FTZ status.

- Current list of Operators for FTZ #122 include:

Gavilon Fertilizer	Excalibar Minerals
Ray West Warehouses	BTB Refining, LLC
Gulf Marine Fabricators	Bay, Ltd.
TOR Minerals	Citgo Refining
Valero Refining	Sherwin Alumina
Flint Hills	Valero – Diamond Shamrock
Equistar Chemicals	IRC
Kiewit Offshore Services	Baker Hughes Drilling Fluids
Halliburton Energy Services	

- A compliance review with Customs was conducted at Kiewit Offshore Services. All records were audited and reviewed by Customs and FTZ Manager to ensure compliance with all FTZ rules and regulations.

- A Customs and Trade Partnership Against Terrorism (C-TPAT) officer will be on Port facilities conducting a re-validation audit on Wednesday, August 11, 2010. The C-TPAT certification requires the Port's security process and procedures to be audited every 3 years to retain the C-TPAT certification.

RISK MANAGEMENT

- Conducted HAZMAT Table Top Exercises
  - ➢ Bulk Terminal June 30, 2010
  - ➢ Maintenance Dept August 3, 2010

BULK TERMINAL

- Working on leasing additional switch engine for Bulk Terminal so we can accommodate additional business.
- Projects BT currently working on:
  - EMS – Work on plates at Gantry to prevent product from entering channel in progress
  - EMS - Work on BMD Paint Facility in progress
  - Re-surfacing of Kirksey Road in progress
  - Working on current dikes for overflow prevention

- ACTIVITY AT BULK TERMINAL
  - Railcars:
    Loaded rail cars: 187 cars were loaded for the total of 19,856.95 short tons
  - Bulk Dock #1:
    7957.20 short tons products unloaded
  - Bulk Dock #2:
    151,331.55 short tons product loaded
  - Pads
    139,455.21 short tons products received at pads

Ortiz Center Monthly Forecast Report
Prepared by Rebecca A. Hanson on August 3, 2010

2010	Guest Attendance	Number of Events	% of Monthly Budgeted Sales	Status
January	4,098	29	93%	Actual
February	5,486	35	117%	Actual
March	4,673	35	92%	Actual
1st Quarter	**14,257**	**99**	**99.7%**	**Actual**
April	5,727	39	79%	Actual
May	8,680	51	154%	Actual
June	5,180	34	103%	Actual
2nd Quarter	**19,587**	**124**	**109%**	**Forecast**
July	3,796	30	71%	Actual
August	3,729	30	95%	Forecast
September	4,010	27	89%	Forecast
3rd Quarter	**11,535**	**87**	**86%**	**Forecast**

Corps of Engineers (COE) Dredging for FY 2009

One COE maintenance-dredging project is currently incomplete for FY 2009. The project to dredge La Quinta Ship Channel and Jewell Fulton Canal was awarded in June 2009 and included significant ARRA funding of improvements to DMPA 13. Dredging began in May 2010.

Channel Improvement Project (98-012A)

In November 2007, Congress passed WRDA of 2007 authorizing the Port's Channel Improvement Project.

The project include in following improvements:

1. Widening the CCSC to 530' from Port Aransas to the Harbor Bridge.
2. Adding 200'-wide barge shelves on both sides of the ship channel across Corpus Christi Bay.
3. Extending La Quinta Channel by 7400' at a depth of -39' MLT.
4. Deepening all reaches of CCSC (excluding La Quinta) from -45' MLT to -52' MLT.
5. Constructing Ecosystem Restoration projects near Port Aransas and Ingleside on the Bay.

Project received congressional appropriation in FY2009 for the construction phase of the project, officially ending the Pre-Construction Engineering and Design phase. A Project Partnership Agreement (PPA) was executed in October 2009 for the La Quinta Channel Extension & Ecosystem Restoration. Construction of Contract No. 1 awarded December 2009 to construct DMPA 14.

Deepening and widening of the CCSC and the addition of barge shelves still undergoing re-evaluation and is project to be complete in the fall of 2010.

UPCOMING BID OPENINGS

HUMAN RESOURCES

There were six (6) random and (1) post accident drug screens conducted.

Employee service awards were presented. Sixteen (16) employees were eligible for service awards ranging from one to twenty-five years.

Meetings were held with staff to discuss staffing, human relations and employee development.

WELLNESS PROGRAM

The monthly meeting of the Wellness Committee was held to discuss the August educational employee luncheon, Quarterly, Test schedule, Wellness Challenge and a new fiscal year's wellness theme. Additionally, Christus Spohn Wellness gave a power point presentation on "the Return on Investment." The return on investment measures the financial investment in the program verses the impact of the health plan.

Since the implementation of the Wellness Program (May 2007), more employees/dependents have taken control of their health issues by seeking one-on-one counseling with Spohn Wellness, and visiting with their medical provider on a more frequent basis which may have resulted in a decrease in potential large medical claims.
Walkers & Associates were also in attendance during this meeting.

CONTRACT PARTICIPATION

Currently, (640) vendors registered into the Vendor Registration Database. Of those registered, (236) are target group vendors. The target group vendors are: Disadvantaged Business Enterprise (DBE), Historically, Underutilized Business (HUB), Women owned Business (WOB), Minority owned Business Enterprise (MBE) and Small Business Enterprise (SBE)

Port of Corpus Christi Authority
Organizational Chart
July 31, 2010

DEPARTMENTS	Exempt	Non-Exempt	Temporary	Total
Executive Director	4	1	0	**5**
Human Resources	2	3	0	**5**
Deputy Port Director of Eng & F/A	1	1	0	**2**
Engineering Services	10	2	1	**13**
Finance & Admin.	1	1	0	**2**
Accounting	2	5	0	**7**
Information Tech	5	2	0	**7**
Deputy Port Director of BD & Ops	1	1	0	**2**
Business Development	6	0	0	**6**
Communications	1	1	1	**3**
Operations	4	1	0	**5**
Maintenance	7	42	2	**51**
Harbormaster's Office	2	8	0	**10**
Bulk Handling Facility	3	14	0	**17**
Security/Police Dept.	5	47	0	**52**
TOTAL	54	129	4	187

E - EXEMPT
NE - NON-EXEMPT
H - HOURLY
T - TEMPORARIES

PORT CORPUS CHRISTI

Port of Corpus Christi Authority

Monthly Financial Summary

June 30, 2010

Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

STATEMENT OF NET ASSETS HIGHLIGHTS:

Unrestricted Cash:

Cash in Bank	$	1,192,755
Investments		16,745,075
Total	**$**	**17,937,830**

Accounts Receivable:

	$	**5,733,252**

Note Receivable:

		Balance		**Principal Payment**	**Due**
Diamond Shamrock	**$**	**5,650,206**	$	770,210	12/31/2010

Accounts Payable:

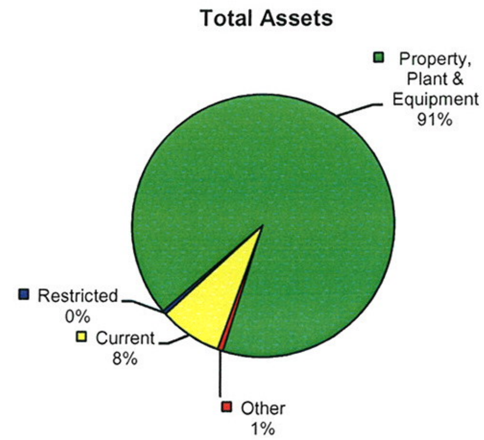
	$	**2,868,198**

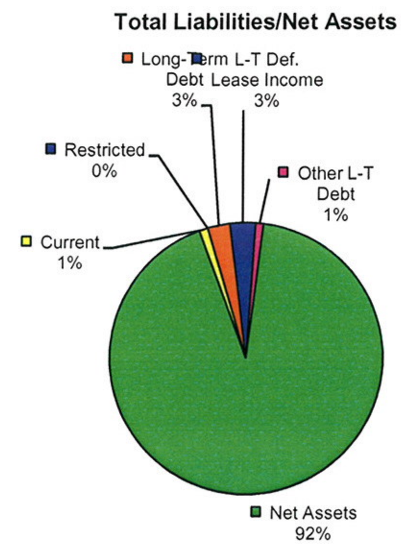
Long-term Debt:

		Balance		**Principal Payment**	**Due**
General Revenue Bonds					
Series 2002-A	$	5,601,389	$	690,000	12/1/2010
Series 2002-B		4,210,626	$	520,000	12/1/2010
Total	**$**	**9,812,015**			

Statement of Net Assets Summary:

Total Assets	$	370,828,562
Total Liabilities		28,227,799
Net Assets	**$**	**342,600,763**



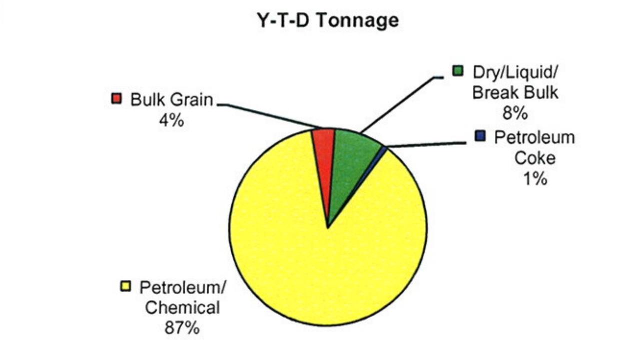


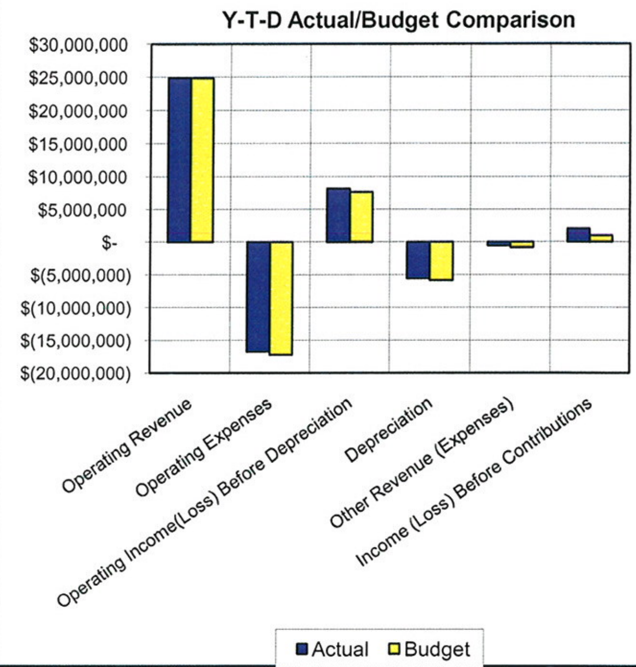
Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

OPERATIONS:

Tonnage *(Short Tons)*:	Month	2010 Y-T-D	2009 Y-T-D
Bulk Grain	139,932	1,554,430	1,766,815
Break Bulk	29,775	185,327	140,554
Dry Bulk	490,962	2,917,090	2,735,686
Liquid Bulk	2,578	197,661	18,434
Chemicals	127,215	703,744	492,670
Petroleum Coke	88,361	341,847	583,454
Petroleum	5,705,429	33,986,142	33,143,093
Total	**6,584,252**	**39,886,241**	**38,880,706**

	Actual	Budget	Variance
Operating Revenue:			
Month	$ 4,526,635	$ 4,294,633	$ 232,002
Y-T-D	**$ 24,897,094**	**$ 24,862,843**	**$ 34,251**
Operating Expenses:			
Month	$ (3,307,500)	$ (3,216,652)	$ (90,848)
Y-T-D	**$ (16,737,418)**	**$ (17,232,787)**	**$ 495,369**
Operating Income (Loss) Before Depreciation:			
Month	$ 1,219,135	$ 1,077,981	$ 141,154
Y-T-D	**$ 8,159,676**	**$ 7,630,056**	**$ 529,620**
Depreciation:			
Month	$ (1,327,832)	$ (1,254,015)	$ (73,817)
Y-T-D	**$ (5,598,598)**	**$ (5,857,490)**	**$ 258,892**
Other Revenue (Expenses):			
Month	$ 159,107	$ (149,573)	$ 308,680
Y-T-D	**$ (557,821)**	**$ (832,169)**	**$ 274,348**
Income (Loss) Before Capital Contributions:			
Month	$ 50,410	$ (325,607)	$ 376,017
Y-T-D	**$ 2,003,257**	**$ 940,397**	**$ 1,062,860**
Capital Contributions			
Month	$ 103,560,964	$ 2,804,250	$100,756,714
Y-T-D	**$ 104,007,287**	**$ 4,558,500**	**$ 99,448,787**
Change in Net Assets			
Month	$ 103,611,374	$ 2,478,643	$101,132,731
Y-T-D	**$ 106,010,544**	**$ 5,498,897**	**$100,511,647**





Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

DIVISION SUMMARY:

	Operating Revenues	Operating Expenses	Operating Income (Loss) Before Depreciation	Depreciation	Other Revenue (Expenses)	Income (Loss) Before Contributions	Budget	Variance
Oil Docks-Public								
Month	$ 1,355,253	$ (118,094)	$ 1,237,159	$ (62,407)	$ (112,344)	$ 1,062,408	$ 1,210,542	$ (148,134)
Y-T-D	**$ 9,910,133**	**$ (798,139)**	**$ 9,111,994**	**$ (374,894)**	**$ (1,037,553)**	**$ 7,699,547**	**$ 7,183,317**	**$ 516,230**
Oil Docks-Private								
Month	$ 1,164,540	$ (7,161)	$ 1,157,379	$ -	$ -	$ 1,157,379	$ 947,583	$ 209,796
Y-T-D	**$ 6,316,760**	**$ (49,677)**	**$ 6,267,083**	**$ -**	**$ -**	**$ 6,267,083**	**$ 5,636,529**	**$ 630,554**
Dry Cargo Docks								
Month	$ 340,426	$ (67,292)	$ 273,134	$ (92,288)	$ -	$ 180,846	$ 100,012	$ 80,834
Y-T-D	**$ 1,607,936**	**$ (481,194)**	**$ 1,126,742**	**$ (553,955)**	**$ -**	**$ 572,787**	**$ 600,010**	**$ (27,223)**
Refrigerated Warehouse								
Month	$ 56,933	$ (131,885)	$ (74,952)	$ (25,927)	$ -	$ (100,879)	$ (111,643)	$ 10,764
Y-T-D	**$ 293,948**	**$ (466,921)**	**$ (172,973)**	**$ (155,564)**	**$ -**	**$ (328,537)**	**$ (379,891)**	**$ 51,354**
Conference Center								
Month	$ 146,745	$ (168,808)	$ (22,063)	$ (29,904)	$ 97	$ (51,870)	$ (56,892)	$ 5,022
Y-T-D	**$ 867,997**	**$ (918,164)**	**$ (50,167)**	**$ (179,577)**	**$ 1,380**	**$ (228,364)**	**$ (271,031)**	**$ 42,667**
Bulk Terminal								
Month	$ 696,512	$ (269,913)	$ 426,599	$ (60,800)	$ -	$ 365,799	$ 280,004	$ 85,795
Y-T-D	**$ 2,224,330**	**$ (1,489,585)**	**$ 734,745**	**$ (371,528)**	**$ -**	**$ 363,217**	**$ 1,687,203**	**$ (1,323,986)**
Property and Buildings (Includes NSI)								
Month	$ 304,302	$ (533,287)	$ (228,985)	$ (809,707)	$ -	$ (1,038,692)	$ (1,015,854)	$ (22,838)
Y-T-D	**$ 1,751,843**	**$ (1,361,068)**	**$ 390,775**	**$ (2,468,947)**	**$ 61,093**	**$ (2,017,079)**	**$ (2,548,724)**	**$ 531,645**
Other Facilities								
Month	$ 185,749	$ (50,268)	$ 135,481	$ (56,684)	$ 269,945	$ 348,742	$ 82,563	$ 266,179
Y-T-D	**$ 1,145,996**	**$ (319,130)**	**$ 826,866**	**$ (340,104)**	**$ 269,945**	**$ 756,707**	**$ 415,533**	**$ 341,174**
General and Administrative								
Month	$ 276,175	$ (1,960,792)	$ (1,684,617)	$ (190,115)	$ 1,409	$ (1,873,323)	$ (1,761,922)	$ (111,401)
Y-T-D	**$ 778,151**	**$ (10,853,540)**	**$ (10,075,389)**	**$ (1,154,029)**	**$ 147,314**	**$ (11,082,104)**	**$ (11,382,549)**	**$ 300,445**
Total								
Month	$ 4,526,635	$ (3,307,500)	$ 1,219,135	$ (1,327,832)	$ 159,107	$ 50,410	$ (325,607)	$ 376,017
Y-T-D	**$ 24,897,094**	**$ (16,737,418)**	**$ 8,159,676**	**$ (5,598,598)**	**$ (557,821)**	**$ 2,003,257**	**$ 940,397**	**$ 1,062,860**

Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
Authority Oil Docks			
Hoist Foundation and Gangway Support at Docks 4,7, & 11	**$ 500,000**	$ -	$ 500,000
Modification of Cofferdam Fender Systems at Docks 4 & 7	**1,040,000**	207,201	832,799
Renovation of Dock Houses at Docks 4,7, & 11	**-**	483,444	(483,444)
Replace Air Conditioning Systems at Docks 1,2 & 3	**-**	10,120	(10,120)
Oil Dock 11 Upgrades	**-**	58,410	(58,410)
	1,540,000	**759,175**	**780,825**
Authority Cargo Docks			
Upgrade of Mooring Bitts at Docks 10, 14, & 15	**-**	1,952	(1,952)
Feasibility Study for Upgrades to Docks 10 & 12	**-**	46,771	(46,771)
	-	**48,723**	**(48,723)**
Bulk Terminal			
Replace Bulk Dock #1 Railroad Tracks	**200,000**	64,207	135,793
Raising Height of Conveyor CB-1	**100,000**	473,152	(373,152)
Design & Construction of Paint Building	**-**	9,021	(9,021)
Kirksey Road Extension	**-**	11,499	(11,499)
	300,000	**557,879**	**(257,879)**
Conference Center			
Miscellaneous Purchases	**50,000**	-	50,000
	50,000	**-**	**50,000**
Railroads			
Design Viola Channel Interchange Yard	**300,000**	41,435	258,565
	300,000	**41,435**	**258,565**
Harbor Island			
Harbor Island Drainage Improvements	**50,000**	-	50,000
	50,000	**-**	**50,000**

Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
Canals and Basins			
Channel Improvement Project-La Quinta Channel Extension/Ecosystem	**$ 3,200,000**	$ 279,604	$ 2,920,396
Channel Improvement Project-Widening, Barge Shelves	**200,000**	-	200,000
Channel Improvement Project-PED	**-**	8,308	(8,308)
Coastal Impact Assistance Program-Phase 1	**-**	6,885	(6,885)
American Recovery & Reinvestment Act Port Security Grant	**1,065,990**	410,286	655,704
Security Enhancements - Grant #6	**6,200,000**	3,053,013	3,146,987
Security Enhancements - Grant #7	**1,816,000**	113,874	1,702,126
Security Enhancements - Grant #7 Supplemental	**1,556,000**	8,041	1,547,959
Security Enhancements - Grant #8	**800,000**	-	800,000
	14,837,990	**3,880,011**	**10,957,979**
Property and Buildings			
Administration/Annex Building Improvements	**30,000**	-	30,000
Emergency Generators for Administration/Annex Buildings	**275,000**	174,505	100,495
Fencing Storage Yards and Other Port Areas	**135,000**	62,598	72,402
Joe Fulton International Trade Corridor, Phase II	**8,100,000**	1,674,469	6,425,531
Paving Additional Storage Area Behind the Brown Express Building	**400,000**	-	400,000
Reconstruction of Navigation Boulevard Between CD9 & Fulton Corridor	**1,600,000**	124,255	1,475,745
Suntide Bypass Road at the Viola Turning Basin	**50,000**	-	50,000
Design of Permian Yard & Rail Improvements	**-**	40,741	(40,741)
	10,590,000	**2,076,568**	**8,513,432**
La Quinta			
Design of Infrastructure, Dock & Terminal	**3,800,000**	1,257,876	2,542,124
	3,800,000	**1,257,876**	**2,542,124**

Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
Finance and Administration			
A/S 400 Hardware/Software	$ 86,736	$ -	$ 86,736
Administrative File Server Hardware/Software	12,340	9,559	2,781
Trade & Business Development			
Trade Display Showbooth	-	6,807	(6,807)
	99,076	16,366	82,710
Port Operations			
Purchase of equipment:			
(2) Welding Machines (Bulk Terminal)	25,000	-	25,000
Subtotal	25,000	-	25,000
Purchase of vehicles:			
	-	-	-
Subtotal	-	-	-
Phone System for Harbormasters	11,104	-	11,104
Network Hardware/Software - Port Security	102,802	-	102,802
Network Hardware/Software - Marine Patrol	18,029	-	18,029
Subtotal	131,935	-	131,935
	156,935	-	156,935
NSI Reversion (Property,Buildings & Wharfs)	-	101,671,427	(101,671,427)
	-	101,671,427	(101,671,427)
Total 2010 Capital Budget Expenditures	$ 31,724,001	$ 110,309,460	$(78,585,459)

Port of Corpus Christi Authority
Monthly Financial Summary
June 30, 2010

TERMS & DEFINITIONS:

Current Assets	Unrestricted cash and investments, accounts receivables, grant receivables, accrued revenues, inventory, prepaid expenses
Restricted Assets	Restricted cash and investments for revenue bond debt reserves, escrow funds, Section 125 benefits plan, and law enforcement seizure accounts and LEOSE (Law Enforcement Officer Standards & Education) funds
Property, Plant & Equipment	Capitalized fixed assets and contruction in progess, net of accumulated depreciation
Other	Long-term notes receivable and bond issue costs
Current Liabilities	Accounts payables, accrued expenses, deferred income, worker compensation claims liability, and estimated incurred but not reported claims on employee health benefits
Restricted Liabilities	Accrued interest on revenue bonds, Section 125 benefits plan deposits, and the law enforcement pending account
Long-term Debt	General revenue bonds and unamortized discounts
L-T Deferred Lease Income	Deferred lease revenue - Gulf Compress La Quinta warehouses
Other Long-Term Debt	Accrued vacation and sick leave, other post-employment benefits, and capital leases payable
Net Assets	Total net assets; total assets less total liabilities

Divisions:

Oil Docks-Public	Oil docks owned by the Port
Oil Docks-Private	Oil docks owned by private industries
Dry Cargo Docks	Dry cargo docks owned both by the Port and private industries, transfer facility and intermodal facility
Refrigerated Warehouse	Cold storage facility
Conference Center	Ortiz Center
Bulk Terminal	Bulk docks 1 and 2, public storage pad and storage pads
Property & Buildings	Port property, leased elevator and grain bagging facility, compress, and Naval Station Ingleside
Other Facilities	Service docks owned both by the Port and private industries, bulk docks owned by private industries, Tule lift bridge, railroads, fire fighting response vessel, canals and basins, foreign trade zone, and refinery terminal fire company
General & Administrative	Executive director, deputy port directors, business development, finance & administration, engineering services, government affairs, operations and security

AGENDA ITEM 10

NO ATTACHMENT

AGENDA ITEM 11

NO ATTACHMENT

PORT CORPUS CHRISTI

John P. LaRue
EXECUTIVE DIRECTOR

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 12***

First Reading of a Franchise Agreement Granting Valero Refining – Texas, L.P., the Right to Cross the South Bulkhead Line of the Tule Lake Channel from Its Property at the Valero Barge Terminal Fronting on the Tule Lake Channel

Dear Commissioners:

Saber Petroleum Corporation was granted a franchise agreement in 1975 for access across the Port's bulkhead line that fronts the southern side of the Tule Lake Canal. In 1984 Valero Energy Corporation acquired the outstanding stock of Saber Petroleum and thus the franchise rights to this property. The requirement for this franchise agreement is stipulated by a 1948 cross-conveyance agreement between Elizabeth Prior Roark and the Nueces County Navigation District No. 1.

Valero continues today to conduct business along the Port's south bulkhead line that fronts the Tule Lake Canal in the Inner Harbor in the vicinity of the Valero Barge Terminal, and they have made a written request that a new franchise be granted to Valero Refining – Texas, L.P.

Staff has prepared the attached franchise agreement, franchise summary sheet, and drawing for your review. Staff recommends that the Port Commission approve and pass the first reading of the franchise agreement to the second reading scheduled for September 14, 2010. Staff will advise the Port Commission of any revisions to the franchise agreement at the second reading pending further negotiations between Valero Refining – Texas, L.P., and the Port.

This item is included on the agenda of the August 10, 2010 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

Attachments

222 Power Street 78401 | PO Box 1541 78403 | Corpus Christi, Texas | T 361 882 5633 F 361 882 7110 | portofcorpuschristi.com

FRANCHISE

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
TO
VALERO REFINING – TEXAS, L.P.

SECTION 1
GRANT

Subject to the terms and conditions of this franchise, Port of Corpus Christi Authority of Nueces County, Texas ("Authority"), hereby grants to Valero Refining – Texas, L.P., a Texas limited partnership whose business address is One Valero Way, San Antonio, Texas, 78249, its successors and permitted assigns ("Grantee"), for the term specified in this Section 1, the right of access to the Corpus Christi Ship Channel ("Channel") from Grantee's Land (hereinafter defined) for all purposes necessary, proper or convenient in connection with the use and operation of its docks and dock facilities as now constructed on Grantee's Land for the purpose of a general cargo business and for the shipping and receiving of oil and petroleum and the several refined and manufactured products thereof by Grantee for itself and for others (collectively, "Grantee's Business"). The term of this franchise shall begin on the Effective Date described in Section 10 of this franchise and shall end on October 20, 2020. "Grantee's Land" is that certain 7.03 acres of land situated in Nueces County, Texas, which is shown on the Authority's Boundary Map attached hereto as Exhibit A and incorporated herein by reference, and being the same 7.03 acres of land conveyed to Elizabeth Prior Roark by the Nueces County Navigation District No. 1 by that certain Mutual Conveyance described in Section 7 of this franchise.

SECTION 2
ACCESS TO CHANNEL

The Authority has established the south bulkhead line of the Channel, which is the line beyond which no structure may be built, and this line as it may be changed from time to time by the Authority is referred to herein as the "South Bulkhead Line." The northerly boundary line of Grantee's Land is the South Bulkhead Line. Grantee may cross the South Bulkhead Line (where it is adjacent to Grantee's Land) to access the Channel from Grantee's Land and may operate, and continue the operation of, its docks and dock facilities now on Grantee's Land, with such additions, alterations, enlargements or new structures or facilities as Grantee may require and construct in the conduct of Grantee's Business. Grantee may not construct any improvements on the Channel side of the South Bulkhead Line.

SECTION 3
RENTALS

For the rights granted to it hereunder, Grantee shall pay to the Authority a rental, based upon all property moving over, and to or from, docks on Grantee's Land, as follows:

A. **General Cargo Business**. For all property transported by a general cargo business (and by "general cargo business" is meant a business handling the shipment by water of any property or commodity owned by a party, or being purchased or sold by a party, other than the holder of this franchise or one of its affiliates) a rental based upon the quantity of shipments made and to be equal to fifty percent (50%) of the then current tariff wharfage rate of the Authority on the same type of property or commodity;

B. **Other Business**. For all property transported by a business other than a general cargo business (that is, a business handling the shipment by water of property or commodities owned by the holder of this franchise or one of its affiliates, or being purchased or sold by the holder of this franchise or one of its affiliates) a rental based upon the quantity of the shipments made and to be equal to fifty percent (50%) of the then current tariff wharfage rate of the Authority on the same type of property or commodity.

An "affiliate" as used herein means each entity which, directly or indirectly, controls or is controlled by or is under common control or ownership with the holder of this franchise.

Grantee, its successors and permitted assigns, shall keep and maintain a complete and accurate set of books and records showing all commodities shipped over, and to or from, any dock or docks constructed by the Grantee, its successors or permitted assigns, on the Grantee's Land in order that the Authority may ascertain therefrom what rentals are due to the Authority from Grantee hereunder, and such books and records shall be subject to the inspection of the Authority, its agents and attorneys, at any and all reasonable times.

The rental payable hereunder shall be paid to the Authority at its offices in Corpus Christi, Nueces County, Texas, and shall be payable at such reasonable time or times as the Authority may direct by written notice to Grantee and by general rule or regulation which shall be applicable to all persons or parties holding permits or franchises similar to this franchise.

SECTION 4
CONDITIONS

This franchise is granted with reasonable conditions for the protection of the Authority and its property and the property of its tenants, to-wit:

A. **Hazards**. Grantee will at all times conduct its operation so as not to create any unusual fire or health hazard and will keep the premises neat and clean.

B. **Railways**. Grantee will not for itself or for others, except with the consent of the Authority, build or operate a railway terminal for use in connection with the exercise of the rights granted by this franchise; provided, however, that Grantee may build or use spur railroad tracks in connection with its business and the exercise of its rights under this franchise.

C. **Plans**. Before constructing any structure or commencing any work (including dredging or filling of submerged areas) on Grantee's Land or the Authority's submerged land lying between the Channel and the South Bulkhead Line for which a U. S. Department of the Army permit is required and before filing application for any such permit, Grantee will submit plans of such structure or work to be undertaken to the Authority for its approval. Authority shall not refuse to approve such plans without good cause. Grantee shall file with the Authority a copy of any permit or license it obtains from any governmental agency in connection with any construction or work described in this Section 4, and any documents placing conditions on or amending them in any way.

To facilitate the Authority's review of the plans, Grantee shall submit two (2) sets of formal plans that clearly define the project. The drawings must be prepared in a standard engineering format (24" x 36" drawings) and show all physical features and improvements in and around the project site and must be signed and sealed by a Professional Engineer registered in the State of Texas. In addition, a detailed site plan (minimum 1" = 50' scale) depicting the location and physical layout of the project site and any area to be dredged, adjacent docking facilities, property lines, federal channels, bulkhead lines, existing channel depth elevations, etc., must be included with the formal plans submitted. The site plan must clearly show the bottom of cut line and top of slope line of any planned dredging. If any dredging is planned by Grantee that will, in Authority's judgment, based upon customary dredging operations, result in removal of a substantial quantity of earth or material from, or damage to, adjacent real property, Grantee must obtain the written permission of the adjacent property owner to carry out such dredging for the project and submit it to the Authority with the formal plans.

D. **Compliance**. Grantee shall perform all construction or work described in this Section 4 in conformity with applicable building codes and all applicable federal, state and other governmental laws and regulations; and Grantee must comply with any applicable provisions of the code of the National Fire Protection Association.

E. **Slips**. Grantee's slips along the South Bulkhead Line shall be maintained by Grantee at a depth sufficient to prevent vessels berthed at the docks there from striking bottom due to lowering of the water level from passing vessels or seasonal low tides.

F. **Pollution**. Grantee shall take all reasonable precautions to prevent the pollution of the Channel and shall faithfully observe all regulations adopted by the Authority to prevent the discharge of pollutants into the Channel. Grantee shall also comply with all state and federal laws and regulations and municipal ordinances relating to maintaining water quality in the Channel, and will file with the Authority copies of all permits received by Grantee relating to water quality to the extent relating to its activities hereunder.

G. **Rules and Regulations**. This franchise shall be subject to such reasonable rules and regulations as the Authority presently has in effect or may invoke in the future which apply to all individuals or entities holding similar franchises granted by the Authority.

SECTION 5
INDEMNITY

Grantee shall defend, indemnify and hold harmless Authority from all expense and liability for, and resulting from, the sole, joint, concurrent, or comparative negligence of Grantee, its agents or employees (collectively, "Grantee Parties"), in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim"); provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Grantee Parties and the Authority, then Grantee's obligation to the Authority shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim.

SECTION 6
DEFAULT

In the event of default of Grantee in the performance of any of the terms and conditions herein stipulated to be done by it, or required of it under any valid law, rule or regulation of the government of the United States of America or the State of Texas, and in event such default continues for sixty (60) days after the Authority has sent a written notice by registered or certified mail to Grantee at its Corpus Christi business address, advising it fully of the kind, nature and extent of such default, this franchise shall be subject to forfeiture at the instance of the Authority by suit in a State District Court located in Nueces County, Texas.

SECTION 7
MUTUAL CONVEYANCE

The rights and privilege of Grantee and the Authority arising out of that certain mutual conveyance dated June 3, 1948, of record in Volume 400, pages 479 through 487, Deed Records of Nueces County, Texas, executed by the Nueces County Navigation District No. 1 and by Elizabeth Prior Roark ("Mutual Conveyance"), are hereby expressly recognized and confirmed and in no wise abridged, lessened or diminished by the granting of this franchise and its acceptance by Grantee or by any surrender, cancellation or forfeiture of the same.

SECTION 8
ASSIGNMENT

Grantee may, with the prior written consent of the Authority, assign Grantee's rights and obligations under this franchise to any individual or business entity that leases or otherwise has the right to use Grantee's Land, but Grantee shall not be released thereby from any obligations and duties assumed hereunder by such lessee or user.

Grantee may, with the prior written consent of the Authority, assign this franchise to any individual or business entity that purchases or otherwise acquires title to all of the Grantee's Land. Any such assignee of this franchise, shall file written evidence of such assignment and of assignee's acceptance of the same in the office of the Authority. If Grantee assigns this franchise in accordance with the terms and conditions of this paragraph, Grantee shall be released from any further obligations and duties hereunder only insofar as such obligations and duties arise from and after the effective date of such assignment, it being specifically understood that any such assignment shall not have the effect of releasing Grantee from any obligations or duties hereunder which may have accrued at any time prior to the effective date of such assignment.

If Grantee sells, assigns, or transfers title to only a portion of the Grantee's Land (the "Transferred Land"), this franchise shall automatically terminate with respect to the Transferred Land, and the new owner thereof shall not have the right to access the Channel from the Transferred Land until such time as the new owner has received a new permit or franchise from the Authority for such purpose in accordance with the terms of the Mutual Conveyance described in Section 7 of this franchise.

Grantee shall have the right to convey this franchise by mortgage, deed of trust or any other security instrument. If Grantee shall be in default of any of the covenants or conditions of this franchise, the holder of the mortgage, deed of trust or other security instrument may, before forfeiture is invoked by the Authority, make any and all payments and do and perform any and all acts or things which may be necessary to prevent a forfeiture of this franchise and the party making such payments or performing such acts or things shall thereby be subrogated to all rights of the Grantee under this franchise. The Authority agrees that if the holder of any mortgage, deed of trust or other security instrument delivers a copy of such instrument to the Authority, together with the address to which it desires notices to be sent, the Authority will send to the holder at the address specified copies of all written notices to be served on Grantee under and pursuant to the terms of this franchise. It is understood that the mortgagee, trustee and beneficiary of any security instrument shall in no way be liable to the Authority for any payments or for the performance of any other covenants and conditions of this franchise until such time as it shall acquire by assignment or conveyance from Grantee or by foreclosure or other proceedings provided by law or by the terms of the security instrument all the right, title and interest of Grantee under this franchise; provided, however, that any party who shall acquire said right, title and interest of Grantee, as above provided, shall thereby become liable for all payments and the performance of all other covenants and conditions theretofore and thereafter required to be made by Grantee under the franchise, as fully and to the same extent as if Grantee itself would have been if it still had retained its right, title and interest hereunder.

SECTION 9
GENERAL

All covenants, conditions and agreements of this franchise shall apply to and be binding upon the Authority and Grantee and their respective legal representatives, successors and permitted assigns (when assignment is made in accordance with the provisions hereof). This franchise is made under the applicable laws of the State of Texas and if any term, clause, provision, part or portion of this franchise shall be adjudged invalid or illegal for any reason, the validity of any other part or portion hereof shall not be affected thereby, and the invalid or illegal portion thereof shall be deleted and ignored as if the same had not been written herein. If any of the rights and authorities granted hereunder are in excess of the authority of the Authority, then the rights and authorities shall be limited to such as the Authority is authorized to grant, under the applicable laws. The failure of Grantee or of the Authority to insist upon the strict performance of any of the covenants and conditions of this franchise, or the consent, either express or implied, of either party hereto to any act or omission by the other party in breach or default hereof, shall not be deemed or construed to be a waiver of any such covenants or condition except for that particular instance only and shall not constitute or be construed as a waiver of such covenant or condition or of any further or future breach or default thereof. The expense of publishing this franchise as required by law shall be borne by the Grantee.

SECTION 10
PASSAGE, PUBLICATION AND ACCEPTANCE

A majority of the Authority's Port Commissioners voted to grant this franchise at meetings of the Port Commission held on August 10, 2010, September 14, 2010, and October 12, 2010, and the final form of this franchise was approved at the last of these meetings. This franchise shall not become effective until it has been published in full in its final form at the expense of Grantee once a week for three consecutive weeks in the *Corpus Christi Caller Times*, a daily newspaper of general circulation published inside the boundaries of the Authority (the "Publication Requirement"). Grantee must file its written acceptance of this franchise with the Authority within thirty (30) days after the date on which this franchise was finally approved by the Authority's Port Commissioners, and such written acceptance shall be duly acknowledged by the person or persons executing the same (the "Acceptance Requirement"). The effective date of this franchise ("Effective Date") shall be the first day of the first calendar month after the date on which both the Publication Requirement and the Acceptance Requirement have been satisfied.

[The Authority's signature page follows this page]

IN WITNESS WHEREOF, the Authority has caused this franchise to be signed by the Chairman of the Port Commission and attested by the Secretary of the Port Commission this 12th day of October, 2010.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

By: ______________________________
L. Michael Carrell,
Port Commission Chairman

ATTEST:

____
Judy Hawley,
Port Commission Secretary

STATE OF TEXAS §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of October, 2010, by L. Michael Carrell, Chairman of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, and Judy Hawley, Secretary of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Port Authority.

____
NOTARY PUBLIC, STATE OF TEXAS

ACCEPTANCE OF GRANTEE

Valero Refining – Texas, L.P., hereby accepts the above and foregoing franchise covering 7.03 acres of land, which was granted to it by Port of Corpus Christi Authority of Nueces County, Texas, and further agrees that Valero Refining – Texas, L.P., its successors and permitted assigns, shall in all things be bound by the terms and conditions of said franchise.

EXECUTED this _____ day of October, 2010.

VALERO REFINING – TEXAS, L.P.
By: Valero Services, Inc.,
Its General Partner

By: ______________________________

Printed Name:______________________________

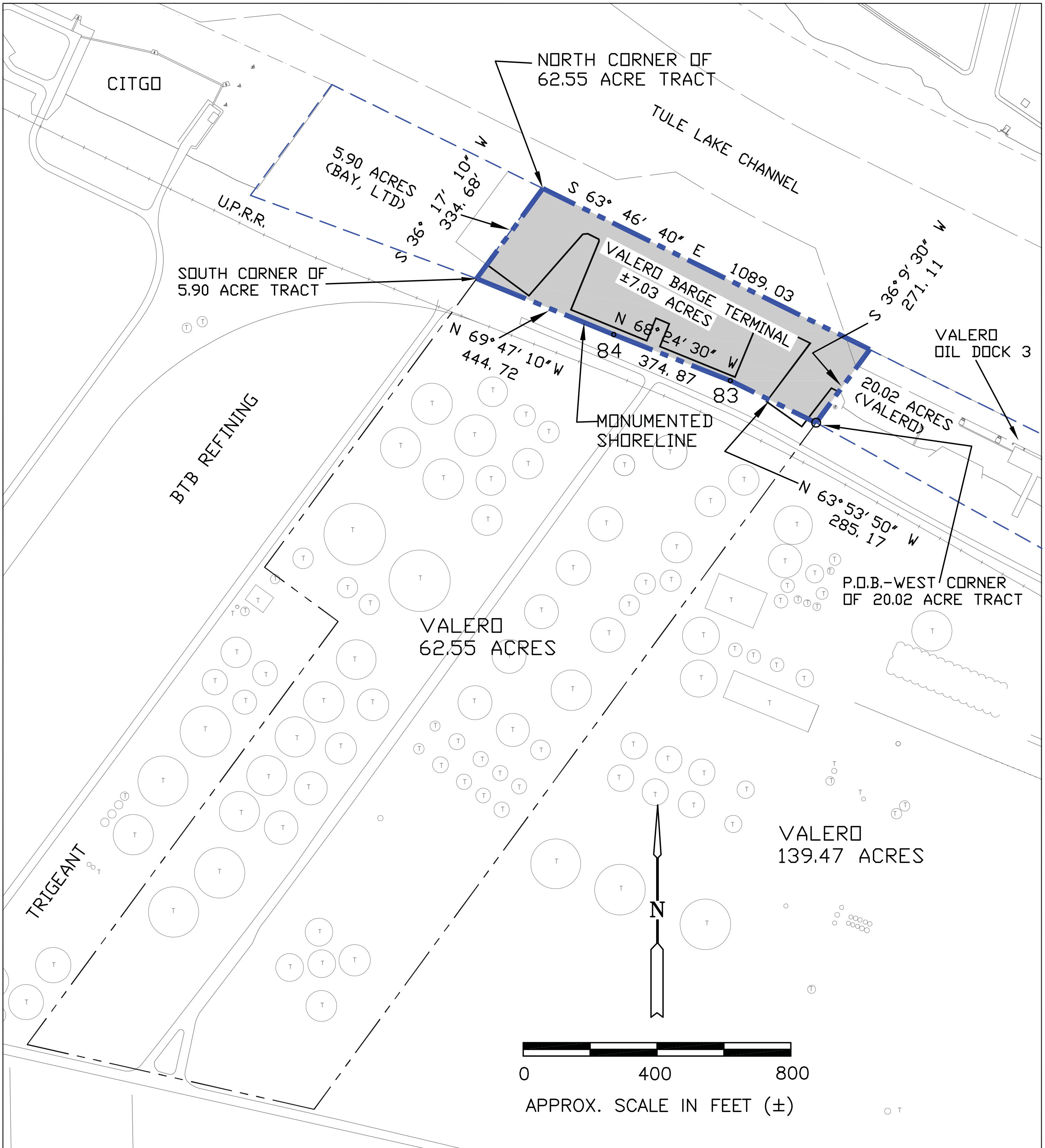
Title:______________________________

STATE OF TEXAS §
§
COUNTY OF ________ §

This instrument was acknowledged before me on the ____ day of September, 2010, by ______________________________, ____________________________ of Valero Services, Inc., the general partner of Valero Refining - Texas, L.P., on behalf of said partnership.

____
NOTARY PUBLIC, STATE OF TEXAS

244186



NO.	DATE	REVISION

PORT CORPUS CHRISTI

PORT OF CORPUS CHRISTI AUTHORITY

VALERO REFINING CO.
FRANCHISE AGREEMENT
±7.03 ACRES

SCALE: AS SHOWN
DWN. BY: RALPH

EXHIBIT A

DATE: JUNE 2010

John P. LaRue
EXECUTIVE DIRECTOR

PORT CORPUS CHRISTI

August 10, 2010

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert J. Gonzalez, Sr.
The Honorable Kenneth L. Berry
The Honorable Francis I. Gandy, Jr.
The Honorable Robert Kostelnik
Port Commissioners
Port of Corpus Christi Authority

Subject: ***AGENDA ITEM NO. 13***
**Easement Agreement with Valero Refining - Texas, L.P.
for a 16-Inch Effluent Line, Approximately 2,702 Feet in Length,
Located West of the Former Tule Lake Bridge Crossing**

Dear Commissioners:

Valero Refining–Texas, L.P., (Valero) is permitted by the Texas Commission on Environmental Quality (TCEQ) to discharge up to four million gallons of treated process water (effluent) per day. Their outfall for this discharge is located in an existing drainage ditch near the intersection of Navigation Boulevard and the Union Pacific Railroad track. The TCEQ is now requiring Valero to discharge this effluent directly into the Corpus Christi Ship Channel.

Valero and Port staff met and reviewed several discharge locations and routes and selected a ten-foot wide easement shown on the attached aerial map. This easement is approximately 2,702 feet long and is located on property just west of the former Tule Lake Bridge crossing on the south side of the Port of Corpus Christi Inner Harbor. To facilitate construction of the pipeline, the Port will provide a temporary 75-foot wide construction easement along with a two-acre parcel for an estimated construction period of nine months. The total length of the new effluent pipeline route is 2,701.85 lineal feet (168.87 rods). Approximately 6.10 acres of land is included in the temporary construction easement.

Staff drafted the new easement on the Port's standard pipeline easement agreement template, and Valero requested a number of changes. The fee for the ten-year term of the agreement is based on the Port's current rate of $28.00 for a 16" diameter pipeline, which along with the $500.00 application fee equates to $5,228.24. The fee for the temporary construction easement for an estimated nine–month construction period is $39,462.00. A land value of $125,000 per acre was used to determine the charge for the construction easement. The total charge for the pipeline and construction easement is $44,690.24, and Valero has agreed to this charge.

This item is included on the agenda of the August 10, 2010 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director

Attachment

PIPELINE EASEMENT

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF NUECES §

Port of Corpus Christi Authority of Nueces County, Texas, acting herein by and through its Port Commissioners hereunto duly authorized (hereinafter called "Authority") for good and valuable consideration, including as described below and the covenants and conditions herein made and provided to be kept and performed by Grantee, has **GRANTED AND CONVEYED** and by these presents does **GRANT AND CONVEY** to Valero Refining-Texas, L.P., a Texas limited partnership whose address is One Valero Way, San Antonio, TX 78249 (hereinafter called "Grantee"), a right-of-way and easement on and through the Authority's land located in Nueces County, Texas, for the purpose of constructing, laying, operating, maintaining, repairing, replacing and removing a sixteen-inch (16") treated water effluent pipeline for the uses herein set out upon, over and across the right-of-way and easement hereby granted, together with such valves, fittings, meters and other equipment and appurtenances as may be necessary for such purposes.

The centerline of the pipeline easement hereby granted is described on Exhibit A attached hereto, which is incorporated herein by reference for all purposes, and the route of the pipeline easement is depicted on Exhibit B attached hereto, which is incorporated herein by reference for all purposes. The pipeline easement herein granted shall, during the period of initial construction of the said sixteen-inch treated water effluent (16") pipeline, (i) be sixty (60) feet and fifteen (15) feet offset along the centerline of the pipeline easement as described and depicted on Exhibits A and B, respectively, attached hereto, and (ii) include a 300 foot by 300 foot area around the directional drill pad site as described and depicted on Exhibits A and B, respectively; after the period of initial construction (as defined below) of the said sixteen-inch treated water effluent (16") pipeline, the width of the pipeline easement shall be five (5) feet on either side of the centerline of the pipeline easement described and depicted on Exhibits A and B, respectively, attached hereto. The period of initial construction of the said sixteen-inch treated water effluent (16") pipeline will terminate sixty (60) days after Grantee actually completes construction, or one year from the date hereof, whichever occurs first. In the event construction is not commenced within one year from the date hereof, this easement will terminate, unless the period for commencement of construction is extended beyond one year by Authority.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns, the rights and privileges hereby conveyed for thirty (30) years beginning on the 13th day of July, 2010 and ending at midnight on the 12th day of July, 2040, subject to the exceptions and reservations herein set forth, and upon the following covenants and conditions which are a part of the consideration for this grant, which covenants and conditions are and shall be construed as covenants running with the land, and which covenants and conditions by its acceptance hereof Grantee covenants and agrees to keep and perform.

This right-of-way and easement is granted subject to the following:

A. Size of Pipelines. The pipeline shall not exceed the following nominal inside diameter: sixteen inches (16”).

B. Fee. For the first ten (10) years of the term of this agreement, Grantee will pay to the Authority a fee in the amount of Forty-Four Thousand, Six Hundred Ninety and 24/100 Dollars ($44,690.24) payable in one advance. During each succeeding ten (10) year period during the term of this easement, the annual fee will be as set by the Port Commissioners of the Authority based upon Authority’s then current schedule for the fee for pipelines of the said pipeline diameter. Grantee may prepay all annual installments due for each ten (10) year period at the beginning of each such period.

C. Access. The rights of ingress and egress hereinabove referred to in Grantee shall be confined to the above-described easement and Grantee shall not have the right to cross Authority's adjacent land, store materials or equipment on Authority’s adjacent land, or conduct any of Grantee’s operations on Authority’s adjacent land, unless the prior consent of the Authority is obtained in writing, which consent will not be unreasonably withheld, conditioned or delayed. Except in the case of an emergency, Grantee agrees to notify the Authority not less than seventy-two (72) hours prior to Grantee’s employees, agents or contractors entering upon the easement for construction, maintenance, repairs or other operations. In the case of an emergency, necessitating entry upon the easement by Grantee, its employees, agents or contractors without first giving at least seventy-two (72) hours prior notice to Authority, Grantee agrees to notify the Authority of the nature and extent of any such emergency within twenty-four (24) hours after any such entry.

D. Construction, Maintenance and Use. Grantee shall construct and maintain the said sixteen-inch (16”) treated water effluent pipeline in a good and workmanlike manner and in compliance with all applicable governmental and industry standards for construction and maintenance of the same. Warning signs for the existence of said pipeline that conform to Federal and State laws applicable to such warning signs will be posted at the required locations along the easement.

No boring pit or receiving pit may be placed in the pipeline easement. All backfill placed in the pipeline easement must be compacted so as to prevent settlement or erosion. Grantee shall bury the pipeline to such depth as is or may be reasonably required as a result of the presence on, or construction on, or adjacent to, the areas embraced by this easement of any road, railroad, pipeline, or pole line. In refilling any hole or ditch; Grantee shall compact the subsoil to ninety-five percent (95%) of original compaction. After any construction, repair or removal, Grantee shall compact, loosen, or otherwise condition the topsoil to the degree of compaction of non-disturbed topsoil so that there will be no settling or compaction of soil and so that the land disturbed will be the same level as the surrounding lands to maintain drainage and prevent erosion.

Grantee will, no later than twenty-four (24) hours after discovery, notify Authority of any visible or apparent contamination discovered in the easement during initial construction of the pipeline. Thereafter Grantee will, no later than twenty-four (24) hours after discovery, notify

Authority of any visible or apparent contamination discovered in, on, under, or adjacent to the easement and right of way.

Grantee's use of the easement herein granted and its operations in relation to it shall at all times comply with all applicable laws, statutes, rules and regulations of federal, state and local government.

Grantee shall furnish the Authority upon completion of the installation of each pipeline or any modification thereof an as-built drawing of the location of the pipeline and any modification.

Grantee shall be responsible for coordination of its construction and use in the easement with any other existing users and easement holders in or near the Grantee's easement. Grantee shall promptly restore any portion of the right-of-way damaged by Grantee to its condition prior to such damage. All restoration work shall be appropriately tested at Grantee's expense. Authority shall be promptly notified in writing of the method used and results of all tests of any such restoration work.

E. Reservations and Exceptions. The easement herein granted shall be subject to any and all easements heretofore granted by Authority to other parties which are either of record in Nueces County or physically evident on the property. The Authority reserves the right to grant easements upon, over, under and across the property embraced by the easement herein granted and to grant rights of use, leases and easements above, below and on the surface of such property, provided that such grants shall not materially interfere with the rights granted herein.

F. **Indemnity/Waiver**

(a) As used in this Section F. each of the following terms shall have the meanings set forth in this Section F.(a):

(1) "Beneficiary" means the intended recipient of the benefits of another party's Indemnity, Waiver or obligation to Defend.

(2) "Claims" means all claims, damages losses, fines, penalties, liens, causes of action, suits, judgments, settlements and expenses [including court costs, attorney's fees (including attorney's fees in defending and/or settling a Claim and attorney's fees to collect on this Indemnity), costs of investigation, and expert witnesses) of any nature, kind or description by, through or of any person or entity, including property loss or damage in, on, about or adjacent to the pipeline easement and right of way herein granted, bodily or personal injury, sickness, disease, and/or death (including bodily or personal injury and/or death of employees of an Indemnified Person or a Grantee Party).

(3) "Defend" means to oppose on behalf of another party a Claim in litigation, arbitration, mediation or other alternative dispute resolution proceeding and to pay all costs associated with the preparation or prosecution of such Defense.

(4) "Indemnify" means to protect and hold harmless a party from and against a potential Claim and/or to compensate a party for a Claim actually incurred.

(5) "Indemnified Persons" means the Authority, its Port Commissioners, directors, managers, employees and agents.

(6) "Grantee Parties" means the Grantee, its agents, contractors, employees, owners, invitees, or licensees.

(7) "Waive" means to knowingly and voluntarily relinquish a right and/or to release another party from liability.

(b) Subject to the terms of this Section F, Grantee shall Defend and Indemnify the Indemnified Persons from and against all Claims resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the following matters (these Claims being referred to herein as the "Indemnified Claims"):

(1) The conduct of Grantee's business on the easement and right of way herein granted;

(2) Grantee's breach of the terms and conditions of this easement agreement; and

(3) any act, omission, willful misconduct, strict liability, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing and applicable to Grantee and its operations under this agreement, of or by any Grantee Party, including the sole, joint, concurrent, or comparative negligence of any Grantee Party in connection with or pertaining to this easement agreement.

(c) Subject to the terms of subparagraph (d) below, the Indemnities, Waivers and obligation to Defend in this Section F. shall be enforced to the fullest extent permitted by applicable law for the benefit of the applicable Beneficiary thereof, regardless of any extraordinary shifting of risks, and even if the applicable Claim is caused by the joint, concurrent, or comparative negligence of such Beneficiary, and regardless or whether liability without fault or strict liability is imposed upon or alleged against such Beneficiary; provided, however, that an Indemnity will not be enforced to the extent that a court of competent jurisdiction holds in a final judgment that the applicable Claim against a Beneficiary was caused by the willful misconduct or sole negligence of such Beneficiary.

(d) Notwithstanding anything to the contrary contained in this Section F., to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence, causation, responsibility or fault of the Indemnified Persons and the Grantee Parties, then the Grantee's obligation to the Indemnified Persons shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim.

(e) In claims against any Indemnified Person by or for an employee of a Grantee Party, the Grantee's indemnification obligation under this Section F. shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Grantee Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Grantee, a legal beneficiary, or an insurance carrier against an Indemnified Person liable to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Indemnified Person or a settlement by the Indemnified Person, Grantee expressly agrees to reimburse and hold harmless the Indemnified Person for the damages based on such judgment or settlement as provided in this Section F.

(f) Except as otherwise expressly limited in this Section F., it is the intent of the parties to this easement agreement that all indemnity obligations and liabilities contracted for in this easement agreement be without monetary limit and will not be limited by damages paid under the Workers' Compensation Act. The indemnity contained in this Section F. applies, without limitation, to any violation by a Grantee Party of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42, U.S.C. Section 9601 et seq; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq; the Clean Air Act and Amendments of 1990, 41 U.S.C. Section 7401 et seq; the Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq; the Toxic Substances Control Act, 15 U.S.C. Section 2606 the Texas Water Code; the Texas Solid Waste Disposal Act, Chapter 361, Texas Health and Safety Code; the Texas Clean Air Act, Chapter 382, Texas Health and Safety Code; the Oil Spill Prevention Act of 1991, Chapter 40, Texas Natural Resource Code, and Chapter 26, Texas Water Code; and the Texas Water Quality Act, Chapter 26, Texas Water Code; Authority's Tariffs, Rules and Regulations, and the Port of Corpus Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual (collectively, "Environmental Laws, Rules and Regulations") in effect during the term of this easement agreement and to the extent applicable to Grantee and its operations hereunder.

(g) If any action or proceeding is brought against an Indemnified Person by reason of any Indemnified Claim described in this Section F., the Indemnified Person will be represented by its general counsel, or another attorney selected by the Indemnified Person and approved by Grantee, which approval will not be unreasonably withheld.

(h) If Grantee should fail or refuse, after reasonable prior written notice to Grantee that an Indemnified Person intends to make a settlement of an Indemnified Claim, to participate in the settlement of such Indemnified Claim, then the Indemnified Person may settle with the claimant without prejudice to the Indemnified Person's indemnity rights set forth herein, and a settlement after such notice to Grantee will constitute a settlement of the proportionate fault, including but not limited to negligence, of both Grantee and the

Indemnified Person, which settlement may later be apportioned between Indemnified Person and Grantee.

(i) Grantee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance (or self insurance) described in paragraph G below.

(j) To the fullest extent provided by this Section F., Grantee hereby Waives all Claims against the Indemnified Persons to the extent of the Indemnified Claims, subject to the provisions of subparagraphs (c) and (d) of this Section F.

(k) Notwithstanding any provision to the contrary contained herein, under no circumstances whatsoever shall either party be liable to the other party for consequential, incidental, punitive or special damages.

G. Insurance

Without limiting the indemnity obligations or liabilities of Grantee, or its insurers, provided herein, Grantee agrees at all times this easement agreement is in effect to carry and maintain at its sole expense policies of insurance ("the Policies") of the types and in the minimum amounts as follows:

(a) For all its employees engaged in performing work, workers' compensation required by the Texas Workers' Compensation Code, and Employer's Liability insurance with limits of at least $500,000.00 each employee accident and disease, or such similar insurance which is in accordance with state and federal law applicable to said employees.

(b). Commercial General Liability (CGL) coverage with policy limits of at least $1,000,000.00 per occurrence and $2,000,000 general aggregate in the right of way and easement.

(c) Business Auto Liability coverage for all owned and non-owned vehicles, with a policy limit of $1,000,000 (Combined Single Limit.)

(d) Umbrella liability coverage limits of not less than $5,000,000.00 over and above the underlying primary coverage limits stated in subparagraph (a), (b) and (c) in this Section.

(f) Pollution Legal Liability including cleanup and defense costs for premises and operations including pollution of any body of water with limits of not less than $5,000,000.00 per occurrence.

Authority shall be furnished, to the attention of Authority's Risk Manager, prior to the commencement of any work by Grantee on the right-of-way and easement, as proof of the insurance required of Grantee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be provided to Authority upon request) describing the Policies, which certificates must be reasonably acceptable, in their form and content, to Authority. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and Employee's Liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) will endeavor to provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Authority, Attention: Risk Manager, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Grantee are primary coverage and the Authority Insurance is non-contributory so that Authority Insurance will not share with the Policies.

In addition the Policies shall be endorsed to provide as follows (or an ISO form endorsement containing the equivalent wording may be used): "Underwriters or the company or companies issuing this policy agree that, if the named insured is required, by written contract, to name any other person, firm or organization as an additional insured on this policy for claims arising out of acts, or the failure to act, by the named insured, then such other person, firm or organization shall automatically be deemed to be an additional insured under this policy without any further action, but only to the extent required under said written contract." Grantee shall deliver to Authority certificates of insurance at least thirty (30) days prior to the expiration date of each of the Policies. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Grantee fails to procure or self-insure any insurance required herein, Authority may procure such insurance at Grantee's expense, and Authority is entitled to reimbursement from Grantee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Grantee receives Authority's notice of payment until reimbursement. Notwithstanding anything herein to the contrary, Grantee shall have the right to self-insure all or any part of the insurance coverage required in this agreement.

H. <u>Waiver of Subrogation</u>

Grantee agrees that all insurance policies required herein shall include full Waivers of Subrogation in favor of Authority. Grantee agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this easement agreement written notice of the terms of the waiver set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waiver; and Grantee will provide to Authority a copy of said endorsement or endorsements or evidence that such endorsement is not necessary to prevent the invalidation of the insurance coverage by reason of such waiver.

I. <u>Assignment</u>. The rights herein granted may not be assigned without the prior written consent of the Authority, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, Authority consents to assignment of this pipeline easement to any corporation or other entity which is an affiliate of, and controlled by, Grantee. An affiliate, as used herein, is a person or entity which is controlled by or the controlling interest of which is owned by the same persons or entities controlling Grantee. This easement shall be deemed a covenant running with the land and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Assignment by Grantee shall not relieve Grantee from liability for the performance of the covenants and indemnities hereof.

J. <u>Termination</u>. This easement and all rights to use and occupy the easement shall terminate if the pipeline(s) shall cease to be used for the transmission of treated water effluent for twenty-four (24) consecutive months during the term of this easement or if Grantee shall at any time expressly abandon this easement in writing to Authority. This easement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate upon breach by Grantee of any of the conditions hereof and the failure of Grantee to remedy the same within ninety (90) days after Grantee's receipt of written notice from the Authority so to do. Grantee agrees it will within ninety (90) days after the termination of this easement remove all pipelines and other equipment, facilities or appurtenances existing in the easement and restore Authority's lands to substantially the same condition in which same existed prior to the existence of the pipeline, equipment, facilities and appurtenances. In the event Grantee fails to remove the said pipelines, equipment, facilities and appurtenances within the above-described time period, the Authority may either declare the termination of Grantee's interest in any such pipelines, equipment, facilities and appurtenances and all of Grantee's interest therein shall thereupon terminate, or the Authority may cause said pipelines, equipment, facilities and appurtenances, or any part thereof, to be removed and disposed of, and the lands of the Authority restored, all at the cost of Grantee. In the event of a breach of the requirements of Section L ("Compliance with Authority Security Requirements"), this easement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate in the event Grantee fails to remedy the same within ten (10) days after Grantee's receipt of written notice from the Authority of such breach.

K. <u>Relocation</u>. The Authority may require Grantee to remove, lower or relocate the pipeline(s), equipment, facilities and appurtenances situated in the aforesaid pipeline easement in the event the same materially interferes with or will materially interfere with: (1) the development of Authority's lands; (2) any facility, facility modification, or proposed facility of Authority; (3) any road or proposed road; or (4) any operation or proposed operation of Authority. The Authority may also require Grantee to remove, lower or relocate the pipeline, equipment, facilities and appurtenances situated in the aforesaid pipeline easement in the event the same materially interferes with or will materially interfere with any railroad or proposed railroad under which the easement passes. In the event Authority requires Grantee to remove, lower or relocate pursuant to the provisions of this paragraph, the cost of such removal, lowering or relocation shall be paid solely by Grantee; and in such event, Authority will use its best efforts to provide Grantee with an alternate easement on Authority's land at no additional cost to Grantee; provided, however, Authority shall not be required to provide the alternate easement.

L. <u>Compliance with Authority Security Requirements</u>. Grantee, its employees, agents, representatives and subcontractors shall at all times comply with all Authority mandated security requirements and regulations pertaining to the easement and right of way location and access thereto, regardless of whether now existing or hereinafter imposed, pursuant to Authority's Tariffs(the "Security Measures"). Failure to comply with Authority's Security Measures will be grounds for terminating this easement agreement as described in Paragraph J above.

M. Notice. All notices, demands, or requests from Grantee to Authority shall be given to Authority, Attention: Executive Director, P. O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All notices, demands, or requests from Authority to Grantee shall be given to Grantee at One Valero Way, San Antonio, Texas 78249, Attn: Director, Real Estate & Right of Way, with a copy to P.O. Box 9370, Corpus Christi, Texas 78469-9370, Attn: Contract Administrator, or at such other address as Grantee shall request in writing.

The execution of this easement shall be conclusive of the agreement of Grantee to all of the terms and conditions hereof, whereupon this easement and all of its provisions shall extend to and be binding upon the legal representatives, successors and assigns of Grantee and Authority, respectively.

[signatures contained on next page]

WITNESS this 13th day of July, 2010.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: ______________________________

John P. LaRue
Executive Director
"Authority"

VALERO REFINING-TEXAS, L.P.

By: Valero Services, Inc., its general partner

By: ______________________________
Name: Dennis L. Payne
Title: Vice-President
"Grantee"

STATE OF TEXAS §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on the ______ day of __________________, 2010, by JOHN P. LaRUE, Executive Director of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Port.

____
NOTARY PUBLIC, STATE OF TEXAS

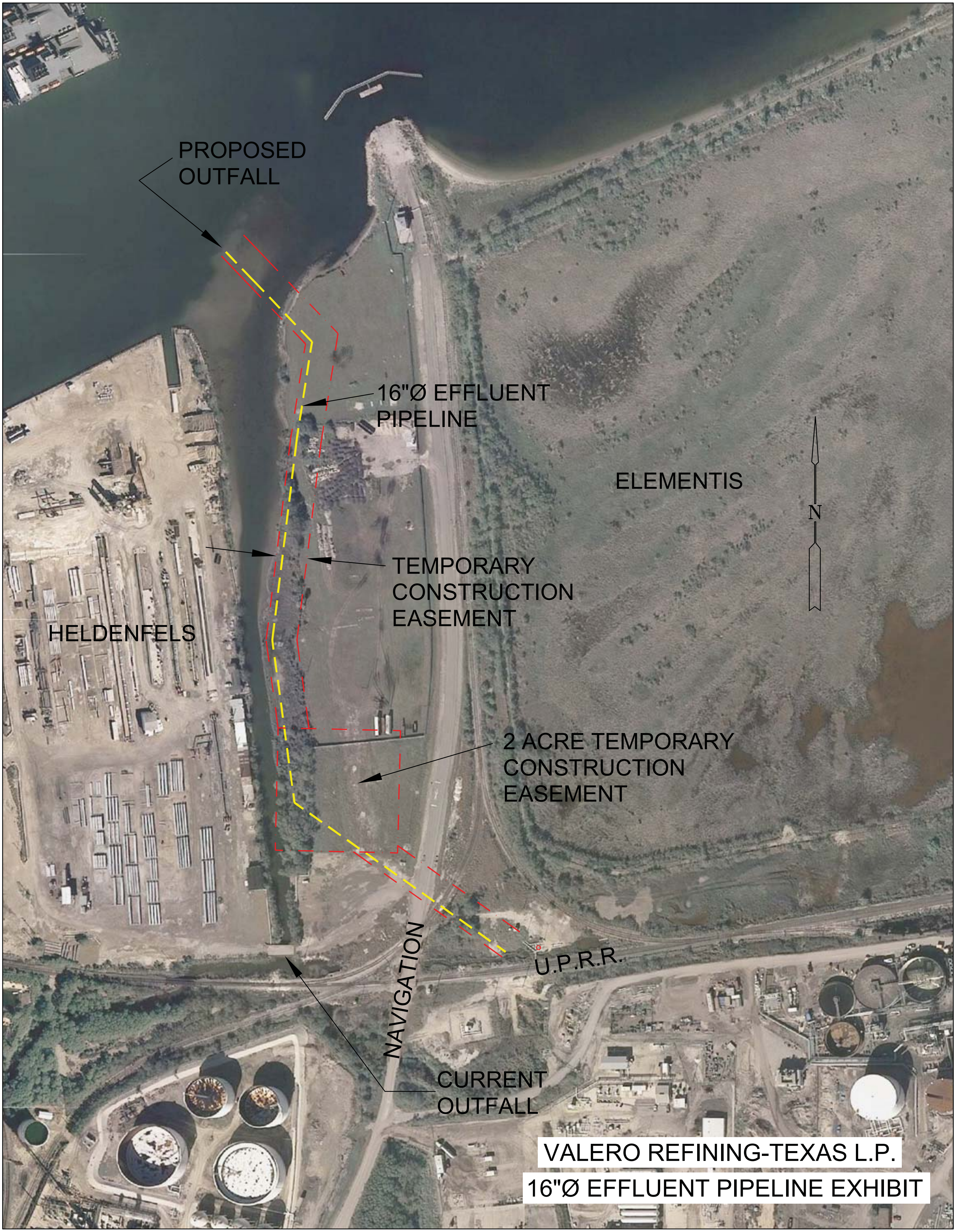
My commission expires:___________________.

STATE OF TEXAS §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of __________, 2010, by Dennis L. Payne, Vice-President of Valero Services, Inc., a Delaware corporation, as general partner of Valero Refining-Texas, L.P., a Texas limited partnership, on behalf of said partnership.

____
NOTARY PUBLIC, STATE OF TEXAS

My commission expires:___________________.


PROPOSED
OUTFALL
16"Ø EFFLUENT
PIPELINE
ELEMENTIS
N
TEMPORARY
CONSTRUCTION
EASEMENT
HELDENFELS
2 ACRE TEMPORARY
CONSTRUCTION
EASEMENT
NAVIGATION
U.P.R.R.
CURRENT
OUTFALL
VALERO REFINING-TEXAS L.P.
16"Ø EFFLUENT PIPELINE EXHIBIT

AGENDA ITEM 14

RESOLUTION (will be provided later)

American Appraisers, Inc.

April 28, 2010 A-10-123

Mr. Thomas S. Moore, Project Manager, NSI Redevelopment
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401

RE: Valuation of site and existing improvements located at FM Rd 1069, Ingleside, San Patricio County, Texas, Also Known As Naval Station Ingleside.

Dear Mr. Moore:

At your request, we have prepared an Appraisal Report on the above referenced property. The purpose of this report is to provide an opinion of the Market Value of the fee simple surface estate interest in the property, **based solely on Depreciated Replacement Cost New** of the improvements, **plus site value as if vacant land** , as of March 22, 2010, the last date of observation and the effective date of the appraisal. This value is based upon the **Extraordinary Assumption** that the entire site and each improvement as identified herein can be utilized by prospective purchaser(s)/lessee(s). The subject property has street access along its north side from Farm to Market Road 1069 and water access along its south side from the Gulf of Mexico via the Corpus Christi Ship Channel.

A complete description of the property is included in the accompanying sections of this report. We certify that we have no present or contemplated future interest in this property beyond the opinions of value.

Our report is based on estimates, assumptions and other information developed from our research of the market, knowledge of the industry, and meetings during which pertinent information was provided to us. The sources of the information and bases of the estimates and assumptions are stated in the appropriate sections of this report. Under the terms of this engagement, we have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of this report. However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the property.

As a result of our investigation and analysis, it is our opinion that the "As Is" Market Value of the fee simple estate of the property, **based solely on Depreciated Replacement Cost New plus site value**, as of March 22, 2010, is:

ONE HUNDRED ONE MILLION FIVE HUNDRED THOUSAND DOLLARS *
($101,500,000)

*See Extraordinary Assumption in Paragraph 1 above.

3230 Reid Dr. ★ Corpus Christi, Texas 78404 ★ 361/855-8258 ★ FAX 361/853-0403

No contribution to value for furniture, fixtures, or equipment or demolition costs for unwanted or unuseable improvements or economic analysis related to income and expenses of operation, absorption in the market, bulk sale or Sales Comparison of improvements were considered in this report.

This appraisal has been prepared in accordance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice(USPAP) of the Appraisal Foundation.

This report is intended for use by the Port of Corpus Christ Authority, the client, and no others, to provide a basis for redevelopment decisions regarding Naval Station Ingleside.

Our analyses and conclusions are contained in the accompanying report, and are subject to the definitions, assumptions, and limiting conditions expressed in this report. Our compensation is not contingent upon an action or event resulting from the analysis, opinions, or conclusions in, or the use of this report. Neither the whole nor any part of this report or any reference thereto may be utilized by any user other than the client identified or be included in any document, statement, or circular, without American Appraisers, Inc.'s prior written approval of the form and context in which it will appear.

Thank you, Mr. Moore, for your courtesy and consideration and for this opportunity to be of service.

Sincerely,

AMERICAN APPRAISERS, INC.

Sidney H. Smith, III, MAI
TX-1321944-G
President

Adam Klager
TX-1324850-G

Mitchell Kirkpatrick
TX-1338031-G

American Appraisers, Inc.

May 28, 2010 A-10-138

Mr. Thomas S. Moore, Project Manager, NSI Redevelopment
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401

RE: Valuation of 433.187 acres along the south side of FM Rd 1069, Ingleside, San Patricio County, Texas.

Dear Mr. Moore:

At your request, we have prepared an Appraisal Report on the above referenced property. The purpose of this report is to provide an opinion of the Market Value of the fee simple surface estate interest in the property, as of May 28, 2010, the last date of observation and the effective date of the appraisal. The subject property has street access along its north side from Farm to Market Road 1069, west side from Starlight Drive, south side from Live Oak St., and water access along its south side from the Gulf of Mexico via the Corpus Christi Ship Channel.

We certify that we have no present or contemplated future interest in this property beyond the opinions of value.

Our report is based on estimates, assumptions and other information developed from our research of the market, knowledge of the industry, and meetings during which pertinent information was provided to us. The sources of the information and bases of the estimates and assumptions are stated in the appropriate sections of this report. Under the terms of this engagement, we have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of this report. However, we will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the property.

As a result of our investigation and analysis, it is our opinion that the "As Is" Market Value of the fee simple estate of the property, as of May 28, 2010, is:

EIGHT MILLION THREE HUNDRED SIXTY THOUSAND DOLLARS
($8,360,000)

This appraisal has been prepared in accordance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice(USPAP) of the Appraisal Foundation.

This report is intended for use by the Port of Corpus Christ Authority, the client, and no others, for asset management purposes.

Our analyses and conclusions are contained in the accompanying report, and are subject to the definitions, assumptions, and limiting conditions expressed in this report. Our compensation is not contingent upon an action or event resulting from the analysis, opinions, or conclusions in, or the use of this report. Neither the whole nor any part of this report or any reference thereto may be utilized by any user other than the client identified or be included in any document, statement, or circular, without American Appraisers, Inc.'s prior written approval of the form and context in which it will appear.

Thank you, Mr. Moore, for your courtesy and consideration and for this opportunity to be of service.

Sincerely,

AMERICAN APPRAISERS, INC.

Sidney H. Smith, III, MAI
TX-1321944-G
President

Adam Klager
TX-1324850-G

AGENDA ITEM 16

NO ATTACHMENTS

AGENDA ITEM 17

NO ATTACHMENT

AGENDA ITEM 18

NO ATTACHMENT

AGENDA ITEM 19

NO ATTACHMENT

AGENDA ITEM 20

NO ATTACHMENT

AGENDA ITEM 21

NO ATTACHMENT

AGENDA ITEM 22

NO ATTACHMENT