



Port of Corpus Christi

Regular Meeting

Tuesday, March 8, 2011 9:00 AM

Port of Corpus Christi
Regular Meeting
Tuesday, March 8, 2011 - 9:00 AM
Solomon P. Ortiz International Center

AGENDA

1. Call meeting to order and receive Conflict of Interest Affidavits.
2. Approve the minutes of the February 8 and February 17, 2011 Commission meetings. 4
3. Receive comments from the public (*each speaker limited to 3 minutes*)
4. Approve a Letter of Intent with Canyon Supply & Logistics, LLC for the sale of approximately 910 acres of upland property on Ingleside Point in San Patricio County (a portion of which was formerly occupied by Naval Station Ingleside) and the improvements and personal property thereon and the former Naval Station Ingleside Alpha Pier in Corpus Christi Bay adjacent to the upland property and an easement on approximately 114 acres of submerged land between the upland property and the Corpus Christi Ship Channel. 18
5. Approve a reduction in the Port of Corpus Christi Authority security surcharge on wharfage and dockage or a reduction in the wharfage rate for liquid bulk cargo. Prior to taking any action on this item, the Port Commission will go into executive session pursuant to §551.071 of the Texas Government Code to receive legal advice from its attorney about PCCA's wharfage charges. 27
6. Approve insurance carriers for PCCA's property insurance for the 12-month period beginning April 1, 2011. 29
7. Approve a contract with SafeNet Services, LLC, the lowest and best bidder based upon bids received on January 25, 2011 for Security Grant 7 Northside Security & Critical Docks Access Control. 44
8. 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:
 8. A. Award a contract to Caldwell Country Chevrolet, the lowest and best bidder based upon bids received on February 25, 2011, for purchase of a Chevrolet Tahoe 4X4 SSV. 48
 8. B. Approve a Professional Services Purchase Order for Additional Engineering Design Services on the Security Grant 7 - Northside Security & Critical Docks Access Control. 50
 8. C. Approve a Professional Services Purchase Order for Additional Engineering Design Services for Security Grant 7 - Supplemental Viola Turning Basin Guard Gate and Fencing Improvements to RVE, Inc. 52
 8. D. Approve a Second Amendment to a lease agreement with Alta Mesa for a 50' by 100' parking area in the Rincon Industrial Park. 53
 8. E. Approve a Third Amendment to a Lease Agreement with H&H Iron & Metal, Inc., for 2.94-acres fronting on Rincon Canal A for the handling of scrap metals. 58

8. F. Approve a Third Amendment of Surface Use Agreement and Damage Release with EOG Resources to increase the size of Surface Site 750A at the Bulk Terminal. 64
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, accounting and human resources. 69
10. 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. 88
11. Approve the Second Reading of a Franchise Agreement granting Flint Hills Resources Corpus Christi, LLC, the right of access to the waters of Nueces County and the Corpus Christi Ship Channel from the wharf and pier and other improvements now or hereafter constructed on their 1.72-acre tract of upland and their 10.906-acre tract of leased submerged lands at the former site of Naval Station Ingleside. 89
12. The Port Commission will go into executive session pursuant to §551.071 of the Texas Government Code to consult with its attorney about the permitted uses of the leased premises under the Ground Lease between PCCA and Adame Group, LLC, dated June 11, 2010, which has been assigned to Durlame, LLC. The Port Commission may take action on this item in open session. 99
13. The Port Commission will go into executive session pursuant to §551.072 of the Texas Government Code to discuss the terms of a potential sale or lease of PCCA's La Quinta property. 100
14. The Commission will go into executive session pursuant to §551.071 of the Texas Government Code to consult with its attorney regarding Cause No.D-1-GV-09-001901; *State of Texas on behalf of Land Commissioner Jerry Patterson, Plaintiff, v. Port of Corpus Christi Authority of Nueces County, Texas, in the 419th District Court of Travis County, Texas.* 101
15. Adjourn

FEBRUARY 8, 2011

The Port Commissioners of the Port of Corpus Christi Authority met in regular session on Tuesday, February 8, 2011 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. Francis I. Gandy, Jr.
Mr. Robert Kostelnik
Mr. Mike Scott

Absent: Mr. Robert J. Gonzalez, Sr.

Present: Mr. John P. LaRue
Mr. Frank Brogan
Mr. Sandy Sanders
Mr. Tony Alejandro
Mr. Greg Brubeck
Ms. Patricia Cardenas
Ms. Sandra Davis
Mr. Dennis DeVries
Chief Arch Archambo
Ms. Sherry DuBois
Mr. Gustavo Espinosa
Ms. Sarah Garza
Mr. Paul Kaup
Mr. David Krams
Ms. Nelda Olivo
Mr. Bert Perez
Mr. Dave Throop
Ms. Peggy Mettlen
Ms. Liz Cantu
Mr. Bland Chamberlain
Ms. Becky McMillon
Ms. Michelle Swistak

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
Mr. Roland Mower
CC Regional Economic Development Assn
Mr. David Fields
Gulf Compress
Mr. Edward Johnson
Johnson, Rube & Assoc.
Mr. Bob Shackelford
Citizen
Mr. Kevin Nichols
Unique Employment
Ms. Nancy Allen
USO
Mr. Dick Fuqua
Mr. Jody Powers
Mr. Larry Ramming
Canyon
Mr. Gene Morrison
Witt Assoc.
Mr. John Pasch
Mr. Peter Gooding
USCG
Mr. Bert Quintanilla
Plasma Tech
Mr. Marshall Millard
Alamo 1
Mr. Ernest Cleave
Mr. Ken Bates
Cline Mining – New Elk coal
Mr. William Goldston
CH2M Hill

Capt. Bobby Grumbles
Capt. John Williams
Aransas/CC Pilots
Mr. Roger TenNapel
Mr. Rich Tuttle
Flint Hills
Mr. Pete Perkins
Mayor – City of Ingleside
Mr. Jason West
Citizen
Mr. Kevin Kauke
Koolt
Mr. Tripp Batey
Hose of South Texas.
Ms. JoAnn Ehmann
Ingleside on the Bay
Mr. Sam Beecroft
BE Beecroft & Co.
Ms. Josephine Miller
San Patricio EDC
Mr. Christopher Allison
M.E. Allison & Co.
Mr. Willie Vaden
City of Ingleside
Mr. Gordon Morgan
Attorney
Mr. John Kelley
We the People
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. Gandy and seconded by Mr. Kostelnik, the minutes of the January 11, 2011, meeting were unanimously approved in the form presented to the meeting.

III.

Mr. Carrell asked for comments from the public. Mr. Chris Hughes of Sherborn Ventures; Mr. Ken Bates of Cline Mining Co.; and Mayor Pete Perkins, City of Ingleside made comments related to items 5, 6 and 8.

IV.

The next order of business was the Chairman's appointment of the members of all standing and special committees and the chair of each. Chairman Carrell stated that the Audit Committee would be the only standing committee at this time and that the Security Committee would be the only special committee. The Chairman appointed the following Commissioners to the Audit Committee – Judy Hawley, Chair; Bob Kostelnik and Francis Gandy. Then the Chairman appointed the following Commissioners to the Security Committee – Mike Scott, Chair; Francis Gandy and Judy Hawley. The Chairman also appointed Richard Borchard as PCCA's representative on the board of the Corpus Christi Regional Economic Development Corporation.

V.

The Commission postponed consideration of a resolution in support of PCCA's proposed special legislation for 2011.

VI.

PCCA requested sealed bids to lease the Refrigerated Warehouse, including the land on which the facility is situated, with an option to purchase the facility, but not the land. Sherborn Ventures, LLC, submitted the only bid. On motion made by Mr. Borchard and seconded by Mr. Kostelnik, the Commission (1) accepted the bid from Sherborn Ventures, LLC,, and (2) approved a lease agreement, in substantially the form presented to the meeting, with Sherborn Ventures, LLC, for the Refrigerated Warehouse, including the land on which it is situated, which lease includes an option to purchase the warehouse (but not the land) for its fair market value at the time the option is exercised.

VII.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission awarded a contract to B.E. Beecroft Company, Inc., the only bidder, in the amount of \$248,514 [for the Base Bid, Additive Bid Items 1 and 6, Unit Price Bid Items 8 through 12, Additive/Deductive Bid Items 1 through 12, and deductive Change Order 1] for repairs to the Refrigerated Warehouse, and granted the Director of Engineering Services an eight percent contingency, as outlined in PCCA's contingency guidelines, for change orders under the contract. Staff advised the Commission that PCCA would be performing approximately \$60,690 worth of landlord responsibility repair work to the Refrigerated Warehouse with in-house maintenance department staff and specialty contractors.

VIII.

On motion made by Mr. Kostelnik and seconded by Ms. Hawley, the Commission approved a lease agreement, in substantially the form presented to the meeting, with New Elk Coal Company LLC, for approximately 18 acres of PCCA property located at the Bulk Terminal.

IX.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved, in substantially the form presented to the meeting, a lease option agreement with NUSTAR Energy for approximately 15.62-acres of PCCA property located on the north side of the Main Turning Basin.

X.

Consideration of the remaining agenda items was postponed until the next meeting of the Commission.

There being no further business, the meeting adjourned at 10:00 a.m.

FEBRUARY 17, 2011

The Port Commissioners of the Port of Corpus Christi Authority met in special session on Thursday, February 17, 2011 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. Francis I. Gandy, Jr.
Mr. Robert Kostelnik
Mr. Mike Scott

Present:

Mr. John P. LaRue
Mr. Frank Brogan
Mr. Sandy Sanders
Mr. Greg Brubeck
Ms. Patricia Cardenas
Ms. Sandra Davis
Mr. Dennis DeVries
Chief Arch Archambo
Ms. Sherry DuBois
Mr. Gustavo Espinosa
Ms. Sarah Garza
Mr. David Krams
Mr. Richard Stroot
Mr. Dave Throop
Ms. Maggie Turner
Ms. Peggy Mettlen
Ms. Liz Cantu
Mr. Bland Chamberlain
Mr. Eddie Martinez
Ms. Michelle Swistak
Ms. Becky McMillon

Others Present:

Mr. Leo J. Welder, Jr.

Others Present:

Mr. Tom Curlee
Port Industries
Ms. Nancy Vasquez
MD&A
Ms. Sara Foley
Caller-Times
Mr. Tim Clower
TCC

Mr. Rick DuPriest
WL Bates
Mr. Fred Nardini
Mr. Jim Price
San Patricio County
Mr. Roland Mower
CC Regional Economic Development Assn
Ms. Nancy Allen
USO
Mr. Dick Fuqua
Mr. Jody Powers
Mr. Larry Ramming
Canyon
Mr. Marshall Millard
Alamo 1
Mr. William Goldston
Ms. Mary Goldston
CH2M Hill
Mr. Roger TenNapel
Mr. David Drown
Flint Hills
Mr. Pete Perkins
Mayor – City of Ingleside
Mr. Jason West
Citizen
Ms. JoAnn Ehmann
Ingleside on the Bay
Ms. Josephine Miller
San Patricio EDC
Mr. Christopher Allison
M.E. Allison & Co.
Mr. Willie Vaden
City of Ingleside
Mr. John Kelley
We the People
Mr. Harry G. Plomarity
Citizen
Mr. Herky Veatch
IM & TP, LLC
Ha Reep
Mr. Don Payte
Mr. W. J. Goss
INEDCO
Mr. Gordon Morgan
STD
Mr. Raymon Kirm
Citizen – City of Ingleside

Mr. Joe Fulton
Fulton Construction
Ms. Katie Stanoke
Koch
Ms. Kristie Veit
Coastal Bend Labor Council
Ms. Elaine Kemp
City of Ingleside
Mr. Bill McAllister
City of Ingleside
Mr. Kevin Schnicher
Mr. Howard Gillespie
Ingleside on the Bay
Mr. Allen Hoodye
Citizen
Mr. Jim Rimby
ZEP

Note: For the open sessions of this meeting, the actual order of business by agenda number was as follows: 1, 2, 3, 4, 10 (presentations), First Executive Session, 10(action), 13, 14, 15, 16, 11, 12, 17, 18, Second Executive Session, 5 and 19. Agenda items 6, 7, 8 and 9 were for executive session only.

The First Executive Session -- 11:43 a.m. to 11:55 a.m. -- was held to discuss item 9, as permitted under §551.071, Texas Government Code.

The Second Executive Session -- 12:16 p.m. to 1:05 p.m. -- was held to discuss items 5, 6, 7 and 8, as permitted under §§551.071 and 551.072, Texas Government Code

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. Commissioner Gonzalez submitted an affidavit for items 5 and 8 stating that he owns real property on Burleson Street in the vicinity of the properties involved in these agenda items.

II.

Mr. Carrell asked for comments from the public. Comments were received by: Mr. H. J. Goss-Intl Environmental Energy Corp; Mr. Howard Fuller-Ingleside Marine & Technology Park; Mr. Dick Fuqua-Canyon Supply & Logistics; Mr. Marshall Millard-Alamo1; Mr. Joe Fulton-Fulton Construction; Ms. Paula Stone, Mr. Raymon Kirman; Mr. WillieVaden; and Ms. Carolyn Moon, all citizens of the City of Ingleside. All comments were in regard to Naval Station Ingleside.

III.

On motion made by Mr. Gandy and seconded by Mr. Kostelnik, all items on the consent agenda were unanimously approved in accordance with the respective staff recommendations furnished to the Commissioners at the meeting, by one vote without being discussed separately. These items were as follows:

- A.** Approve a contract with R.J. Corman Railpower, the lowest and best bidder based upon bids received on February 1, 2011 for repower of Bulk Terminal switch engine locomotive.
- B.** Approve change order no. 1 with Garrett Construction Company for the paving of additional storage area behind the Brown Express Building project.
- C.** Approve a lease agreement with the Blattner Energy, inc., for approximately 2.06-acres of PCCA property located on the north side of the Main Turning Basin.
- D.** Approve a lease agreement with Cemex Construction Material South, LLC for 1.54 acres of PCCA property located north and west of the Avery Point Turning Basin.
- E.** Ratify Workers' Compensation invoice amount for the period January 1, 2011.

IV.

There was no Executive Director's report during this meeting.

V.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, a lease option agreement with Martin Operating Partners for approximately 10 acres located on the north side of the Inner Harbor. Mr. Gonzalez abstained from voting on this item.

VI.

This item was for executive session only.

VII.

This item was for executive session only.

VIII.

This item was for executive session only. Mr. Gonzalez abstained from participating in this portion of the executive session.

IX.

This item was for executive session only.

X.

The Commission received presentations from interested parties and recommendations from staff on the purchase or the lease of all or part of the NSI Development Property. On motion made by Ms. Hawley and seconded by Mr. Gandy, the Commission unanimously directed staff to enter into negotiations with Canyon Logistics & Supply, LLC, for the purchase and sale of that part of the NSI Development Property being purchased by Flint Hills Resources, LLC, and to bring back a letter of intent for consideration and approval at the next meeting of the Commission.

XI.

On motion made by Mr. Gonzalez and seconded by Ms. Hawley, the Commission approved, in the form presented to the meeting, a lease agreement with Texas State Technical College Harlingen for Building 201 at the former Naval Station Ingleside property.

XII.

No action was taken on this agenda item.

XIII.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved the following Resolution (the “Flint Hills Resolution”), with Mr. Gandy voting against the motion:

**RESOLUTION APPROVING A
SURPLUS PROPERTY SALES AGREEMENT
WITH FLINT HILLS RESOURCES CORPUS CHRISTI, LLC,
FOR THE PURCHASE OF THE SMALL CRAFT PIER PROPERTY**

WHEREAS, the Port of Corpus Christi Authority (“PCCA”) has received an offer from Flint Hills Resources Corpus Christi, LLC, a Delaware limited liability company (“FHR”), to purchase the following described property (collectively referred to in this resolution as the “Small Craft Pier Property”) for \$8,015,390 in cash:

- (a) 1.62 acres of land on Ingleside Point in San Patricio County which is designated as Parcel A in the aerial photograph attached [to these minutes] as Exhibit A (“Parcel A”);
- (b) 1.72 acres of land on Ingleside Point in San Patricio County which is designated as Parcel B in the aerial photograph attached [to these minutes] as Exhibit A (“Parcel B”);
- (c) All of the improvements on Parcel B; and

- (d) The small craft pier in Corpus Christi Bay adjacent to Parcel B and which is designated as the small craft pier in the aerial photograph attached [to these minutes] as Exhibit A ("Small Craft Pier").

WHEREAS, in connection with its purchase of the Small Craft Pier Property, FHR has offered to lease the 8.86-acre tract of submerged land and the 2.046-acre tract of submerged land designated in the aerial photograph attached [to these minutes] as Exhibit A (collectively, the "Submerged Lands") for a term of 30 years; and

WHEREAS, by resolution adopted on August 10, 2010 (the "August 10th Resolution"), PCCA's Port Commission (the "Port Commission") declared certain property, including all of the Small Craft Pier Property, to be surplus property (that is, property not needed by PCCA for a navigation-related project) in accordance with Chapter 498, Acts of the 81st Legislature, Regular Session, 2009 (the "Act"); and

WHEREAS, the Act grants the Port Commission the authority to sell or lease this surplus property on such terms at the Port Commission considers advisable to carry out the purposes of the Act; provided, however, that such property may not be sold in a private sale for less than its fair market value as determined by an appraisal obtained by PCCA; and

WHEREAS, PCCA has obtained an appraisal of the Small Craft Pier Property from American Appraisers, Inc., which opined that the market value of the Small Craft Pier Property as of January 14, 2011, was \$7,810,000; and

WHEREAS, the August 10th Resolution has not been revoked and remains in full force and effect; and

WHEREAS, a Surplus Property Sales Agreement by and between PCCA and FHR for the purchase and sale of the Small Craft Pier Property for \$8,015,390 in cash has been presented to the Port Commission for consideration (the "Sales Contract"); and

WHEREAS, the Sales Contract does not include and is not intended to include a sale of Submerged Lands to FHR, which will lease the Submerged Lands from PCCA; and

WHEREAS, the Sales Contract Provides that FHR shall not access the waters in Nueces county, including the corpus Christi Ship Channel and the La Quinta Ship Channel, from the Small Craft Pier or any wharf, pier, dock or other improvement located on Parcel B or the Submerged Lands for any business purpose without first obtaining a franchise from PCCA to do so; and

WHEREAS, the Port Commission has determined and does hereby determine that selling the Small Craft Pier Property to FHR in accordance with the terms of the sales contract will carry out the purposes of the Act and other purposes incident to and necessary for the development and operation of the navigable waters and ports within PCCA's boundaries and will aid in the development of industries on the Small Craft Pier Property, all of which are public purposes and matters of public necessity; and

WHEREAS, the Port commission wishes to authorize the sale of the Small Craft Pier Property to FHR in accordance with the terms and conditions of the Sales contract; and

WHEREAS, this Preamble constitutes an integral part of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION THAT

Section 1. The sale of the Small Craft Pier Property to FHR in accordance with the terms and conditions of the Sales contract in substantially the form presented to this meeting is hereby approved, and the Executive Director of PCCA is hereby authorized and directed, for and on behalf of PCCA, to sign and otherwise execute the Sales contract with such changes therein as shall be approved by the Executive Director, his execution thereof to constitute conclusive evidence of such approval.

Section 2. The Executive Director is authorized and directed, for and on behalf of PCCA, to close the sale of the Small Craft Pier Property to FHR pursuant to and in accordance with the terms and conditions of the Sales Contract without any further actions or approvals by the Port Commission.

Section 3. In connection with the closing of the sale of the Small Craft Pier Property to FHR, the Chairman or the Vice-Chairman of the Port Commission is authorized and directed, for and on behalf of PCCA, to execute a special warranty deed and bill of sale (one document) or a warranty deed and a bill of sale (two documents), the form of which meets the requirements of the Sales Contract and which have been approved by PCCA's counsel, conveying the Small Craft Pier Property to FHR; and

Section 4. The Chairman and the Executive Director are hereby severally authorized and directed to execute, attest, seal, and deliver any and all additional certificates, documents, or other papers and to do any and all things he deems necessary to effect the closing of the Sales contract and to carry out the intent and purposes of this Resolution.

XIV.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved, in the form presented to the meeting, the first reading of a franchise agreement granting Flint Hills Resources Corpus Christi, LLC, the right of access to the Waters of Nueces County and the Corpus Christi Ship Channel from its wharves, piers and other improvements now or hereafter constructed on Parcel B (as defined in the Flint Hills Resolution) or the Submerged Lands (as defined in the Flint Hills Resolution). Mr. Gandy voted against the motion.

XV.

Mr. Borchard moved the approval, in the form presented to the meeting, of a lease agreement with Flint Hills Resources Corpus Christi, LLC ("FHR"), for the Submerged Lands (as defined in the Flint Hills Resolution). Ms. Hawley seconded the motion. This lease agreement would give FHR the exclusive use of approximately 80% of the Submerged Lands and non-exclusive use of approximately 20% of the Submerged Lands.

Mr. Gandy moved to amend the original motion by substituting for it a motion to approve the lease agreement, in the form present to the meeting, but revised to provide for priority use, not exclusive use, of the Submerged Lands. Mr. Gonzalez seconded this motion to amend the original motion, and this motion to amend failed. The Commission then approved the original motion.

XVI.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved, in the form presented to the meeting, an easement agreement with Koch Pipeline Company, L.P., for one 12-inch pipeline located on the east side of the former Naval Station Ingleside property.

XVII.

On motion made by Ms. Hawley and seconded by Mr. Scott, the Commission tabled consideration of a resolution in support of a PCCA's proposed special legislation for the 82nd Texas Legislature (2011).

XVIII.

The Chairman asked 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.

XIX.

There being no further business, the meeting adjourned at 1:10 p.m.

EXHIBIT "A"

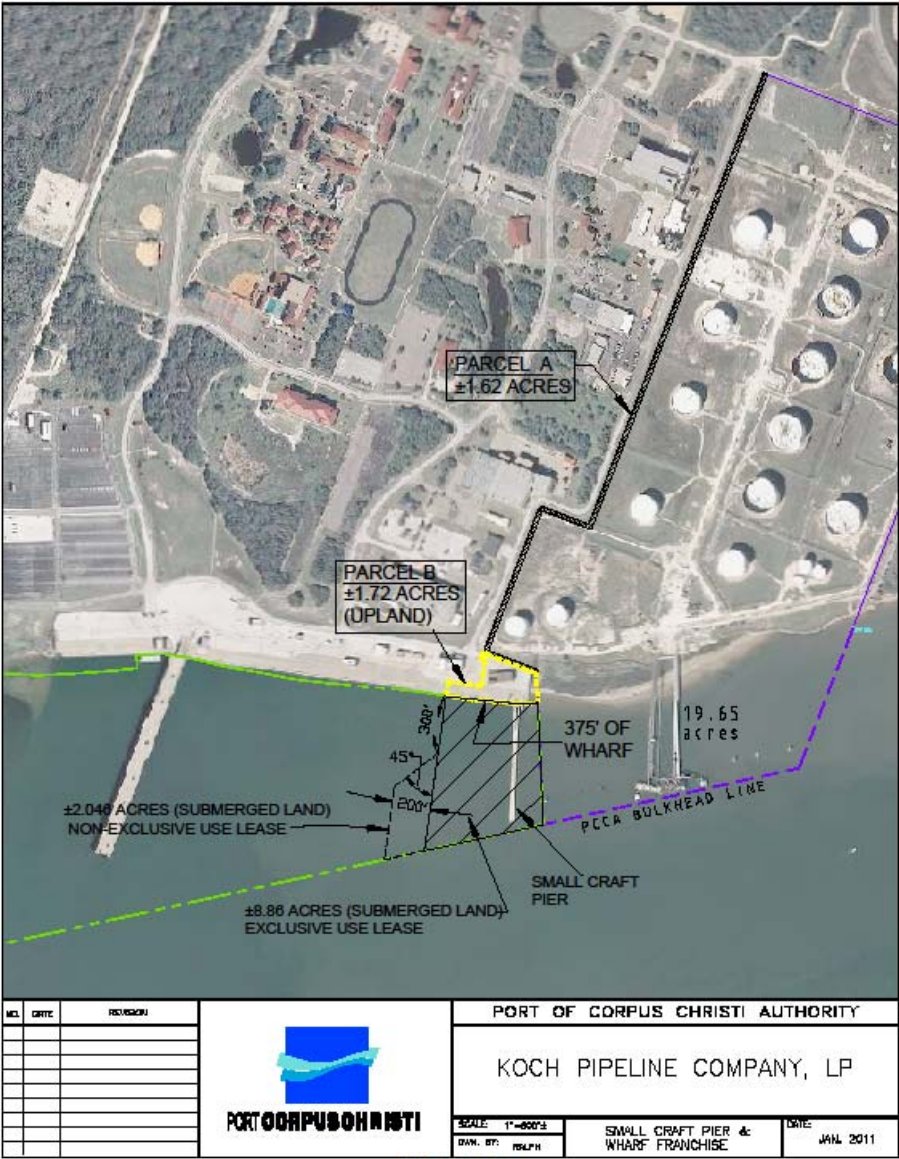


EXHIBIT A



John P. LaRue
EXECUTIVE DIRECTOR

March 8, 2011

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

Subject: ***AGENDA ITEM NO. 4***
Approve a Letter of Intent with
Canyon Supply & Logistics, LLC,
for the Sale of Naval Station Ingleside

Dear Commissioners:

At the February 17, 2011 commission meeting, the Port Commission instructed staff to coordinate with Canyon Supply & Logistics, LLC to work out the terms and conditions for the sale of Naval Station Ingleside (NSI). The attached Letter of Intent (LOI) details the terms and conditions that staff has discussed with Canyon.

This LOI describes the sale of the two major remaining assets at the base—the maritime area and surrounding property (“Project Property”) and the center of the base or “Campus Property.” The purchase price for the Project Property is \$72,260,000 and \$29,800,000 for the Campus Property. In addition, the LOI dictates that Canyon and the Port will prepare and sign an earnest money contract by March 30, 2011. This contract will require that Canyon deposit \$1,000,000 within 10 days; the signing date of the contract also commences a 30-day feasibility period. At the end of the 30-day feasibility period, the \$1,000,000 deposit becomes non-refundable and Canyon will then have 60 days to close the purchase transaction. At closing, Canyon is obliged to deliver to the Port an additional \$24,000,000 down payment.

Staff recommends approval of the attached Letter of Intent. This item is included on the agenda of the March 8 commission meeting for your consideration and action. If you have any questions, please call me.

Sincerely,

John P. Parker

John P. LaRue
Executive Director

Attachment



John P. LaRue
EXECUTIVE DIRECTOR

March 8, 2011

Canyon Supply & Logistics, LLC
5005 Riverway, Suite 250
Houston, Texas 77056
Attn: Richard L. Fuqua

Re: Sale of Naval Station Ingleside and Adjacent Property

Dear Mr. Fuqua:

This letter (the “Letter of Intent”) serves as an outline of the terms and conditions under which the Port of Corpus Christi Authority proposes to sell The Property (described below) to Canyon Supply & Logistics, LLC. It is our intention that the terms and conditions set forth in this letter be set forth in greater detail in a purchase and sale agreement for The Property (“Earnest Money Contract”). The language used in this letter is not necessarily to be incorporated verbatim in the Earnest Money Contract, and additional terms and conditions not set forth herein may be added to the Earnest Money Contract as mutually agreed upon by the parties.

- 1. Seller:** Port of Corpus Christi Authority (“PCCA”).
- 2. Buyer:** Canyon Supply & Logistics, LLC, a Texas Limited Liability Company (“Canyon”).
- 3. Property:** The property shown on Exhibit A attached hereto, which includes: (1) approximately 147.89 acres and 215.23 acres of upland property on Ingleside Point in San Patricio County, Texas, that were formerly occupied by the Naval Station Ingleside Main Base, together with all buildings and improvements thereon (the “NSI Main Base Property”), (1A) the berthing pier that protrudes from the south end of the NSI Main Base Property into Corpus Christi Bay (but not submerged land on which this pier is situated) (the “NSI Pier”); (2) approximately 435 acres of upland property on Ingleside Point adjacent to the west boundary line of the NSI Main Base Property (the “Adjacent Property”); and (3) approximately 111.98 acres of upland property on Ingleside Point surrounded by the NSI Main Base Property, together with all of the buildings and improvements located thereon (the “Campus Property”). The NSI Main Base Property, NSI Pier, and Adjacent Property are collectively referred to herein as the “Project Property.” The Project Property and Campus Property are collectively referred to herein as “The Property.” PCCA will sell The Property to Canyon in accordance with the terms of a mutually acceptable Earnest Money Contract. The Property does not include any riparian or littoral rights; provided, however, that Canyon will have the right to access the Corpus Christi Ship Channel

from The Property in accordance with the terms of the Franchise described in paragraph 9, below. The Property will not include PCCA's mineral interest in The Property, but PCCA will waive any rights it may have to use the surface of The Property for purposes of exploring for, developing, extracting, producing, transporting, storing or transporting the oil, gas and other minerals in or under or that may be mined, produced, removed, saved, or recovered from The Property

3A. Easement: PCCA will grant an easement (the "Easement") to Canyon, its successors and assigns, on the submerged lands outlined on Exhibit A attached hereto (the "Submerged Lands") at no additional cost for the express purpose of owning, constructing, operating, maintaining, repairing, replacing, upgrading and/or removing existing or future wharves, piers, bulkheads, docks, or other improvements reasonably related to the promotion of navigation related commerce located in whole or in part on the Submerged Lands and for the purpose of dredging the Submerged Lands as is necessary to facilitate the construction, operation, repair and maintenance of said navigation related improvements. Canyon, its successors and assigns, may not use the Submerged Lands for any other purpose. The terms of the Easement shall be mutually satisfactory to Canyon and PCCA.

3B. Personal Property: All personal property located on The Property (the "Personal Property") or the right to use the Personal Property shall be transferred to Canyon subject to the terms and conditions imposed on PCCA by the US Navy. The terms of such transfer shall be mutually acceptable to Canyon, PCCA and the US Navy. Canyon may elect to terminate such personal property transfer or return to PCCA selected item(s) of the Personal Property at the end of any given year.

4. Purchase Price: The total purchase price of The Property is \$102,062,562.00 (the "Total Price").

The purchase price for the Project Property is \$75,827,166.00 payable as follows: \$25,000,000.00 in cash at closing and the delivery to PCCA of Canyon's \$50,827,166.00 promissory note (the "Note"). Payment of the Note shall be secured by a vendor's lien and deed of trust on the Project Property. The purchase price for the Campus Property is \$26,235,396.00 payable in cash at closing.

The purchase price of the NSI Main Base Property, Adjacent Property, and Campus Property may vary from the foregoing prices based on the actual number of acres in each, but the Total Price will remain the same. The actual acreage of the NSI Main Base Property, Adjacent Property, and Campus Property shall be satisfactory to both Canyon and PCCA

4A. Note: The Note shall bear interest at (i) the prime rate published in the Wall Street Journal plus three-quarters of one percent (0.75%) per annum adjusted annually with a maximum rate of 7.25% per annum or (ii) a mutually agreeable fixed rate for the term of the Note. The Note shall be payable in 37 quarterly installments. The first installment shall be made on the first

anniversary of the closing date of the Project Property, and the last installment shall be made on the tenth anniversary of the closing date. The first 36 installments shall be made in accordance with a mutually acceptable amortization schedule. The last installment shall be a balloon payment sufficient to pay the remaining unpaid principal and interest on the Note. The estimated amount of the balloon payment will not exceed \$25,000,000.00.

Payments on the Note will be applied first to the accrued interest, with the balance to be applied to principal. The Note may be prepaid, in whole or in part, at any time, without penalty. Canyon shall be entitled to a partial release of a portion of The Property upon payment of the \$25,000,000 cash down payment and shall be entitled to partial releases of the remaining property securing the Note, all on a 1.20:1 basis, based on the agreed values for the tracts sought to be released as reflected in the schedule/appraisal previously furnished to Canyon by PCCA. The other terms of the partial releases shall be set forth in the Earnest Money Contract and deed of trust and shall be mutually acceptable to Canyon and PCCA. Canyon shall have the right to designate the property to be released, however, the NSI Pier and the wharf on the NSI Main Base Property will not be released from the liens securing payment of the Note until the Note has been paid in full.

5. Earnest Money: Canyon shall deposit \$1,000,000.00 in earnest money ("Earnest Money") with San Jacinto Title Company ("Escrow Agent") within ten (10) business days after the execution by both parties of the Earnest Money Contract. The Earnest Money shall be nonrefundable to Canyon after the expiration of the Project Feasibility Period described in the next paragraph, unless Canyon terminates the Earnest Money Contract before the end of the Project Feasibility Period or unless Canyon is entitled to a refund of the Earnest Money pursuant to paragraph 7, below.

6. Feasibility Periods: Canyon shall have 30 days from the date of execution of the Earnest Money Contract (the "Project Feasibility Period") in which to determine whether, in Canyon's sole discretion, the Project Property is suitable for Canyon's intended use and to be confirmed to Canyon's sole satisfaction with all licensing and permitting agencies prior to the conclusion of the Project Feasibility Period. If Canyon determines during the Project Feasibility Period that the Project Property is not suitable for Canyon's intended use of the Project Property, it shall deliver written notice to that effect to PCCA on or before the last day of the Project Feasibility Period, in which case the Earnest Money Contract will terminate in its entirety and the Earnest Money will be refunded to Canyon in full; provided however, that if the Cure Period described in paragraph 7, below, is extended as provided in paragraph 7, then the closing date (and the Project Feasibility Period) shall be extended by the same number of days as the Cure Period is extended.

During the Project Feasibility Period, PCCA will make available to Canyon for inspection copies of all the following documents in its possession: surveys, environmental assessments and reports, communications from potential tenants or users of The Property, structural reports or assessments, whether regarding buildings or bulk heading(s), piers, wharfs, water depths or the

like, appraisals, insurance policies, all documents or information from Texas A&M, or other documents or reports dealing with The Property or its operations.

With regard to the Campus Property, Canyon shall have 90 days from the execution of the Earnest Money Contract (the "Campus Feasibility Period") in which to determine whether, in Canyon's sole discretion, the Campus Property is suitable to Canyon's intended use of the Campus Property. Canyon and its agents, consultants, advisors, employees and contractors shall have the right to access the Campus Property, at its sole cost and expense, during the Campus Feasibility Period to conduct such inspections and tests as it deems appropriate. If Canyon determines during the Campus Feasibility Period that the Campus Property is not suitable for Canyon's intended use of the Campus Property, it shall deliver written notice to that effect to PCCA on or before the last day of the Campus Feasibility Period, in which case the Earnest Money Contract will terminate with respect to the Campus Property only; provided however, that if the Cure Period described in paragraph 7, below, is extended as provided in paragraph 7, then the closing date (and the Campus Feasibility Period) shall be extended by the same number of days as the Cure Period is extended..

7. Title, Survey and Phase I Environmental Report: PCCA will cause Escrow Agent to issue its title commitment on The Property from an underwriter reasonably acceptable to Canyon and PCCA and furnish Canyon with copies of all exceptions to such commitment within 5 days from the date the Earnest Money Contract is executed and deposited with Escrow Agent. PCCA will furnish Canyon with a survey of The Property and a Phase I environmental report within 5 days after the date the Earnest Money Contract is deposited with Escrow Agent. Canyon shall have 30 days from the receipt of the last of such documents in which to advise PCCA, in writing, of Canyon's or Escrow Agent's objections to title, the survey or the Phase I environmental report. PCCA shall then have 30 days to cure same (the "Cure Period"); provided, however, that PCCA may request, in writing, an extension of the Cure Period. If Canyon agrees to extend the Cure Period, the closing date (and the Project Feasibility Period and the Campus Feasibility Period) shall be extended by the same number of days as the Cure Period is extended. If PCCA elects not to cure or is unable to cure these objections during the Cure Period, as extended, then Canyon may either terminate the Earnest Money Contract and receive its Earnest Money back or elect to waive the objections and close subject to such defects.

8. Closing: Closing shall occur on the Project Property 60 days after the end of the Project Feasibility Period, or on such earlier date as the parties may agree. Closing shall occur on the Campus Property 60 days after the end of the Campus Feasibility Period, or at such earlier date as the parties may agree.

9. Franchise: The sale of The Property will be on the express condition running with The Property, that Canyon, its successors and assigns, shall not access the waters of Corpus Christi Bay, including the Corpus Christi Ship Channel and La Quinta Ship Channel from The Property for any business purpose without first obtaining a franchise from PCCA to do so. PCCA agrees to grant Canyon a franchise which will allow Canyon, its successors, assigns, tenants and

licensees to access the waters of Corpus Christi Bay, including the Corpus Christi Ship Channel and La Quinta Ship Channel, from The Property in consideration of Canyon's agreement to pay PCCA (i) a rental for cargo related business, based on the type and quantity of all property or commodities shipped by water to or from The Property, equal to 50% of PCCA's then current Tariff wharfage rate on the same type of property or commodities, and (ii) a rental for non-cargo related business at a rate and on terms to be negotiated and included in the Earnest Money Contract.

10. Reports and Information: During the Project Feasibility Period and continuing up to and through the closing of any portion of The Property, PCCA will make available to Canyon for inspection copies of all of the following documents in its possession: surveys, environmental assessments and reports, communications from potential tenants or users of The Property, structural reports or assessments, whether regarding buildings or bulk heading(s), piers, wharfs, water depths or the like, appraisals, insurance policies, all documents or information from Texas A&M, or other documents or reports dealing with The Property or its operations.

11. Confidentiality: PCCA and Canyon recognize that each party has or will incur significant expense in connection with this proposed transaction. Canyon recognizes that PCCA will furnish it with confidential records and reports, and PCCA recognizes that Canyon will do the same. The parties agree to keep all such reports confidential; however, Canyon may share such information with consultants, advisors, potential investors, lenders, tenants and the like, and PCCA may divulge such information when required to do so under the Texas Public Information Act.

12. Exclusive Dealings: While this Letter of Intent or the Earnest Money Contract is in effect, PCCA will not, directly or indirectly, through any representative or otherwise, solicit, encourage, consider, or discuss any other offers for the Project Property or negotiate with any other party for the Project Property. If PCCA receives an inquiry from a prospective tenant of the Project Property, it will immediately forward the same to Canyon.

While this Letter of Intent is in effect and during the first 120 days after the execution of the Earnest Money Contract, PCCA will not, directly or indirectly, through any representative or otherwise, solicit, encourage, consider, or discuss any other offers for the Campus Property or negotiate with any other party for the Campus Property. Furthermore, if Canyon pays PCCA \$100,000.00 on the first day of the Standstill Period (as defined in the following sentence) and on the same day of each month thereafter during the Standstill Period (collectively, the "Standstill Payments"), then PCCA will not, directly or indirectly, through any representative or otherwise, solicit, encourage, consider, or discuss any other offers for the Campus Property or negotiate with any other party for the Campus Property during the Standstill Period. For purposes of this Letter of Intent, the "Standstill Period" is the period beginning on the 121st day after the execution of the Earnest Money Contract and ending on the closing date of the sale of the Campus Property. The Standstill Payments will be nonrefundable, but will be credited against the purchase price of the Campus Property, if Canyon buys the Campus Property. If Canyon

fails to make a Standstill Payment when due, PCCA's obligations under this paragraph with respect to the Campus Property shall cease.

13. Costs and Expenses: Except as otherwise set forth herein, each party shall bear its own costs and expenses.

14. Zoning: Canyon, at Canyon's expense, shall cause The Property to be rezoned to Industrial or other zoning classification acceptable to Canyon and the City of Ingleside or any other appropriate governmental entity prior to closing. PCCA will neither assist nor oppose Canyon in rezoning The Property; provided, however, that PCCA will designate Canyon as its agent for purposes of executing any rezoning applications prior to closing.

15. Earnest Money Contract: As promptly as possible after the execution and delivery of this Letter of Intent, PCCA and Canyon will proceed with negotiations of the Earnest Money Contract in good faith and in a timely manner. The Earnest Money Contract will be consistent with the terms of this Letter of Intent and otherwise will be in form and substance mutually agreeable to PCCA and Canyon. No legal rights or obligations between PCCA and Canyon will come into existence unless and until an Earnest Money Contract is executed and delivered, and neither party is bound to execute the Earnest Money Contract. Canyon acknowledges that PCCA cannot execute the Earnest Money Contract without the approval of PCCA's Port Commission.

16. Ad Valorem Taxes: PCCA will neither assist nor oppose Canyon in obtaining a reduction in ad valorem taxes otherwise payable on The Property.

17. Counterparts. This Letter of Intent may be executed in one or more counterparts, each of which will be deemed to be an original of this letter and all of which, when taken together, will be deemed to constitute one and the same letter. The exchange of copies of this Letter of Intent and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Letter of Intent by the parties and may be used in lieu of the original letter for all purposes. Signatures of parties transmitted by facsimile shall be deemed to be their signatures for all purposes.

18. Miscellaneous. The terms of this Letter of Intent may not be modified except in writing and signed by both parties. The paragraph headings herein are for convenience only and shall not be used to interpret or construe the meaning of any provision hereof, nor shall this Letter of Intent be construed more strictly against one party than the other by virtue of the fact that it may have been physically prepared by one party or its attorneys.

19. Termination: Once executed, this Letter of Intent will remain in effect until the earlier of (i) the close of business on March 30, 2011 (or such later date upon which PCCA and Canyon may agree), or (ii) the execution of the Earnest Money Contract.

Canyon Letter of Intent
March 8, 2011
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If you are in agreement with the terms of this Letter of Intent, please sign and return one copy of the letter to us. This Letter of Intent must be signed and returned to PCCA on or before 5:00 p.m., Central time, on March 8, 2011, in order for the terms and conditions expressed in this Letter of Intent to remain valid for acceptance.

Yours very truly,

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

John P. LaRue
Executive Director

Accepted and agree to this 8th day of March 2011.

CANYON SUPPLY & LOGISTICS, LLC

By: _____
Richard L. Fuqua
Its duly authorized officer or manager



March 8, 2011

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

Subject: ***AGENDA ITEM NO. 5***
Reduction in Port's Security Surcharge

Dear Commissioners:

In response to the September 2001 terrorist attack on the United States, ports around the nation increased security efforts to better protect their facilities. These increased security efforts required significant investment of capital funds and increased operating costs. On June 8, 2004, the Port of Corpus Christi Authority established a security surcharge of 10% to be added to all dockage and wharfage billing to our customers. This surcharge helped to cover approximately 60% of the Port's total security costs. The surcharge was increased one-half of one percent each year up to a maximum of 12% in January 2008. The surcharge was then lowered to 10% in January 2009, which is the current rate. Staff has projected that this 10% surcharge would provide approximately \$3.6 million in revenues for 2011.

A number of important events have taken place in the last six months that now allow the Port to reexamine this charge. These events include a continued effort to reduce port expenses and a forecast for increased revenues from the Port's diversification actions. During the latter half of 2010, the Port implemented an early retirement program, a layoff of mid-level managers, and numerous other cost reductions. The Port Commission recently approved several leases and options for new facilities along the Fulton Corridor that will bring new investment to our community and increase Port revenues. These include a lease for a new export terminal for coal, a long-term lease for the public grain elevator, renewal of a Navy Ship mooring contract, and two lease option agreements for new bulk liquid export facilities. Last month, the Port Commission also took two separate actions related to the sale of the Naval Station Ingleside property that will add to our revenues.

Port staff recommends that the current 10% security surcharge be decreased to 7% effective April 1, 2011. This will provide an estimated \$1.08 million cost savings to our customers and help maintain our competitive advantage. This item is included on the agenda for the March 8 commission meeting. If you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director



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The Port's property renewal also includes a \$25,000,000 terrorism policy with a premium price of \$37,243, a reduction of \$2,098 over last year. The total premium for the primary layer, the excess layers and the terrorism policy amounts to \$1,714,727, a total reduction of \$113,717 over last year.

It is the recommendation of Port staff and Port insurance consultants that the Port Commission approve the purchase of Lexington's \$25,000,000 primary layer quote for \$907,592 and the quota-shared \$75,000,000 excess layer from London Syndicates, AXIS Surplus, Westchester, Max Specialty, Landmark American and Aspen Specialty for \$708,142. In addition, it is further recommended that the Port Commission approve the purchase of the second excess layer of \$25,000,000 quoted by Allianz for \$61,750, as well as continuing the terrorism policy at a premium of \$37,243.

Sincerely,

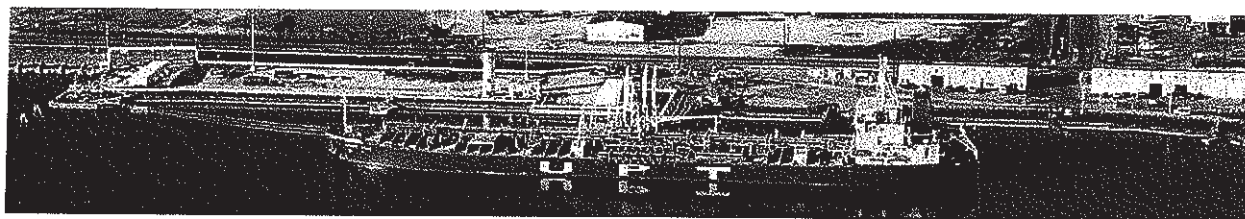


John P. LaRue
Executive Director

Attachment

PROPERTY INSURANCE RENEWAL PROPOSAL
for
THE PORT OF CORPUS CHRISTI AUTHORITY

APRIL 1, 2011 to APRIL 1, 2012



Tom Carlisle, CIC
President
Carlisle Insurance

Presented by:

Pete A. Rancourt
Vice Chairman
Hugh Wood Inc.

February 25, 2011

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VI. Statement of Values	Attached

I. EXECUTIVE SUMMARY

Market conditions generally remained soft in 2010 and this trend continues as we move further into 2011. The 2010 hurricane season was very gentle to North America, which continues to promote soft market conditions.

The Port's insurable values increased very slightly this year (\$1,042,190) and Naval Station Ingleside will be included under your program for a full policy year.

We are pleased to advise that after a 10% rate reduction in 2010, underwriters at Lexington Insurance are agreeable to a further 10% reduction for your Primary limits and Excess Underwriters, providing limits over Lexington's \$25,000,000 will reduce rates by 5%.

In 2010, two changes were made to the Port's program that continue to provide additional protection and reduced cost. Because of the additional exposures/values represented by Ingleside, additional limits of \$25,000,000 were purchased from Allianz Insurance. Total limits available to the Port are \$125,000,000. Allianz has also reduced their renewal rate by 5%.

Also, in 2010 (late March) a separate Terrorism policy was written through Lloyds of London with limits of \$25,000,000. Previously, Terrorism coverage was included as part of the Port's Primary coverage with Lexington Insurance. Premium savings of \$22,000 were realized in 2010 by this change.

We believe the Port continues to benefit from its current insurer relationship. For multiple years, no insurer has come close to competing with Lexington. We recommend that the Port commission accept the Primary, Excess and Terrorism quotes noted in Section IV, page 8. Total premium costs for 2011 are being reduced by \$114,000.

Carlisle Insurance

Hugh Wood Inc.

II. PROPERTY INSURANCE COVERAGE SPECIFICATIONS

Perils: "All Risks" of direct physical loss or damage including Flood and Earthquake

Coverage: On all real and personal property (except concrete piers, wharves and docks), business interruption and extra expense, stock, transit, accounts receivable, leasehold interests, rents and rental value, valuable papers and records and electronic data processing equipment, media and contractors and other equipment. Contingent business interruption arising out of Direct Physical Loss to any refinery or petro-chemical property serviced by the Insured.

Business Interruption and Extra Expense is extended to include:

Blockage of the Corpus Christi ship channel or dock areas by disabled, stranded or sunken vessels, or rigs or cargo, or other obstructions to navigation; or

Damage to or destruction of the property of the insured or property of others resulting in necessary total or partial suspension or operations of the Corpus Christi ship channel, on the premises occupied by the insureds situated in Corpus Christi, Texas.

Limit of Liability: \$125,000,000 per occurrence

Sublimits:

\$ 25,000,000 Annual Aggregate Flood

\$ 25,000,000 Annual Aggregate Earthquake

\$ 5,000,000 Contingent Business Interruption

\$ 5,000,000 Per Occurrence for Substructures, Piers, Wharves and Docks

Lexington provides Primary - \$25,000,000

London provides Terrorism - \$25,000,000 – Does not extend to Excess

Quota Share - \$75,000,000 Excess - \$25,000,000

Lloyds of London, Landmark American, Aspen Specialty, Max Specialty, AXIS
Surplus, Westchester

Allianz - \$25,000,000 Layer excess of \$100,000,000

Deductible: \$100,000 All perils per loss/occurrence except Flood and Wind
4% of TIV subject to minimum of \$250,000 and maximum of \$4,000,000 – Wind & Flood

Territory Limit: Within the fifty (50) states comprising the United States of America, its Territories and Possessions, Puerto Rico and Canada

Valuation: 1. Replacement Cost – Agreed Amount

Hugh Wood Inc. / Carlisle Insurance

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2. Actual loss sustained for Business Interruption, Contingent Business Interruption, Extra Expense and Rents including one hundred and eighty (180) days ordinary payroll, subject to policy limit.

**Notice of
Cancellation:**

Sixty (60) days written notice except ten (10) days for Non-Payment of Premium.

Values:

Per Statement of Values submitted to underwriters

The Port - \$240,393,148

Ingleside - \$99,018,571

**Additional
Conditions:**

1. Unintentional errors or omissions endorsement.
2. Include increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair.
3. Occurrence Limit of Liability Endorsement applies – 72 hour.
4. Seepage, Pollution, Contamination and Exclusion Endorsement applies.
5. Defined Peril Millennium Endorsement applies.
6. Mold/Fungus Exclusion applies.
7. Data Corruption Exclusion applies.

**Construction,
Etc.:**

All piers and dock substructure are concrete. All superstructure is concrete. Most buildings are sprinklered, masonry on steel or metal cladding on steel with steel joists with approved roofs. All buildings and roofs are of wind-resistant construction and rated to 122 miles.

All structures are new or have been refurbished within the last ten years.

Fire protection is provided by the City of Corpus Christi Fire Department and the Refinery Terminal Fire Company (RTFC). There are hydrants and standpipes throughout utilizing city water supply with a capacity of up to 4000 psi, with fire pumps.

The Port owns and operates a fire-fighting vessel with compatible hardware/piping etc. which is manned by the RTFC.

Corpus Christi Bay has an average depth of nine (9) feet with a Mean high tide of 1.9 feet.

The Port is primarily located in Federal Flood Zone B. Ingleside is Flood Zone C.

The Port has its own 15-person police/security force as well as a patrol boat. There are 40 security cameras throughout the Port's facilities with another 60 being installed.

- **Limits – Per Occurrence**

Named Storm: – Regardless of the number of Coverages, **Locations** or Perils involved including, but not limited to, all **Flood** (however caused) wind, wind gusts, storm surges, tornadoes, cyclones, hail, or rain, the maximum amount the Company will pay per **Occurrence** as respects all covered Loss or Damage arising out of a Named Storm (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression).

- **Deductible – Per Occurrence**

4% of Total Insurable Values at the time of the loss at each **Location** involved in the loss or damage arising out of a **Named Storm** (a storm that has been declared by the National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression), regardless of the number of Coverages, **Locations** or Perils involved (including, but not limited to, all **Flood**, wind, wind gusts, storm surges, tornados, cyclones, hail or rain) and subject to a minimum deductible of \$250,000 and maximum of \$4,000,000 any one **Occurrence**.

- **One Deductible – Per Occurrence**

In consideration of the premium charged, it is understood that if two or more deductible amounts provided in this Policy apply to a single **Occurrence**, the total to be deducted shall not exceed the largest deductible applicable.

- **Policy Form – Lexington Manuscript – As Expiring**

III. MARKET RESPONSES

Primary Limits:	\$25,000,000
Excess Limits:	\$75,000,000
Excess Layer:	\$25,000,000

The following Insurers were approached for quotations and responded as follows:

Ace	Declined – Windstorm
Alterra (Incumbent)	Quoted Excess
Allianz (Incumbent)	Quoted Excess
Allied World Assurance	Did Not Quote
Am Risc	Did Not Quote
Aspen Specialty (Incumbent)	Quoted Excess
AXIS Surplus (Incumbent)	Quoted Excess
CNA	Declined – Windstorm
CV Star	Did Not Quote
Endurance	Declined – Windstorm

The Port of Corpus Christi Authority

Ironshore	Indication Primary - \$1,500,000 Not Competitive \$25,000,000 Capacity
Lexington (AIG) (Incumbent – Primary)	Quoted Primary \$25,000,000 Capacity
Liberty E&S	Did Not Quote
London Syndicates – Aegis, Canopus, Limit (Incumbent)	Quoted Excess Primary – Not Competitive
Landmark American (Incumbent)	Quoted Excess Declined Primary \$25,000,000 Capacity
Star Tech	Did Not Quote
Swiss Re	Indication – Primary- Not Competitive
Travelers	Declined - Windstorm
Westchester	Quoted Excess
Zurich	Declined – Windstorm

IV. RENEWAL QUOTATION

2011 - 2012

	Insurer	Limits	Premium Including Texas Taxes
1.	Lexington	\$25,000,000 Primary	\$907,592
		Deductible - \$100,000 Except 4% TIV - Max \$4,000,000 - Wind/Flood	
2.	London Syndicates, AXIS Surplus, Westchester, Max Specialty, Landmark American, Aspen Specialty	\$75,000,000 Excess \$25,000,000 Quota Share	\$708,142
3.	Allianz	\$25,000,000 Excess \$100,000,000 Layer	\$61,750
4.	London Syndicates	Terrorism - \$25,000,000	\$37,243
Total Values \$339,411,171		Limits - \$125,000,000	Premium/Taxes \$1,714,727

- 10% Rate Reduction Primary - Lexington
5% Rate Reduction Excess -
- Ingleside - Included Full Year
- Margin Clause - 10% - above values on SOV
- Grantry Crane - Actual Cash Value Basis
- Texas Tax - 1.0491%
- Terrorism - \$25,000,000 - Separate policy in London
Lexington's Terrorism quote - \$61,272
- Included Exxon Dock #2 - Harbor Island

VI. HISTORICAL PREMIUM COMPARISON

2010 - 2011

	Insurer	Limits	Premium Including Texas Taxes
1.	Lexington	\$25,000,000	\$979,242
		Deductible - \$100,000 Except 4% TIV - Max \$4,000,000 - Wind/Flood	
2.	London Syndicates, AXIS Surplus, Westchester, Max Specialty, Landmark American, Aspen Specialty	\$75,000,000 Excess \$25,000,000	\$744,861
3.	Allianz	\$25,000,000 Excess \$100,000,000	\$65,000
4.	London Syndicates	Terrorism Only - \$25,000,000	\$39,341
	Total Values	\$338,369,529	Total Premium - \$1,828,444

2009 - 2010

	Insurer	Limits	Premium Including Texas Taxes
1.	Lexington	\$25,000,000	\$825,524
		Deductible - \$100,000 Except 4% TIV - Max \$4,000,000 Wind/Flood	
2.	Aspen, AXIS, Landmark, London Syndicates, Max Specialty, Swiss Re	\$75,000,000 Excess of \$25,000,000 Quota Share	\$603,175
	Total Values	\$236,325,087	
		Total	\$1,428,699

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2008 – 2009

	Insurer	Limits	Premium Including Texas Taxes
1.	Lexington	\$25,000,000	\$763,975
		Deductible - \$100,000 Except 4% TIV – Max \$4,000,000 Wind/Flood	
2.	AXIS, Landmark, ACE, London Syndicates	\$75,000,000 Excess of \$25,000,000 Quota Share	\$490,454
	Total Values	\$299,491,116	
		Total	\$1,254,429

NOTE: Premium for 2008-2009 represents a reduction of \$173,721 over previous year.

2007 – 2008

	Insurer	Limits	Premium Including Texas Taxes
1.	Lexington	\$25,000,000	\$850,650
		Deductible - \$100,000 Except 4% TIV – Max \$4,000,000 Wind/Flood	
2.	London, AXIS, RSUI	\$75,000,000 Excess of \$25,000,000	\$577,500
	Total Values	\$221,703,770	
		Total	\$1,428,150

The Port of Corpus Christi Authority

2006 – 2007

	Insurer	Limits	Premium including Texas Taxes
1.	Lexington	\$25,000,000	\$735,000
	Deductible	\$3,000,000 Wind/Flood \$100,000 – Other Perils	
2.	Excess London, AXIS, RSUI	\$75,000,000	\$577,442
	Total Values	\$191,857,231	
		Total	\$1,312,442

2005 – 2006

	Insurer	Limits	Premium including Texas Taxes
1.	Lexington	\$10,000,000	\$430,820
2.	AXIS	\$90,000,000	\$262,375
	Total	\$100,000,000	\$693,195
	Total Values	\$178,330,818	
	Deductible	\$100,000	

2004 – 2005

	Insurer	Limits	Premium including Texas Taxes
1.	Lexington	\$ 10,000,000	\$407,400
2.	AXIS	\$ 90,000,000	\$313,428
	Total	\$100,000,000	\$720,828
	Total Values	\$154,364,737	
	Deductible	\$100,000	

2003 – 2004

	Insurer	Limits	Premium including Texas Taxes
1.	Lexington	\$ 10,000,000	\$453,600
2.	AXIS	\$ 90,000,000	\$451,522
	Total	\$100,000,000	\$905,122
	Total Values	\$161,341,087	
	Deductible	\$100,000	

2002 – 2003

	Insurer	Limits	Premium including Texas Taxes
1.	Lexington	\$10,000,000	\$471,383
2.	ACE / Royal	\$90,000,000	\$449,200
	Total	\$100,000,000	\$921,083
	Total Values	\$154,505,206	
	Deductible	\$100,000	

March 8, 2011

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

Subject: *AGENDA ITEM NO. 7*
**Award a Contract to SafeNet Services, LLC, the Lowest and
Best Bidder Based Upon Bids Received on January 25, 2011, for
Security Grant 7 Northside Security & Critical Docks Access Control**

Dear Commissioners:

The 2007 Security Grant Program allocated \$3,402,601 for access control improvements to the Port's northside cargo docks and other critical docks including the Bulk Material Docks, the Avery Point Docks and Oil Dock 6. This project was originally bid in September 2010 but the bids came in over budget. Consequently, staff and the consultant re-scoped the plans to bring them in line with the available grant funds. The attached drawing shows the redesigned scope of work for the proposed Northside Gate project. The revised plan provides the security guards a covered inspection area for all trucks and vehicles entering the port, parking for longshoremen, easy access card reader passage for Port personnel, and lighting and camera surveillance of all gate activities.

Because of anticipated closures of portions of Sigmor Road, Texaco Road, and Navigation Boulevard, staff reviewed the final plans with the City of Corpus Christi, Nueces County, United States Coast Guard, and Port tenants located inside the controlled access area

Included in the bid package were the following additive and alternate bid items:

- Additive Bid Item 1: Drivers license scanners
- Additive Bid Item 2: Covered waiting area for those waiting to be escorted into the Northside Docks
- Additive Bid Item 3: Fencing, gates, cameras, lighting, and card readers at Texaco Road

- Additive Bid Item 4: Controlled gate arms at Oil Docks 1 and 2
- Additive Bid Item 5: Not used in the revised bid documents.
- Additive Bid Item 6: Sigmor Road south gate facility
- Additive Bid Item 7: Avery Point improvements
- Additive Bid Item 8: Oil Dock 6 gate improvements
- Additive Bid Item 9: Navigation Blvd rail gate #2
- Additive Bid Item 10: Navigation Blvd. fencing
- Alternate Bid Item 1: On-site sanitary sewer facility

On January 25, 2011, we received four responsive bids to our Notice to Bidders. (See attached bid tabulation sheet.) Staff evaluated all bid items against the budget allowance and priorities for this project and recommends that the Base Bid and Additive Bid Items 1, 2, 3, 4, 6, 7, 8, 9, and 10 be awarded to SafeNet Services, LLC, for a total recommended award of \$2,906,878.97. SafeNet Services, LLC, is a local business owned by David Alexander. This is SafeNet's first project for the Port. They are, however, currently working on projects for Nueces County and the City of Corpus Christi.

Staff also recommends that the Director of Engineering Services be granted a 2% contingency in accordance with our standard contingency guidelines. Funding for this project will be \$2,180,159.23 (75%) of federal security grant monies and \$726,719.74 (25%) of Port funds. This project was approved and included in 2011 and 2012 capital budgets.

This item is included on the agenda of the March 8 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachments



BID TABULATION FOR
SECURITY GRANT 7 - NORTHSIDE SECURITY & CRITICAL DOCKS ACCESS CONTROL
PROJECT NO. 07-034C
Bid Opening: January 25, 2011, at 2:00 PM

Company Name	Bid Bond/Check	Total Base Bid ^A	Additive Bid Item No. 1 ^B	Additive Bid Item No. 2 ^C	Additive Bid Item No. 3 ^D	Additive Bid Item No. 4 ^E	Additive Bid Item No. 5 ^F	Additive Bid Item No. 6 ^G	Additive Bid Item No. 7 ^H	Additive Bid Item No. 8 ^I	Additive Bid Item No. 9 ^J	Additive Bid Item No. 10 ^K	Alternate Bid Item No. 1 ^L	Addendum 1
Marshall Company	Bid Bond - 5%	\$2,320,559.00	\$17,847.00	\$9,710.00	\$271,348.00	\$34,700.00	NOT USED	\$41,001.00	\$116,838.00	\$58,400.00	\$44,673.00	\$44,488.00	-\$18,848.00	Acknowledged
SafeNet Services, LLC	Bid Bond - 5%	\$2,357,226.40	\$17,029.56	\$13,707.26	\$229,264.83	\$33,915.10	NOT USED	\$25,014.26	\$82,552.93	\$84,919.84	\$30,568.62	\$32,680.17	-\$31,245.84	Acknowledged
B.E. Beecroft Co., Inc	Bid Bond - 5%	\$2,449,000.00	\$16,513.00	\$13,851.00	\$346,397.00	\$37,914.00	NOT USED	\$26,039.00	\$60,430.00	\$7,589.00	\$36,234.00	\$42,747.00	-\$22,869.00	Acknowledged
Bay, LTD	Bid Bond - 5%	\$3,419,054.13	\$25,780.00	\$12,000.00	\$427,815.00	\$57,226.00	NOT USED	\$70,216.00	\$176,746.50	\$114,528.00	\$92,986.55	\$58,664.00	-\$71,559.22	Acknowledged

^ABASE BID. Avenue F Gate and Navigation Rail Gate #1. The base bid item includes all work not specifically identified as an additive, deductive, or alternate bid item. Additive, deductive, or alternate bid items are those items that may be added to or deleted from the contract if so desired by the PCCA. The Scope of work consists of a security gate at Avenue F; complete with new asphalt road and parking lot, covered inspection canopy, modular guard house, concrete paving, various traffic control devices, raised islands, fencing, automatic gates, sidewalks, ADA ramps, grading, and stormwater conveyance. Scope of work also includes fencing and rail gates at Navigation Blvd. Security work at Avenue F consists of gate swing arms with card readers, pedestrian gates with card readers, new cameras, final camera alignment, lighting, power, underground fiber-optic cable and communication to and from the Security Command Center, as specified in the project drawings.

^BADDITIVE BID ITEM 1. Driver License Scanners. The scope of work consists of installing two driver license scanners within the dual height card reader pedestal, as specified in the project drawings.

^CADDITIVE BID ITEM 2. Covered Waiting Area. The scope of work consists of installing one 8' x 8' metal building canopy with seating bench, as specified in the project drawings.

^DADDITIVE BID ITEM 3. Texaco Road Closure. The scope of work consists of installing an 8' security fencing with curb, automatic rolling gate with card readers, cameras, power, under ground fiber-optic cable, drainage culverts, ditch grading, concrete barriers, and final camera alignment, as specified in the project drawings.

^EADDITIVE BID ITEM 4. Oil Dock 1 & 2. The scope of work consists of installing a gate arm with card reader, and power, as specified in the project drawings.

^FADDITIVE BID ITEM 5. (NOT USED)

^GADDITIVE BID ITEM 6. Sigmor Road Closure South. The scope of work consists of installing an 8' security fencing with curb, manual swing gate, drainage culverts, safety end treatments, and concrete barriers, as specified in the project drawings.

^HADDITIVE BID ITEM 7. Avery Point Improvements. The scope of work consists of installing concrete barriers, as specified in the project drawings.

^IADDITIVE BID ITEM 8. Oil Dock 6 Improvements. The scope of work consists of installing a manual swing crash-rated gate and bollards, as specified in the project drawings.

^JADDITIVE BID ITEM 9. Navigation Rail Gate #2. The scope of work consists of installing concrete culverts into existing drainage ditches under existing fencing, safety end treatment, fence curb onto existing fence, grading and concrete panels within rail track, as specified in the proj. dwgs.

^KADDITIVE BID ITEM 10. Navigation Fencing. The scope of work consists of installing fencing with curb, concrete culverts into existing drainage ditch with concrete slide slopes, safety end treatment, and grading, as specified in the project drawings.

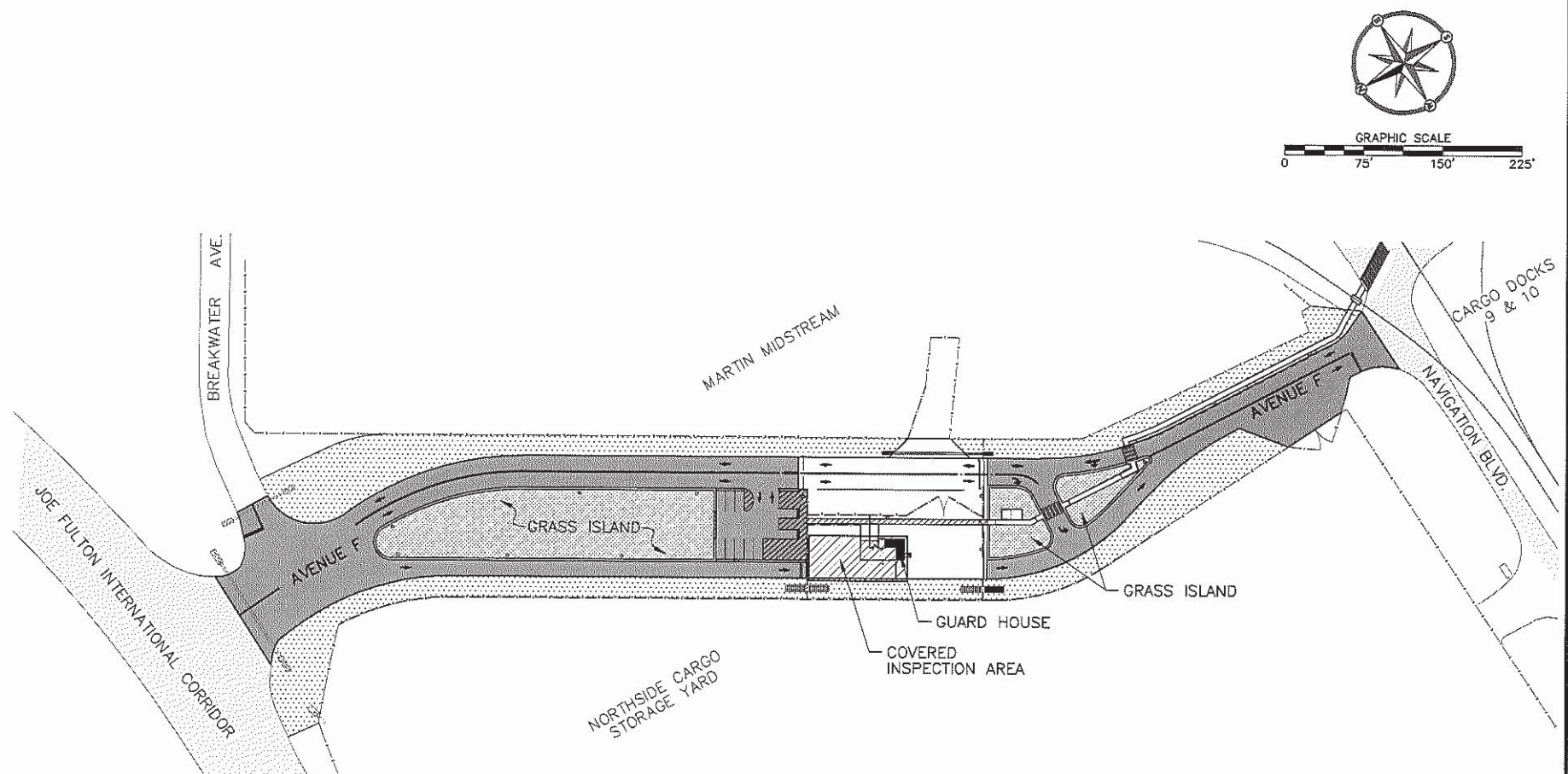
^LALTERNATE BID ITEM 1 (ADDITIVE/DEDUCTIVE BID ITEM). On-site Sanitary Sewer Facility. The bidder will clearly indicate whether this is an additive or deductive price. For bid evaluation purposes, the PCCA will consider this an additive cost if this bid item is unspecified. This is a lump sum bid item. The scope of work consists of installing a complete on-site sanitary sewer facility including septic tank pump, piping, and absorption field, in lieu of a lift station and force main, as specified in the project drawings.

Read by: Greg Brubeck

Tabulated by: Carlos Martinez

Checked & Prepared by: Diana Ramirez

Date: 1-26-11



SECURITY GRANT 7
NORTHSIDE SECURITY &
CRITICAL DOCKS ACCESS CONTROL



48



**BID TABULATION FOR PURCHASE OF VEHICLE
PROJECT NO. 11-009A
Bid Opening: February 25, 2011 at 2:00 p.m.**

Company Name	Less Trade-In^A	Total Bid^B	Additive Bid Item 1^C	Time of Delivery*
Caldwell Country Chevrolet	\$6,000.00	\$23,447.00	\$1,230.00	90

*In calendar days

^A LESS TRADE-IN: 2006 Expedition SSV Unite #343 VIN 1FMPU16566LA85392 Mileage 146,843.

^B TOTAL BID: Lump Sum price for one (1) four wheel drive police SSV (amount includes trade-in value).

^C ADDITIVE BID ITEM 1: 4 year/100,000 (\$0 Deductible) bumper to bumper extended warranty

Read By: David Krams, P.E.

Tabulated By: Jacob Morales, P.E.

Checked & Prepared By: Melinda Maldonado

Date: February 25, 2011

SUMMARY OF DESIGN CHANGES

ITEMS DESIGNED AND REMOVED FROM ORIGINAL LAYOUT

- Water line to be adjusted
- Parking spaces
- Truck lane
 - Concrete barriers
 - Card readers
 - Gate Arms
 - Gate openings
 - Reduced canopy and foundations
 - Canopy Lighting
 - Canopy cameras
- Net barrier system with bollards,
- 5' valley gutter removed
- Manual gate in lieu of automatic gate for truck rejection
- Reduced asphalt paving
- Reduced concrete barriers
- Concrete islands
- Reduced size of covered waiting area
- Designed crash barrels at Navigation, then removed

ITEMS NOT IN ORIGINAL APPLICATION

- Covered waiting area
- Driver license scanners
- Navigation fencing
- On site sanitary sewer facility
- Culverts at Texaco Road
- Crash gates at Sigmor Rd
- Crash gates at Texaco Rd
- Electrical Manual transfer switch

LAST MINUTE MINOR CHANGES (DEC 2010)

- Removed crash gate at Sigmor Road – manual gate remain
- Removed camera and pole at Sigmor
- Removed crash gate at Texaco Road – automatic gate remain
- Removed more concrete to reduce costs
- Re-arranged signs
- Lowered curb for driving on grass for additional parking area
- Changed sod to seed



John P. LaRue
EXECUTIVE DIRECTOR

March 8, 2011

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

Subject: *AGENDA ITEM NO. 8-C*
Professional Services Purchase Order with RVE, Inc.
for Security Grant 7 Supplemental
Viola Turning Basin Guard Gate and Fencing Improvements

Dear Commissioners:

In September 2007, the Port was awarded \$1,840,345 from Security Grant 7 Supplemental funds to design a new guard gate at the Viola oil docks. In October 2010, the Port requested that the Department of Homeland Security (DHS) allow the reallocation of \$506,000 from the fiber channel crossing project to the Viola Basin project. The primary reason for this request was that the fiber optics channel crossing could be constructed as part of another project as well as changes to the security inspection requirements that were implemented after the original grant application. DHS approved the reallocation of funding in November 2010. This reallocation included \$66,000 for project engineering, project management, project inspection, and specialty subconsultants. RVE Inc., the Port's security project engineer, is currently performing these tasks in accordance with the construction contract for this project, which was awarded in December 2010.

Staff recommends approval of a Professional Services Purchase Order to RVE Inc. in the amount of the \$66,000 for construction phase services during the Viola Basin project. This item is included on the agenda of the March 8 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. Luker

John P. LaRue
Executive Director

March 8, 2011

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

Subject: ***AGENDA ITEM NO. 8-D***
**Second Amendment to a Lease Agreement with Alta Mesa
for a 50' by 100' Parking Area in the Rincon Industrial Park**

Dear Commissioners:

On April 6, 2009, Alta Mesa Services, L.P., was granted a short-term lease for a 50' x 100' parking area located in the Rincon Industrial Park for a primary term of one month and one 3-month option period. The lease was subsequently amended to extend the lease until January 5, 2010. Since that time, the lease has been in a holdover status as the lessee's need for the parking area has been month-to-month based on their oil field support business activities in Nueces Bay.

Alta Mesa is asking again to extend their lease. In response to Alta Mesa's request, staff prepared the attached Second Amendment of Lease extending the lease through December 31, 2011, at the same \$500 per month rental fee.

Staff recommends approval of the Second Amendment of Lease as drafted. This item is included on the agenda of the March 8 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. Parker

John P. LaRue
Executive Director

Attachment

LEASE SUMMARY

<u>Lessee:</u>	Alta Mesa Services, L.P.
<u>Premises:</u>	50' x 100' parking area in the Rincon Industrial Park
<u>Use:</u>	Parking lot and crew boat mooring
<u>Term:</u>	24 months
<u>Start Date:</u>	April 6, 2009
<u>Rent:</u>	\$500.00/month
<u>Previous Rent:</u>	\$500.00/month
<u>Remarks:</u>	none

SECOND AMENDMENT OF LEASE

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS**
COUNTY OF NUECES §

WHEREAS, by instrument ("Lease") dated April 6, 2009, the Port of Corpus Christi Authority of Nueces County, Texas ("Authority"), leased to Alta-Mesa Services, LP., ("Lessee"), a 50' x 100' parking lease in Nueces County, Texas, which is completely described in the Lease, for a term of one (1) month, beginning April 6, 2009, and expiring May 5, 2009; and

WHEREAS, Section A, of the Lease provides an option to renew the term of the Lease for one (1) additional period of three (3) months; and

WHEREAS, Lessee exercised said option by providing notice of such exercise; and

WHEREAS, Authority and Lessee entered into a First Amendment to the lease agreement extending the term of occupancy through January 5, 2010; and

WHEREAS, Lessee has asked the Authority for a Second Amendment to the lease agreement to retroactively extend the term of the Lease to December 31, 2011; and

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the sufficiency and receipt of which is acknowledged by both parties hereto, and in further consideration of the mutual covenants and obligations contained herein, Authority and Lessee do hereby agree as follows:

A. The Lease is hereby amended as follows:

1. Section A, is deleted in its entirety and replaced with the following new Section A:

A. Description and Term

Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee that certain real property situated in Nueces County, Texas, depicted on Exhibit A attached hereto (hereinafter "Leased Premises"), **TO HAVE AND TO HOLD** the Leased Premises for a term of twenty-four (24) months beginning retroactively on the 6th day of January, 2010, and ending the 31st day of December, 2011 unless sooner terminated.

2. Subject to any future adjustments provided for in the lease, the monthly rental for the option period commencing on January 6, 2010 will be Five Hundred and No/100 dollars (\$500.00) payable in advance on or before the first day of each month during the term of the lease.

B. This agreement shall be binding on the successors and assigns of the parties hereto.

C. All other terms and conditions of the Lease not hereby changed or modified, shall remain the same as written in the Lease.

Executed in duplicate originals effective the 8th day of March, 2011.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

By: _____
John P. LaRue

ITS EXECUTIVE DIRECTOR
"Authority"

Name: _____

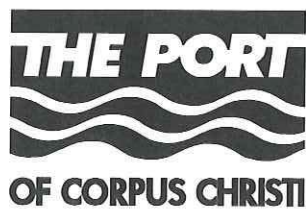
By: _____

Title: _____

"Lessee"



NO.	DATE	REVISION



PORT OF CORPUS CHRISTI AUTHORITY

ALTA-MESA SERVICES, LP
CREW BOAT MOORING LEASE

SCALE: 1"=200'

DWN. BY: RALPH

EXHIBIT A

DATE:

APRIL 2009



March 8, 2011

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

Subject: ***AGENDA ITEM NO. 8-E***
**Third Amendment to a Lease Agreement with
H&H Iron & Metal, Inc., for 2.94 Acres Fronting on
Rincon Canal A for the Handling of Scrap Metals**

Dear Commissioners:

On February 4, 2010, H&H Iron and Metal, Inc. was granted a short-term lease for approximately 2.94 acres located in the Rincon Industrial Park for a primary term of three months. The lease was subsequently amended by agreements extending the term until October 3, 2010, (First Amendment of Lease dated June 1, 2010) and until February 3, 2011 (Second Amendment of Lease dated October 4, 2010). H&H has requested an additional extension to continue their loading operations. Towards this end, staff prepared the attached Third Amendment of Lease extending the lease through December 31, 2011.

Staff recommends approval of the Third Amendment of Lease as drafted. This item is included on the agenda of the March 8 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. Parker

John P. LaRue
Executive Director

Attachment

LEASE SUMMARY

<u>Lessee:</u>	H & H Iron & Metals, Inc.
<u>Premises:</u>	2.94 Ac. Fronting on Rincon Canal A
<u>Use:</u>	Handling of scrap metals
<u>Term:</u>	1 year 10 months
<u>Start Date:</u>	February 4, 2010
<u>Rent:</u>	\$4,500.00/month
<u>Previous Rent:</u>	\$4,500.00/month
<u>Remarks:</u>	none

THIRD AMENDMENT OF LEASE

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This Third Amendment of Lease ("Third Amendment") is made and entered into as of the 8th day of March, 2011 ("Third Amendment Date") between Port of Corpus Christi Authority of Nueces County, Texas, a navigation district operating under Article XVI, Section 59 of the Texas Constitution ("Authority"), and H & H Iron & Metal, Inc., a Texas corporation ("Lessee"). The Authority and Lessee are sometimes collectively referred to herein as the "Parties".

Recitals

WHEREAS, Authority and Lessee entered into a Lease Agreement dated February 4, 2010, ("Lease"), under which the Authority leased to the Lessee approximately 2.94 acres of land, more or less, located in Nueces County, Texas; and

WHEREAS, the initial term of the Lease was for a period of 3 months, beginning February 4, 2010, and ending May 3, 2010; and

WHEREAS, Authority and Lessee entered into a First Amendment to the lease agreement on June 1, 2010 extending the term of occupancy through October 3, 2010; and

WHEREAS, Authority and Lessee entered into a Second Amendment to the lease agreement on October 4, 2010 extending the term of occupancy through February 3, 2011; and

WHEREAS Lessee has asked the Authority for a Third Amendment to the lease agreement to extend the term of the Lease to December 31, 2011; and

WHEREAS, the Authority is willing to amend the Lease as requested by Lessee on the terms and conditions set forth in this Amendment;

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is acknowledged by both Parties, and in further consideration of the mutual covenants and obligations contained herein, the Parties hereby agree as follows:

1. Effective as of the Amendment Date, Article I.A of the Lease is amended in its entirety to read as follows:

A. Description and Term: Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee that certain real property situated in Nueces County, Texas, described in

Exhibit A attached hereto (hereinafter "Leased Premises"), **TO HAVE AND TO HOLD** the Leased Premises for a term of twelve (23) months, beginning the 4th day of February, 2010 and ending the 31st day of December, 2011 unless sooner terminated.

2. This Amendment shall be binding on the successors and assigns of the Parties.

3. Except as specifically amended hereby, all terms and conditions of the Lease shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Amendment and the terms and conditions of the Lease, the terms and conditions of this Amendment shall control.

Executed in duplicate originals effective as of the Amendment Date.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

By: _____
John P. LaRue'
Executive Director

H & H IRON & METAL, INC.

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF NUECES §

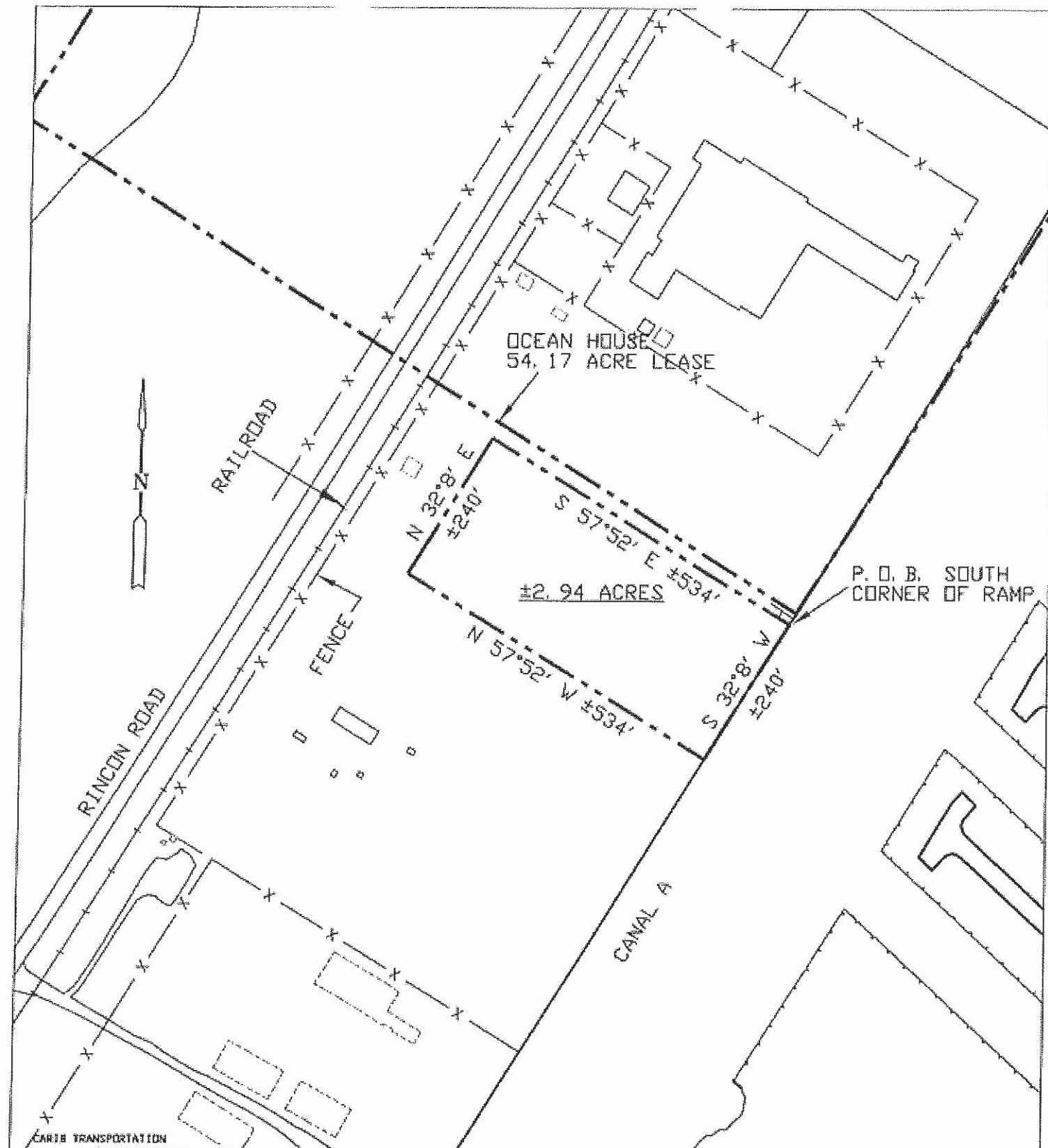
This instrument was acknowledged before me on the 8th day of March, 2011 by JOHN P. LARUE, as Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Port.

NOTARY PUBLIC, STATE OF TEXAS

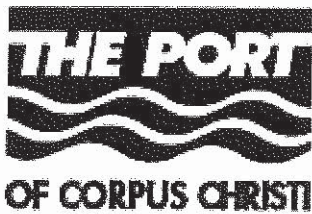
STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of _____, 2011, by _____, as _____ of H & H Iron & Metal, Inc., on behalf of said company.

NOTARY PUBLIC, STATE OF TEXAS



NO.	DATE	REVISION



PORT OF CORPUS CHRISTI AUTHORITY

H & H IRON & METAL, INC.
±2.94 ACRE LEASE

SCALE 1"=200'
OWN. BY: RALPH

EXHIBIT A

DATE: FEB 2010



John P. LaRue
EXECUTIVE DIRECTOR

March 8, 2011

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

Subject: ***AGENDA ITEM NO. 8-F***
**Third Amendment of Surface Agreement and Damage Release
with EOG Resources for Surface Site 750A at the Bulk Terminal**

Dear Commissioners:

On June 12, 2007, and as amended by agreements dated November 13, 2007 ("First Amendment") and March 10, 2009 ("Second Amendment"), EOG Resources Inc. (EOG) was granted a Surface Agreement and Damage Release for their oil and gas leases on Port-owned property. EOG has successfully completed several wells on the pad constructed inside the rail loop around the Bulk Terminal and now plans to drill one or more additional wells. As a result of these plans, they would like to increase the size of their pad from 3.86 acres to 4.65 acres as depicted on the exhibit to the attached Third Amendment of Surface Agreement and Damage Release.

Based on the previously negotiated rate of \$50,000 per acre for land inside the loop rail track at the Bulk Terminal, the one-time fee for the increase in pad acreage (0.79 acre) is \$39,500. All terms and conditions of the original agreement other than the increase to the size of this pad remain unchanged and in full force and effect.

Staff recommends approval of the Third Amendment of Surface Agreement and Damage Release as drafted. This item is included on the agenda of the March 8 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. Luker

John P. LaRue
Executive Director

Attachment

SUMMARY

Grantee: EOG Resources, Inc.
539 N. Carancahua, Ste. 1100
Corpus Christi, TX 78401

Premises: ±4.65 Ac. Located North of Bulk Terminal

Use: For pipeline right-of-way and production site

Term: Indefinite

Start Date: 6/12/07

One Time Fee: \$39,500.00 for additional 0.79 acres

Grantee Business: EOG Resources, Inc. is one of the largest independent (non- integrated) oil and natural gas companies in the United States with proved reserves in the United States, Canada, Trinidad, the United Kingdom and China.

Grantee Contact: Mr. Peyton McNeill

Remarks: n/a

**THIRD AMENDMENT OF
SURFACE AGREEMENT AND DAMAGE RELEASE**

This **THIRD AMENDMENT OF SURFACE AGREEMENT AND DAMAGE RELEASE** ("Third Amendment") is made as of the 8th day of March 2011, between the **PORT OF CORPUS CHRISTI AUTHORITY**, whose address is 222 Power Street, Corpus Christi, Texas 78401, ("PCCA") and **EOG RESOURCES, INC.**, whose address is 539 N. Carancahua, Suite 1000, Corpus Christi, Texas 78401, ("EOG").

WHEREAS, PCCA and EOG entered into a Surface Agreement and Damage Release ("Original Agreement") dated June 12, 2007, in which PCCA granted EOG a drill site location on a tract of land containing 2.57 acres of land out of State Tract 750A, as shown on the applicable Official Submerged Area Map covering Nueces Bay, Nueces County, Texas, on file in the General Land Office of the State of Texas, said 2.57-acre site being more particularly described by metes and bounds on Exhibit "A" attached to the Original Agreement and being shown on the Plat attached to the Original Agreement as Exhibit "A-1" (the "750A Site"); and

WHEREAS, PCCA and EOG entered into an Amendment of Surface Agreement and Damage Release ("First Amendment") dated November 13, 2007, in which they agreed to increase the size of the 750A Site to 3.86 acres, said 3.86-acre site being more particularly described by metes and bounds on Exhibit "A-1" attached to the First Amendment and being shown on the Plat attached to the First Amendment as Exhibit "A-2" (the "Amended 750A Site"); and

WHEREAS, both parties wish to further amend the Original Agreement, as amended by the First Amendment and a Second Amendment dated March 10, 2009, to further increase the size of the 750A Site; and

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the sufficiency and receipt of which are acknowledged by both parties hereto, and in further consideration of the mutual covenants and obligations contained herein, PCCA and EOG do hereby agree as follows:

1. The description of the 750A Site set forth in section 1 of the Original Agreement, as amended, is hereby amended in its entirety to read as follows:

750A Site: A tract of land containing 4.65 acres of land out of State Tract 750A, as shown on the applicable Official Submerged Area Map covering Nueces Bay, Nueces County, Texas, on file in the General Land Office of the State of Texas, said 4.65-acre site being shown on the map attached hereto as Exhibit "A-3," such exhibit being made a part hereof by reference (the "750A Site");

2. Exhibit "A-1" (a metes and bounds description of the 750A Site) and Exhibit "A-2" (a plat of the 750A Site) of the Original Agreement, as amended, are hereby deleted and replaced in their entirety with Exhibit "A-3" attached to this Third Amendment.

3. Unless specifically amended hereby, all terms and conditions of the Original Agreement, as amended, shall remain in full force and effect. In the event of any conflict between the terms and conditions of this Third Amendment and the Original Agreement, as amended, the terms and conditions of this Third Amendment shall control.

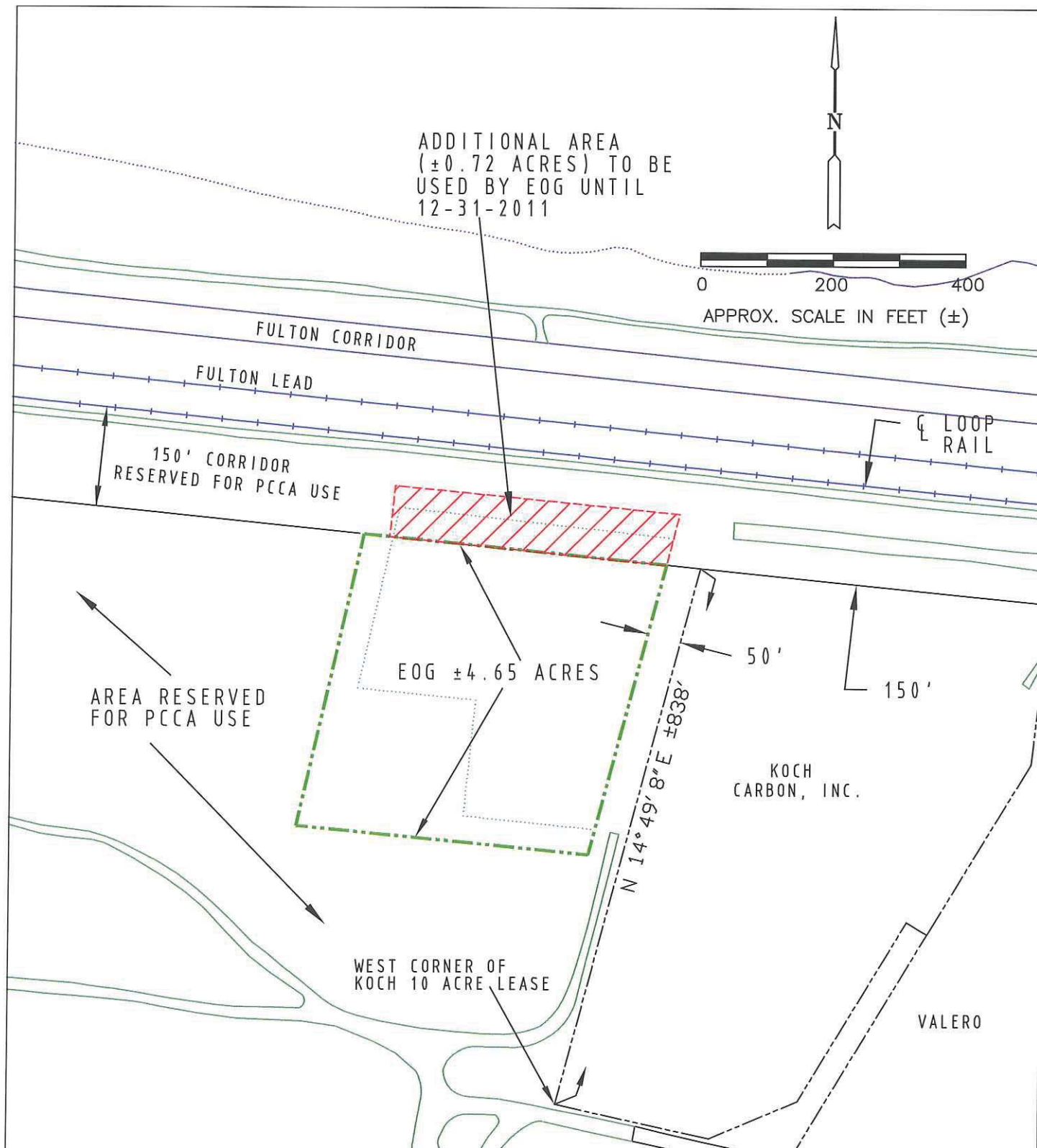
Executed in duplicate originals effective the 8th day of March, 2011.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

By: _____
John P. LaRue,
Its Executive Director

EOG RESOURCES, INC.

By: _____
Kenneth Dunn
Its Vice President and General Manager



NO.	DATE	REVISION



PORT OF CORPUS CHRISTI AUTHORITY

EOG ± 4.65 ACRE LEASE

SCALE: AS SHOWN

DWN. BY: RALPH

EXHIBIT A-3

DATE:

SEPT. 2010

EXECUTIVE DIRECTOR'S REPORT

For the month of March 2011

BUSINESS DEVELOPMENT

- Maintain contact with Ro-Ro carrier towards potential service into Central America
- Maintain efforts in the development of potential frozen cargo ex S. America
- Continued maintenance work for PCC's tariff 100-A & Bulk Terminal Tariff 1-A
- Contacted/met, out of town, with over 15 Freight Forwarders/Shippers depicting PCCA's export and import potentials
- Working on option for another Coal export company
- Working/concluding various leases with various prospects/clients
- Working on funding for rail expansion
- Continue developing/seeking frac-sand opportunities via rail or barge
- Closely working with new Asian wind entity to develop a wind project in CC
- Continued contact with Multi-Purpose Terminal investors interested in investing in such project.
- Continued contact with Latin American investors interested in the development of a Logistics Hub and Liner Shipping services from this Port area
- Met with C.C. City staff on heavy cargo/truck permit issues and made good progress to implement
- Continued working on bulk cargo ex Asia for the petroleum industry, first shipments expected in 90 days
- Attended trade alliance and future opportunities through the maquila industry could be generated via PCCA
- Continue close contact with present wind energy clients as well as seeking new ones to operate via PCCA

COMMUNICATIONS

During the month of February the Communications Dept attended and/or coordinated participation in the following events:

- Coastal Bend Council of Cultures
- Volunteer Council Board
- American Diabetes Association Board meeting
- Wellness Committee meeting
- USO Board meeting
- USO Valentines Luncheon
- RMA meeting
- Boy Scouts of the Coastal Bend Breakfast
- Fiesta de los Niño's
- World of Affairs Council
- Port/Stakeholders EMS Meeting
- LULAC National Week Banquet
- Sparkling City Mardi Grass Banquet
- Charity League Style Show
- Rise & Shine Walk

February Projects:

- Planning of 85th Celebration activities:
 - 85th Schools/Hands-on Celebration Sept 21
 - 85th Employee Celebration Sept 22
 - 85th Community Wide Celebration TBA
- Updated Business Development Marketing placement for 2011
- Working on MOU with Panama Canal
- Annual Meeting/Reception with I Class Rail Companies
- Working on the support visit of the Traveling Wall from Vietnam War Event.
- Long Range Department's Strategic planning
- Spring Community Walks:
 - March of Dimes,
 - Beach to Bay,
 - Goodwill 5k Run/Walk
- Buc Days Parade
- National Public Schools Week
- Coordination of series of Port's presentations to:
 - Region's elected officials (waiting for Ingleside)
 - Portland Leadership Class
 - TR Melton Exxon Retirees Club
 - Crosstown Kiwanis Club

- Upcoming supported community events:
 - CCREDC Annual Membership Luncheon
 - Red Cross Bash
 - MDA Golf Tournament
 - Aquarium Beach Ball Bash
 - Botanical Gardens
- Up-Coming Newsletters
- Supporting Gulf Ports EMS Regional Presentation
- RMA collaboration Ad

Marketing Update:

February 2011 was another productive month. We continue to chip away at revising our internal collateral to match the brand. We started the media year in several different publications and continue to make placements as we go. Most notably, the administration building received new signage in honor of Ruben Bonilla. We will also be gearing up to prepare for our 85th anniversary celebrations.

Jobs Working:

- Port 2011 Media Planning (ongoing)
- MyPort March Newsletter
- New Customer Welcome Kit
- EMS Bags
- Internal Bulletin Board for EMS, Wellness and POCCA Projects information
- AAPA Award Entries
- All Needs for AWEA, Break Bulk Trade Shows and Latin American Ports Conference

February 2011

Publication/Media Editorial Ad:

- *American Journal of Transp.* Top 50 N. American Ports Texas Bound? Access here.
- *Inbound Logistics Mexico* Lazaro Cardenas Port Supp. Desde Aqui
- *North American Windpower* Choke Points in Delivery Big Components? No problem.
- *Wind Today* First Quarter Big Components? No problem.
- *Business Xpansion Journal* Logistics/Ports Texas Bound? Access here.
- JOC Asia e-Newsletter Post Conference Big Port. Big Service.
- Texas Wide Open for Business E-Ad - The Port of the Lone Star State

March 2011

Publication/Media Editorial Ad:

- *American Journal of Transp.* Latin American Trade - TBD
- *Breakbulk Magazine* Intermodal South America - TBD
- *Heavy Lift* Latin America / US Report - The Port of the Lone Star State
- *Journal of Commerce* Panama Canal / S.A. Trade - TBD
- *T21 Revista* General - Desde aqui
- *Seaports of the Americas (AAPA)* Directory of Transportation - The Port of the Lone Star State

- Central America Data (online) Transportation Channel - Desde aqui
- T21.com.mx (online) Run of Site - Desde aqui

Latest Collateral Developments:

We continue to update internal materials, such as posters and bulletin boards, to be cohesive with the brand. Bulletin Boards will be going up in March in several buildings. The newsletters will be ready soon. Next on our list will be conference materials. As we prepare for AWEA, the Latin American Conference and Breakbulk Conference, we will update our video, pop-up banners and promo items.

EMS Anti-Idling Stickers



GOVERNMENT AFFAIRS

During February 2011, Government Affairs promoted and protected port and regional interests at the local, state and federal levels of government.

LOCAL

- Attended COG Economic Development Strategy meeting to prepare regional economic development plan

STATE

- Attended Texas Ports Association Day and legislative reception held on February 9th, meetings with Senator and State Representatives were held to discuss proposed port legislation.
- Monitoring legislation/hearings which might impact the port.

FEDERAL

- The President released the proposed budget for 2012 on February 14th. The bill calls for a \$4.6 billion budget for the COE. Operations and maintenance activities will be cut 31% to \$2 billion from \$2.9 billion.
- Held briefing and port tour for Congressman Farenthold's staff to discuss key projects and federal funding.
- Attended community briefing and dinner for staff from Senator Hutchison's office, discussed COE budget and La Quinta funding.
- Working with congressional offices and consultants to monitor FY 2012 President's budget, WRDA, transportation reauthorization, homeland security, rail legislation, Harbor Maintenance Trust Fund, US Coast Guard Reauthorization Act, etc.

Memorandum for Nelda Olivo, Manager of Government Affairs, Port of Corpus Christi Authority
From Randy Erben
Date: February 28, 2011
Re: Activities on behalf of Port of Corpus Christi during February 2011

February 1: Conferences with Sofia Hernandez of Sen. Hinojosa's office regarding local bill notice publisher's affidavit.

February 3: Attendance at hearings of the Senate State Affairs Committee hearing on eminent domain; conferences with members and staff.

February 4: Preparation and transmission of memoranda to POCCA representatives regarding bill tracking reports and legislative hearings.

February 5: Review of memoranda from, and preparation and transmission of memoranda to, John LaRue, Nelda Olivo, and Judy Hawley regarding local objections to local bill.

February 7: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, John LaRue, Nelda Olivo, Judy Hawley, Jimmy Welder, and Justin Hudman of Rep. Hunter's office regarding local objections to local bill and meeting with Rep. Hunter on Feb. 9.

February 8: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, John LaRue, Nelda Olivo, Judy Hawley, Jimmy Welder, and Justin Hudman of Rep. Hunter's office regarding local objections to local bill and meeting with Rep. Hunter on Feb. 9.

February 9: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Rep. Hunter, John LaRue, Nelda Olivo, Judy Hawley, Jimmy Welder, and Justin Hudman of Rep. Hunter's office regarding local objections to local bill; attendance at Texas Ports Association reception and Port Aransas reception; preparation and transmission of memoranda to POCCA representatives regarding House committee assignments; attendance at Senate Transportation Committee meeting; conferences with members and staff regarding same.

February 10: Conferences with Rep. Torres and staff regarding local port bill; preparation and transmission of memoranda to POCCA representatives regarding Senate Transportation Committee meeting.

February 11: Preparation and transmission of memoranda to POCCA representatives regarding bill tracking reports, Texas Register state agency rules, and political events.

February 14: Conferences with Rep. Torres and staff regarding local port bill.

February 15: Attendance at hearings of the House Transportation Committee; conferences with members and staff.

February 16: Review of memoranda from, and preparation and transmission of memoranda to, Nelda Olivo and other POCCA staff regarding POCCA objections to HB 611; legal research on same; preparation and transmission of memoranda to POCCA representatives regarding hearings of the House Transportation Committee.

February 18: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Rep. Murphy (author of HB 611) and staff, Nelda Olivo, John LaRue, and other POCCA staff, regarding removal of objectionable language in HB 611; legal research on same; preparation and transmission of memoranda to POCCA representatives regarding Texas Register state agency rules and bill tracking reports.

February 20: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, John LaRue, Nelda Olivo, and Sofia Hernandez of St. Sen. Hinojosa's office regarding local objections to local bill.

February 21: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, John LaRue, Nelda Olivo, Judy Hawley, Jimmy Welder, Sofia Hernandez of St. Sen. Hinojosa's office, and Justin Hudman of Rep. Hunter's office regarding local objections to local bill.

February 23: Attendance at House and Senate Transportation Committee hearings; preparation and transmission of memoranda to POCCA representatives regarding legislative hearings; review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Nelda Olivo, Justin Hudman of St. Rep. Hunter's office, and Sofia Hernandez of St. Sen. Hinojosa's office regarding Legislative Council draft of local bill.

February 24: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Nelda Olivo, Justin Hudman of St. Rep. Hunter's office, and Sofia Hernandez of St. Sen. Hinojosa's office regarding Legislative Council draft of local bill; review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Nelda Olivo, Frank Brogan, Steve Stagner of the Texas Consulting Engineers Association, and Molly Quirk of St. Rep. Murphy's office regarding HB 611 revision; preparation and transmission of memoranda to POCCA representatives regarding bill tracking reports and legislative hearings.

February 28: Review of memoranda from, and preparation and transmission of memoranda to, and conferences with, Nelda Olivo, regarding testimony before House Transportation Committee on March 2 on HB 699, Texas Ports Association legislation; legal research on same.

February 1-28: Conferences with Sen. Hinojosa and Reps. Herrero, Hunter, and Ortiz, and staffs, regarding port issues.

Review of, and legal research on, interim legislative activities affecting Port of Corpus Christi.

Review of homeland security legislation and appropriations on federal level and on state level.

Alan Mauk Associates, Ltd.
Monthly Activity Report
Port of Corpus Christi
February 2011

- AMA tracked legislative activity with respect to the Federal Government affairs objectives of the Port with regard to the FY2011 and 2012 Appropriations process in the U.S. House and the Senate, the WRDA 2010 bill, ARRA Stimulus funding, the Surface Transportation Reauthorization Bill.
- The House and the Senate are currently working on continuing resolutions to keep the government running until they have been able to reconcile budget differentials between the two bodies. Both FY2011 and FY2012 have yet to be appropriated, causing concern about maintaining government operations in the interim.
- We continue to monitor future rounds of the USDOT TIGER Discretionary Grant Program, 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 attends AAPA Washington Representatives Meetings and events.
- AMA maintains current working relationships with members and staffs of the U.S. House of Representatives and the U.S. Senate.

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OPERATIONS

PORT POLICE

Mandated Racial Profiling Report:

In accordance with Texas Code of Criminal Procedure (TCCP) Article 2.132 (Law Enforcement Policy on Racial Profiling), Article 2.133 (Reports Required for Motor Vehicle Stops), and 2.134 (Compilation and Analysis of Information Collected), our annual compilation and analysis report on motor vehicle stops initiated by Port Police Officers has been reported, as required, to the Texas Commission on Law Enforcement Standards & Education (TCLEOSE), and may be viewed at the following web address:

http://tcleose.state.tx.us/content/racial_profile_report.cfm?county=NUECES

2. See Attachment 1 for the 2010 Annual Report.

Viola Access and Fencing Grant 6 (Gate) & 7Supp (Security fencing) Project:

During February 2011, Port Security Grant 7 Supplemental Viola project work began with regard to the redesign of the access control point & guard shack at the PCCA Viola Facility (Oil Dock 8, 9, and 10). The project involves redesign of the roadway at the access control point to allow for the guard shack to be built at the center of the roadway, with traffic lanes on both sides of the guard shack. Additionally, the project involves the installation of a security fence between the southside rail lines and the main roadway within the facility. This project is set for completion during September 2011. While the project is underway, tenants/customers will experience periods of one-lane traffic at the temporary guard shack, but delays will be minimal.

HARBORMASTER'S OFFICE

- February Arrivals: 119 ships; 77 tankers; 42 cargo carriers; 281 barges, 273 tanker barges, 8 dry cargo barges; 181 tugs pushing barges
- Average daily arrivals: 4.25 ships; and 10.04 barge
- Shifts: 15 tankers; 3 cargo ships; 777 tanker barges; and 18 cargo barges
- Dock standbys: 21 ships; and 74 barges
- Channel disruptions: 135.8 hours total. 98.5 fog; 17.8 wind; and 19.5 icy roads.
- Disruption Delays: 19 inbound; 23 out bound

BULK TERMINAL

- Projects BT currently working on:
 - EMS - Work on BMD Paint Facility in progress
 - Developing lease property for coal
- Activity:
 - Railcars:
 - Loaded rail cars: 129 cars loaded for total of 14,125.55 short tons
 - Unloaded rail cars: 47 cars unloaded for total of 4,136.00 short tons

- Bulk Dock #1:
 - 71,102.98 short tons products unloaded
- Bulk Dock #2:
 - 75,415.47 short tons product loaded
- Pads
 - 160,366.55 short tons products received at pads

OPERATIONS SAFETY & TRAINING

- Continue to develop the Port's fire extinguisher test procedure in conjunction with the Maintenance department. We will be receiving quotes on the repair, testing and purchase of equipment.
- Safety Committee met on 17 February.
 - Topics:
 - Safety Training Video Library
 - Reviewed the Personnel Accident Form
 - Discussed training options for injured workers
- Held EMS Internal Auditor training on a new Access database they will be utilizing this year to generate audit checklists and finalize audits upon completion.
- Developed a schedule for the year to prepare, finalize and train Port employees on Emergency Action Plans. This process will be ongoing throughout 2011.
- Two EMS Internal Audit teams worked on a Find & Fix Corrective Actions audit. Audit should be finalized by March 1.
- Was audited on 24 February with regard to the Port's EMS Emergency Preparedness with a successful result.

MAINTENANCE

- Assisted Made preps for anticipated freezing weather.
- Provided tractors to Ingleside base to repair a major water line leak.
- Relocated Port Police Marine unit offices from Ingleside base to inner harbor.
- Contacted TxDot to co-ordinate repairs to security equipment at the North side Observation Deck caused by loose tarpaulins.
- Complete 2010 employee evaluations.
- Re-organized the Maintenance Department to deal with fewer employees and growing work load.
- Responded to multiple waterline and valve leaks caused by freezing.
- Responded to multiple dock damage reports caused primarily by barges and tug boats.

- Said Good Bye to Chris Herrera from the janitorial crew upon his resignation and retirement.
- The Ortiz Center with strengthening the physical security of the facility.
- Set up and made operational a temporary guard house at Viola Oil Docks.

FOREIGN TRADE ZONE

- FTZ Manager attended the NAFTAZ Legislative & Regulatory conference in Washington, DC. Most of the conference was dedicated to the discussion of the proposed changes to the FTZ regulations that are currently out for public comment until April 8, 2011.
- FTZ #122 is participating in a pilot program for the upcoming Online FTZ Information system.
- A compliance review with Customs was conducted at Excalibar Minerals during the month of February. All records were audited and reviewed by Customs and FTZ Manager to ensure compliance with all FTZ rules and regulations.

Ortiz Center Monthly Forecast Report Prepared by Rebekah Sillman on February 24, 2011

2011	Guest Attendance	Number of Events	% of Monthly Budgeted Sales	Status
January	1,842	23	64%	Actual
February	4,822	29	78%	Actual
March	6,293	41	80%	Forecast
1st Quarter	12,957	93	76.8%	Forecast
April	5,857	32	99%	Forecast
May	6,247	31	100%	Forecast
June	4,764	25	93%	Forecast
2nd Quarter	16,868	88	97%	Forecast
July	1,546	15	67%	Forecast
August	1,646	17	54%	Forecast
September	3,320	22	64%	Forecast
3rd Quarter	6,512	54	61%	Forecast
October	3,161	18	44%	Forecast
November	3,962	22	80%	Forecast
December	3,178	16	49%	Forecast
4th Quarter	10,301	56	54%	Forecast

2011	Guest Attendance	Number of Events	% of Yearly Budgeted Sales	Status
	46,638	291	71%	Forecast

February Close:

Over 4,800 guests attended the 29 events held in February. Due to the ice storm one event rescheduled for March to accommodate speaker's inability to get to Corpus Christi. Fortunately the weather only affected one event.

First Quarter:

First quarter continues to be somewhat slow, but is gaining momentum. The number of inquiries through networking, website and calls continue to improve. It is anticipated that March will likely end closer to 83% with last minute additions to the event calendar.

In recent weeks we have completed the small construction projects to assist with the efficiency of the building. It has helped tremendously with ease of access and better use of space in back of house. We are also working closely with the Port and Port PD to improve safety in the building and will soon begin training staff to ensure the best outcome in the event of an emergency.

Recently, Ovations Food Services added a member to the corporate team to add more support to several properties, including the Ortiz Center. Karen Wittig is the Regional Project Manager, who reports to Mark Healey, Regional Vice President. Ms. Wittig has an extensive background in convention centers and has already been a tremendous help. She will be attending the Commissioner's Meeting on March 8th.

Sales Up-Date:

The Ortiz Center joined the Corpus Christi CVB and other industry partners of Corpus Christi for the Southwest Showcase Tradeshow in Austin, TX on January 26th-28th, 2011. The trade show offers an opportunity to meet potential meeting planners from across the nation who may be considering Corpus Christi as a destination city for their upcoming meetings and conventions.

The Ortiz Center continues to work on various leads that assist in bringing room nights to the area. The Science Teachers Association of Texas has requested a contract for November 2012, the five-day conference will occupy the entire Ortiz Center and is said to bring in over a million dollars in revenue to Corpus Christi. We are looking forward to having them here.

Our sales team participated in the Engagement Party hosted by LaDeDa Events Productions. The event showcased forty-seven local vendors that are related to the wedding industry. We were able to capture new leads through the event and continue with follow up currently.

Lastly, Aubrey Winston participated in the Tourism Converge on the Capital on February 23rd in an effort to bring awareness to Texas legislators on the need for funding toward tourism to gain tax dollars through tourism and lodging. We will continue to support efforts where we can to make Corpus Christi one of the most desirable cities in Texas to visit.

ATTACHMENT 1

TIER 2 - FULL RACIAL PROFILING REPORT

Agency Name: PORT OF CORPUS CHRISTI POLICE DEPT
Reporting Date: 02/17/2011
TCLEOSE Agency Number: 355701
Chief Administrator: HUBERT ARCHAMBO
Agency Contact Information: Phone: 361-882-1182
Email: Stacy@pocca.com
Mailing Address:
PORT OF CORPUS CHRISTI POLICE DEPT
1002 E. Port Avenue
Corpus Christi , TX 78401

This Agency filed a full report because:
Our agency has no motor vehicle or audio equipment.

Certification to This Report 2.132 (Tier 2) – Full Report

Article 2.132(b) CCP Law Enforcement Policy on Racial Profiling

PORT OF CORPUS CHRISTI POLICE DEPT has adopted a detailed written policy on racial profiling. Our policy:

- (1) clearly defines acts constituting racial profiling;
- (2) strictly prohibit peace officers employed by the PORT OF CORPUS CHRISTI POLICE DEPT from engaging in racial profiling;
- (3) implements a process by which an individual may file a complaint with the PORT OF CORPUS CHRISTI POLICE DEPT if the individual believes that a peace officer employed by the PORT OF CORPUS CHRISTI POLICE DEPT has engaged in racial profiling with respect to the individual;
- (4) provides public education relating to the agency's complaint process;
- (5) requires appropriate corrective action to be taken against a peace officer employed by the PORT OF CORPUS CHRISTI POLICE DEPT who, after an investigation, is shown to have engaged in racial profiling in violation of the PORT OF CORPUS CHRISTI POLICE DEPT's policy adopted under this article;
- (6) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:
 - (A) the race or ethnicity of the individual detained;
 - (B) whether a search was conducted and, if so, whether the individual detained consented to the search; and

(C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:

(A) the Commission on Law Enforcement Officer Standards and Education; and

(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

I certify these policies are in effect.

Executed by: **HUBERT ARCHAMBO**

Chief Administrator

PORT OF CORPUS CHRISTI POLICE DEPT

Date: 02/17/2011

PORT OF CORPUS CHRISTI POLICE DEPT Motor Vehicle Racial Profiling Information

Gender:

1. **10** Female
2. **33** Male
3. **43 Total** (3, 10, 13, 18, 21, 40 and 51 must be equal)

Race or Ethnicity:

4. **5** African
5. **0** Asian
6. **17** Caucasian
7. **21** Hispanic
8. **0** Middle Eastern
9. **0** Native American
10. **43 Total** (3, 10, 13, 18, 21, 40 and 51 must be equal)

Race or Ethnicity known prior to stop?

11. **0** Yes
12. **43** No
13. **43 Total** (3, 10, 13, 18, 21, 40 and 51 must be equal)

Reason for stop:?

14. **11** Violation of law other than traffic
15. **0** Pre-existing knowledge (i.e. warrant)
16. **30** Moving Traffic Violation
17. **2** Vehicle Traffic Violation (Equipment, Inspection or Registration)
18. **43 Total** (3, 10, 13, 18, 21, 40 and 51 must be equal)

Search conducted?

19. **6** Yes

20. **37** No

21. **43 Total**

Reason for search?

22. **6** Consent

23. **0** Contraband/evidence in plain sight

24. **0** Probable cause or reasonable suspicion

25. **0** Inventory search performed as result of
towing

26. **0** Incident to arrest/warrant

27. **6 Total** (must equal line 19)

Contraband discovered?

28. **1** Yes

29. **5** No

30. **6 Total** (must equal line 19)

Description of Contraband

31. **1** Illegal drugs/drug paraphernalia

32. **0** Currency

33. **0** Weapons

34. **0** Alcohol

35. **0** Stolen property

36. **0** Other

37. **1 Total** (must equal line 28)

Arrest result of stop or search:

38. **1** Yes

39. **42** No

40. **43 Total** (3, 10, 13, 18, 21, 40 and 51 must
be equal)

Arrest based on:

- 41. **0** Violation of the Penal Code
- 42. **1** Violation of a Traffic Law
- 43. **0** Violation of City Ordinance
- 44. **0** Outstanding Warrant

Street address or approximate location of the stop:

- 45. **23** City Street
- 46. **8** US Highway
- 47. **1** County Road
- 48. **11** Private Property or Other

Written warning or a citation as a result of the stop:

- 49. **43** Yes
- 50. **0** No

51. **43 Total**

PORT OF CORPUS CHRISTI POLICE DEPT has submitted electronically the analysis in PDF format required by 2.134 CCP(c) which contains

(1) a comparative analysis of the information compiled under Article 2.133 to:

(A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities; and

(B) examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

I certify the analysis meets the above requirements.

Executed by: **HUBERT ARCHAMBO**

Chief Administrator

PORT OF CORPUS CHRISTI POLICE DEPT

Date: 02/17/2011

ENGINEERING SERVICES

As of February 28, 2011, the Port of Corpus Christi Authority Department of Engineering Services had 64 projects in progress. These projects consist of 28 Capital, 18 Maintenance, and 18 Professional Service projects. In Progress was invoiced against ongoing projects. To date this year approximately \$1,378,000 has been invoiced for work performed. Below is a table detailing the budget amount and the “to date” cost, for the capital, maintenance, and professional services projects.

Engineering Services 2011 February Report			
Project Type	No. of Projects	2011 Budget Amount	Expended To Date
Capital	77	\$23,787,210	\$1,141,000
Maintenance	32	\$2,580,000	\$103,000
Professional Services	32	\$800,000	\$133,000
Total	162	\$27,167,210	\$1,378,000

The status of the following listed projects currently in progress is provided for your information:

CAPITAL PROJECTS

Security Grant Improvements

Grant Six: Adesta is complete with the final design on the command and control (C2) upgrade project. They are into the construction phase

Grant Seven: Bids for the northside entry gate at Ave. F and Avery Point docks were opened on September 28, 2010. Due to high bids the project was re-scoped, and the project is back on the street. Bids were received on January 25, 2011 and will be brought to the Commission at the March meeting.

Grant Seven – Supplemental: Beecroft Construction has mobilized at the Viola Turing Basin Oil Docks to construct the new guard station.

Grant Eight: Investment justifications have been prepared and submitted for the various projects, but not yet definitized by the Feds.

Grant Nine: Investment justifications that were approved by the commission at the September meeting have been submitted to FEMA.

Grant Ten: The applications with project descriptions have been submitted, reviewed, and are in the award process for the \$3.8 million allocated to the Corpus Christi area.

Reconstruction of Navigation Blvd. (09-028A)

Pipelines to be removed have been capped and are in the process of being grout filled.

Gangway Ramp and Hoist Foundations at Oil Docks 4, 7, and 11 (08-001A)

Initial project will be at Oil Dock 11. Design will include hoist foundation(s) and support for a new gangway. Project on hold pending user's funding of hoists.

AGENDA ITEM NO. 10

No Attachment



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FRANCHISE

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS TO FLINT HILLS RESOURCES CORPUS CHRISTI, LLC

RECITALS:

Whereas, by a special warranty deed dated **March 10, 2011** (“Deed”), Port of Corpus Christi Authority of Nueces County, Texas (“Authority”), conveyed to Flint Hills Resources Corpus Christi, LLC, a Delaware limited liability company whose mailing address is 4111 E. 37th Street North, Wichita, Kansas 67220 (“Grantee”), a tract of approximately 1.72 acres of land located in San Patricio County, Texas, which tract is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the “Land”); and

Whereas, by a lease agreement dated **March 10, 2011** (“Lease”), the Authority leased to Grantee two contiguous tracts of submerged land located in Nueces County, Texas, adjacent to the Land, one of which is approximately 8.86 acres and the other of which is approximately 2.06 acres and both of which are more particularly described in Exhibit B attached hereto and incorporated herein by this reference (the “Submerged Lands”); and

Whereas, the Deed contains a restrictive covenant running with the Land that Grantee, its successors and assigns, shall not access the waters in Nueces County, Texas, including the Corpus Christi Ship Channel and the La Quinta Ship Channel (all of such waters and waterways being collectively referred to herein as the “Waters of Nueces County”), from any wharf, pier, bulkhead, dock, building, or other improvement now or hereafter constructed on the Land or the Submerged Lands for any business purpose without first obtaining a franchise from Authority to do so in substantially the form attached to the Deed; and

Whereas, Grantee has asked the Authority to grant it a franchise that would give Grantee the right of access to the Waters of Nueces County from Grantee’s wharves, piers, bulkheads, docks, buildings and other improvements now or hereafter constructed on the Land or the Submerged Lands (collectively, “Grantee’s Water Related Improvements” whether one or more) for the purpose of shipping property or commodities to, from, or across Grantee’s Water Related Improvements and for other proper purposes;

Now, therefore, by action of the Port Commission of the Authority:

SECTION 1 **GRANT**

Subject to the terms and conditions of this franchise, the Authority hereby grants to Grantee, its successors and permitted assigns, for the term specified in this Section 1, the right of access to the Waters of Nueces County from Grantee's Water Related Improvements, for all purposes reasonably related to shipping property or commodities to, from, or across Grantee’s Water Related Improvements, and constructing, operating, maintaining, repairing, replacing, upgrading, and/or removing Grantee’s Water Related Improvements, and dredging of the

Submerged Lands as is necessary or appropriate to facilitate the construction, operation, repair, and maintenance of Grantee's Water Related Improvements. The term of this franchise shall begin on the Effective Date described in Section 10 of this franchise and shall end on April 30, 2041.

SECTION 2 **DREDGING**

Grantee may conduct and perform all dredging operations in, on and under the Submerged Lands as may be necessary, proper or expedient in connection with the use of the Submerged Lands as a means of navigating from Grantee's Water Related Improvements to the Corpus Christi Ship Channel, or as otherwise required hereunder.

SECTION 3 **RENTALS**

For the rights granted to it hereunder, Grantee shall pay to the Authority a rental, based upon the type and quantity of all property or commodities shipped by water to, from, or across the Grantee's Water Related Improvements, equal to the product of (i) the quantity of the property or commodities so shipped, multiplied by (ii) fifty percent (50%) of Authority's then current tariff wharfage rate on the same type of property or commodities. By accepting this franchise, Grantee agrees that this rental is fair and reasonable.

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, Grantee's Water Related Improvements (such books/records, as relating to any specific shipment hereunder, shall be retained by Grantee for a period of 4 years following the time of such specific shipment) in order that the Authority may ascertain therefrom what rentals are due to the Authority from Grantee hereunder, and such books and records shall (during the records-retention period noted above) 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. Until otherwise directed, the rental payable hereunder shall be paid monthly.

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 operations on Grantee's Water Related Improvements so as not to create any unusual fire or health hazard.

- B. **Plans.** Before constructing any structure or commencing any work on the Land or the Submerged Lands 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, and Grantee shall not begin such construction or work until it has obtained the Authority's written approval of such plans, which approval shall not be unreasonably withheld. Authority will review and approve or disapprove any such plans within sixty (60) days after its receipt of the plans. 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.

- C. **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.
- D. **Slips.** Grantee's slips along Grantee's Water Related Improvements 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.
- E. **Pollution.** Grantee shall take all reasonable precautions to prevent the pollution of the Waters of Nueces County. Grantee shall also comply with all federal, state and local laws and regulations relating to maintaining water quality in the Waters of Nueces County, 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.
- F. **Rules and Regulations.** This franchise shall be subject to such reasonable rules and regulations as the Authority presently has in effect or that the Authority may

invoke in the future which apply to all individuals and entities holding similar franchises granted by the Authority.

SECTION 5

INDEMNITY

Grantee shall defend, indemnify and hold harmless Authority and its commissioners, officers, directors, managers, employees, and agents (for the purposes of this Section 5, the "Indemnified Parties") from and against, and Grantee shall be responsible for, any and all liabilities (including strict liability), actions, demands, damages, penalties, fines, losses, costs and expenses (including reasonable attorneys' and experts' fees and expenses), suits, and costs of any settlement or judgment, whether arising in equity, at common law, or by statute, or under the law of contracts, torts (including negligence and strict liability without regard to fault) or property, of every kind and character (including claims for personal injury, bodily injury, emotional distress, real and personal property damage and economic loss) (all of which are hereinafter collectively called "Claims"), which may now or in the future be brought or instituted or asserted on account of or growing out of or arising from or relating to the sole, joint, concurrent, or comparative negligence of Grantee, its owners, officers, directors, managers, employees, or agents (for the purposes of this Section 5, the "Grantee Parties") in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim") EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE INDEMNIFIED PARTIES; provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Grantee Parties and the Indemnified Parties, then Grantee's obligation to the Indemnified Parties shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim. Without relieving Grantee of its obligations under this Section 5, the Indemnified Parties, at their election and expense, may defend or participate in the defense of any Claims with attorneys and representatives of their own choosing. Grantee shall be relieved of its obligation of indemnity to the extent, and only to the extent, of the amount actually recovered from one or more insurance carriers and either paid to Authority or paid for Authority's benefit in reduction of any Claims. In Claims against any Indemnified Party by or for an employee of a Grantee Party, the Grantee's indemnification obligation under this Section 5 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. To the fullest extent provided by this Section 5, Grantee hereby waives all Claims it may have against the Indemnified Parties resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any Claims covered by Grantee's indemnity obligations hereunder.

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 is not cured or is not in the process of being cured in a reasonably diligent manner within sixty (60)

days after the Authority has sent a written notice by registered or certified mail to Grantee at its business address, advising it of the 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 **NO EFFECT ON DEED OR LEASE**

The rights and privilege of Grantee and the Authority arising out of the Deed or Lease 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 the Grantee's Water Related Improvements or otherwise has the right to use Grantee's Water Related Improvements, but Grantee shall not be released thereby from any obligations and duties hereunder assumed 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 Water Related Improvements. 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 Water Related Improvements, this franchise shall automatically terminate with respect to the transferred portion of Grantee's Water Related Improvements, and the new owner thereof shall not have the right to access the Waters of Nueces County from the transferred portion of Grantee's Water Related Improvements 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 Deed.

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 February 17, 2011, March 8, 2011, and April 12, 2011, 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.

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 April, 2011.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

By: _____
Mike Carrell
Port Commission Chairman

ATTEST:

Judy Hawley
Port Commission Secretary

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the 12th day of April, 2011, by Mike 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

terms and conditions of said franchise.

EXECUTED this _____ day of _____, 2011.

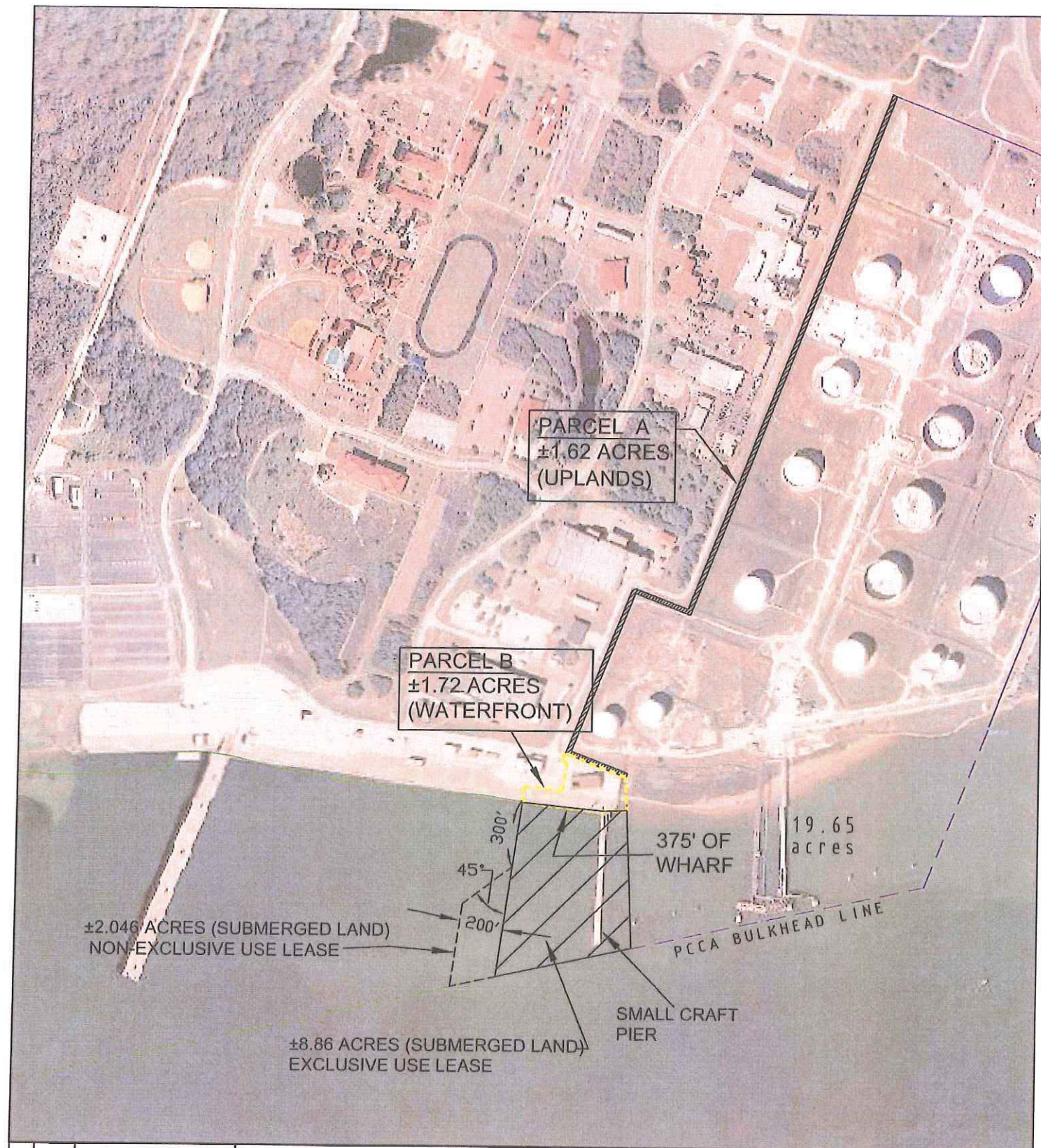
Flint Hills Resources Corpus Christi, LLC,

By: _____

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2011, by _____, _____ of Flint Hills Resources Corpus Christi, LLC.

NOTARY PUBLIC, STATE OF



NO.	DATE	REVISION



PORT OF CORPUS CHRISTI AUTHORITY

**FLINT HILLS RESOURCES
CORPUS CHRISTI, LLC.**

SCALE: 1"=600'±

DWN. BY: RALPH

**SMALL CRAFT PIER &
WHARF FRANCHISE**

DATE:

JAN. 2011

AGENDA ITEM NO. 12

No Attachment

AGENDA ITEM NO. 13

No Attachment

AGENDA ITEM NO. 14

No Attachment