



Port of Corpus Christi

Regular Meeting

Tuesday, July 12, 2011 8:00 AM

Port of Corpus Christi
Regular Meeting
Tuesday, July 12, 2011 - 8:00 AM
Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas

AGENDA

1. **BREAKFAST MEETING: Presentation on rail and bulk terminal planning from 8:00 a.m. to 9:00 a.m.** 4
2. Call meeting to order at 9:00 a.m. and receive conflict of interest affidavits.
3. Approve the minutes of the June 14, 2011 Commission meeting. 5
4. Receive comments from the public. *(Each speaker will be limited to three minutes)*
5. Receive a progress report from Canyon Supply & Logistics, LLC, on its due diligence review under the Surplus Property Installment Sales Agreement between PCCA and Canyon for the purchase and sale of the remaining 480 acres of the former Naval Station Ingleside site, including the NSI Alpha Pier, and PCCA's adjacent 435 acres of undeveloped property. 15
6. Approve a Professional Services Contract with Wells Fargo Securities, LLC, to serve as financial advisor with respect to transactions involving the La Quinta Trade Gateway Terminal Project. 16
7. Approve the First Reading of a franchise Agreement granting Fordyce Holdings Inc. the right to cross the south bulkhead line of the Tule Lake Channel from its property fronting on the Tule Lake Channel. 27
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. Approve an Amendment to PCCA's Lease Agreement with Revolution Energy LLC, dated July 16, 2008, for a 100-foot by 100-foot electrical interconnection pad. 38
 8. B. Approve an Interlocal Agreement with the City of Corpus Christi for the sharing of fiber optic lines. 42
9. Receive a report from the Executive Director on upcoming community events, 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. 53
10. Receive comments from Commissioners on any of the agenda items for this meeting, the Port's activities during the preceding month, upcoming PCCA and community events and suggestions for future agenda items 78
11. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of real property in the vicinity of the Corpus Christi Ship Channel. 79
12. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the value of PCCA's real property under 80

contract to Canyon Supply & Logistics, LLC, without the 101 acres known as the Campus Property. The Commission may also take action on this matter in open session. The property under contract consists of the remaining 480 acres of the former Naval Station Ingleside site and 435 acres of adjacent undeveloped property.

13. The Commission will go into executive session pursuant to §551.071 of the Texas Government Code to receive legal advice from its attorney regarding PCCA's wharfage charge at the public oil docks for liquid bulk cargo and the rental payments under PCCA's franchises for private oil docks. 81
14. The Port Commission will go into executive session pursuant §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*. The Commission may also take action on this matter in open session. 82
15. The Commission will go into executive session pursuant to §551.076 and 418.183(f) of the Texas Government Code to deliberate (i) the deployment of security personnel and devices and (ii) the risk and vulnerability of persons and property within PCCA's jurisdiction to an act of terrorism and related criminal activity and operating procedures to prevent such acts. 83
16. Adjourn

AGENDA ITEM NO. 1

NO ATTACHMENT

JUNE 14, 2011

The Port Commissioners of the Port of Corpus Christi Authority met in regular session on Tuesday, June 14, 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. Tony Alejandro
Mr. Arch Archambo
Mr. Greg Brubeck
Ms. Patricia Cardenas
Ms. Sandra Davis
Mr. Dennis DeVries
Ms. Sherry DuBois
Mr. Gustavo Espinosa
Mr. Paul Kaup
Mr. David Krams
Mr. Dave Michaelson
Ms. Nelda Olivo
Mr. Bert Perez
Mr. Richard Stroot
Mr. Dave Throop
Mr. Bland Chamberland
Mr. Eddie Martinez
Ms. Peggy Mettlen
Ms. Michelle Berry

Others Present: Mr. Leo J. Welder, Jr.

Others Present: Mr. Tom Moore
Consultant
Capt. Bobby Grumbles
Aransas/CC Pilots Assn.
Ms. Lillian Riojas
Valero

Mayor Pete Perkins
Council Member Willie Vaden
City of Ingleside
Ms. JoAnn Ehmann
Ingleside on the Bay
Mr. Michael Ostos
Dix-Fairway
Mr. Jimmie Tryon, Jr.
Mr. Chuck Bogk
ILA #26
Mr. Tom Curlee
Port Industries
Mr. Mo Morehead
Ms. Nancy Vasquez
MD&A
Ms. Sara Foley
Caller-Times
Mr. Tim Clower
Mr. George Clower
TCC
Mr. Rick DuPriest
WL Bates
Mr. Fred Nardini
Mr. Jim Price
San Patricio County
Mr. Roland Mower
Ms. Nancy Allen
USO
Mr. Drew Cullen
Hugh Anderson
Ms. Desiree Castro
CC Chamber of Commerce
Mr. David Fields
Gulf Compress
Mr. John Kelley
We the People
Mr. Pat Veteto
RVE, Inc.
Capt. Pasch
USCG
Mr. Harry G. Plomarity
Citizen

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. Mr. Carrell submitted an affidavit for item 6, stating his employer, Frost Bank, has been asked by Durlame to consider financing for the project referenced in this agenda item. Ms. Hawley submitted an affidavit for item 8, stating she serves on the Texas Transportation Inc. Advisory Board. Mr. Gonzalez submitted an affidavit for items 14 and 15, stating that he owns real property on Burleson Street in the vicinity of the properties involved in these agenda items.

II.

On motion made by Mr. Kostelnik and seconded by Mr. Scott, the minutes of the May 10, 2011 Commission meeting were approved in the form presented to the meeting.

III.

Chairman Carrell asked for comments from the public. Mr. John Kelley of We the People publication commented on agenda item number 6.

IV.

On motion made by Mr. Kostelnik and seconded by Ms. Hawley, the Commission approved the following resolution of appreciation for Arthur J. Janecka:

RESOLUTION OF APPRECIATION FOR ARTHUR J. JANECKA

WHEREAS, Arthur J. Janecka, has served in a variety of engineering positions with the Galveston District of the U. S. Army Corps of Engineers during his 47-year career and has steadfastly provided invaluable engineering support and assistance to the operation, maintenance and improvement of the Corpus Christi Ship Channel, and

WHEREAS, during Art's meritorious and exemplary tenure and leadership with the Galveston District, the Port of Corpus Christi has experienced the most phenomenal commercial diversification in its history and role as the "economic engine" for the Corpus Christi Region, and

WHEREAS, Art's career, in one of the most active and diversified Districts in the Corps of Engineers, started in 1964 as a rotating federal Civil Engineer intern upon his graduation from Lamar University followed by increasingly more responsible positions in the Coastal Studies and Environmental Resources Sections en route to becoming the Chief of both the Program Management and Project Management Branches, and finally culminating as the Deputy District Engineer for Project Management, the highest civilian position in the 50,000-square-mile, 700-mile long Galveston District of the U.S. Army Corps of Engineers, and

WHEREAS, Art's personal involvement and contributions to the Port of Corpus Christi are many and include the extension of the 40-foot Inner Harbor Channel to the Viola Turning Basin in 1965, the deepening of the Corpus Christi Ship Channel system from 40 feet to 45 feet in 1989, and the planning and programming for the currently authorized project to deepen and widen the main channel to 52 feet and 530 feet, respectively, and the recently funded extension of the La Quinta Ship Channel to the La Quinta Trade Gateway Terminal, all of which greatly increased the transportation cost savings for the cargos flowing through the Port's deep draft channel and the Gulf Intercoastal Waterway, and

THEREFORE, to honor Art's dedication and commitment to the navigational needs of all the Texas ports and the over 1,000 miles of navigation channels in the Galveston District and in particular, the federal channels serving the Port of Corpus Christi, the Port Commission of the Port of Corpus Christi Authority, enthusiastically approves the following Resolution and orders the Chairman of the Port Commission to deliver a signed original copy of this instrument to Arthur J. Janecka with our sincerest best wishes for fair winds and following seas for a well earned retirement from his distinguished civil service career with the U. S. Army Corps of Engineers;

BE IT RESOLVED, that by our adoption of this resolution, we, the Port Commissioners, wish to say thank you to Arthur J. Janecka for a job well done on behalf of the Port of Corpus Christi Authority over the past 47 years; we have enjoyed the opportunity to work with you and we will miss you.

V.

Staff informed the Commission that the Corps of Engineers intends to begin soliciting bids for the construction of the La Quinta Extension and associated Ecosystem Restoration Project as early as July 2011 and, therefore, had asked PCCA to deposit \$15,500,000 in escrow to cover PCCA's estimated cost-share for these projects as required under the Project Partnership Agreement dated October 13, 2009, between The Department of the Army and PCCA for Construction of the La Quinta Channel Extension and Ecosystem Restoration ("PPA"). Staff asked the Commission to approve this escrow deposit. In connection with PCCA's other obligations under the PPA, staff asked the Commission to approve a Shoreline Rock Revetment Easement from the Ingleside Beach Club and to authorize the Executive Director to execute a similar Shoreline Rock Revetment Easement from Carroll Shumann.

On motion made by Mr. Gandy and seconded by Mr. Gonzalez, the Commission (i) approved the deposit of \$15,500,000 in escrow in accordance with the PPA to cover PCCA's estimated cost-share for the La Quinta Extension and associated Ecosystem Restoration Project, (ii) approved the Shoreline Rock Revetment Easement from the Ingleside Beach Club in the form presented to the meeting, and (iii) authorized the Executive Director to execute a similar Shoreline Rock Revetment Easement from Mr. Carroll Schumann, provided the easement terms are acceptable to PCCA staff and the easement is in a form acceptable to PCCA's counsel.

VI.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved the following resolution, with Mr. Carrell abstaining from voting on this motion:

**RESOLUTION ADOPTED JUNE 14, 2011, APPROVING A
SURPLUS PROPERTY SALES AGREEMENT WITH DURLAME, LLC,
FOR 5.1 ACRES OF LAND IN THE VICINITY OF WHATABURGER FIELD**

Whereas, on April 12, 2011, the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas ("PCCA") adopted a Resolution in which the Commission declared a 2.5-acre tract of land ("Parcel A") and a 2.6-acre tract of land ("Parcel B"), both of which are depicted on the map attached hereto as Exhibit A (collectively, the "Surplus Land") to be surplus land and authorized PCCA staff to request sealed bids for the purchase of the Surplus Land in accordance with the bid specifications described in the Resolution; and

Whereas, on June 7, 2011, after having duly published a Notice to Bidders, PCCA opened the only bid it received for the purchase of the Surplus Land, which was submitted by Durlame, LLC ("Durlame"); and

Whereas, in its bid, Durlame offered to pay \$50,000.00 cash for the Surplus Land; and

Whereas, a Surplus Property Sales Agreement by and between PCCA and Durlame for the purchase and sale of the Surplus Land for \$50,000.00 cash has been presented to the Port Commission for consideration (the "Sales Contract"); and

Whereas, the Surplus Land is subject to a ground lease dated June 11, 2011, between PCCA, as lessor, and Adame Group, LLC, as lessee (the "Ground Lease"), which the Adame Group assigned to Durlame, LLC, a Texas limited liability company; and

Whereas, the Sales Contract provides that the sale of the Surplus Land is subject to the Ground Lease, but the Ground Lease will terminate as to the Surplus Land if the Surplus Land is sold to Durlame; and

Whereas, the Ground Lease will continue in effect with respect to the leased premises other than the Surplus Land (the "Remaining Part of the Leased Premises") if the Surplus Land is sold to Durlame; and

Whereas, it may be preferable to grant Durlame a license to use the Remaining Part of the Leased Premises on the same terms and conditions as the Ground Lease, in lieu of continuing the Ground Lease with respect to the Remaining Part of the Leased Premises; and

Whereas, the Port Commission wishes to authorize the sale of the Surplus Land to Durlame in accordance with the terms and conditions of the Sales Contract; and

Whereas, this Preamble constitutes and integral part of this Resolution

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

Section 1. The sale of the Surplus Land to Durlame 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 is authorized and directed, for and on behalf of PCCA, to execute the Sales Contract with such changes therein as he shall approve after consulting with PCCA's counsel, his execution of the Sales Contract 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 Surplus Land to Durlame 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 Surplus Land to Durlame, 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 in substantially the form included with the bid specifications for this transaction, with such changes therein as such officer shall approve after consulting with PCCA's counsel, his execution of the deed to constitute conclusive evidence of such approval.

Section 4. In connection with the closing of the sale of the Surplus Land to Durlame, if Durlame is agreeable, the Executive Director is authorized to execute a license agreement giving Durlame the right to use the Remaining Part of the Leased Premises on the same terms and conditions as the Ground Lease in lieu of continuing the Ground Lease with respect to the Remaining Part of the Leased Premises.

Section 5. 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 sale of the Surplus Land to Durlame and to carry out the intent and purposes of this Resolution.

Note: Exhibit A to the foregoing resolution is attached to these minutes as Exhibit A.

VII.

On motion made by Mr. Kostelnik and seconded by Mr. Borchard, the Commission approved a Professional Services Purchase Order with TEC Inc., in an amount not to exceed \$285,000, for the development and evaluation of a full build-out of the Bulk Terminal Master Plan.

VIII.

On motion made by Mr. Kostelnik and seconded by Mr. Borchard, the Commission approved a Professional Services Purchase Order with the Center for Ports and Waterways – Texas Transportation Institute, in an amount not to exceed \$80,000, for a study to determine the direct the economic effects of the lack of maintenance dredging of the Corpus Christi Ship Channel. Ms. Hawley abstained from voting on the motion.

IX.

On motion made by Mr. Kostelnik and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, a lease agreement with Accutrans Inc., for approximately 5.6 acres located on the north side of the Industrial Canal for a barge fleeting area.

X.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, the third and final reading of a franchise 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 the company's 1.72-acre upland tract and the company's 10.906-acre tract of leased submerged land situated in the southeast corner of the former Naval Station Ingleside site. Mr. Gandy voted against the motion.

XI.

Staff announced that Item D on the consent agenda was not ready for consideration, and Items A and E were removed from the consent agenda to be acted on separately. Then, on motion made by Mr. Borchard and seconded by Ms. Hawley, items B and C on the consent agenda were approved, in accordance with the respective staff recommendations furnished to the Commissioners at the meeting, by one vote. These items were as follows:

- B.** Approve a contract with J.M. Davidson, Ltd, the lowest and best bidder based upon bids received on June 3, 2011 for a new Oil Dock 9 dock house.
- C.** Approve Change Order #9 to Ballenger Construction, Ltd. For the removal of pipelines on the Fulton Corridor – Phase II contract.

With respect to Item A on the consent agenda, on motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved, in accordance with staff's recommendation presented to the meeting, a contract with CCC Group, Inc., to replace cable drums and lengthen the gantry crane boom at Bulk Dock 1.

With respect to Item E on the consent agenda, on motion made by Mr. Borchard and seconded by Mr. Gonzalez, the Commission approved, in accordance with staff's recommendation presented to the meeting, an Interlocal Agreement between the City of Corpus Christi and the Port of Corpus Christi Authority that would allow PCCA to issue oversized/overweight permits.

XII.

The Executive Director reported on the following during his report: update on NSI sale; Bulk Terminal Project; Union Pacific meetings; Harbor Island; Latin American Liner Service; and introduction new employee, Rob Schultz.

XIII.

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 and community events and suggestions for future agenda items.

At 10:26 a.m., the Chairman announced that the Commission would go into executive session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate agenda items 14, 15, 16 and 17a.

At 11:02 a.m., the Commission meeting reconvened in open session.

XIV.

The following agenda item was for executive session only: Deliberate the purchase of real property in the vicinity of the Corpus Christi Ship Channel. Mr. Gonzales did not participate in this portion of the executive session.

XV.

The Commission consulted with its attorney in executive session regarding Case 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.* Mr. Gonzalez did not participate in this portion of the executive session. There was no discussion or action on this agenda item in open session.

XVI.

The following agenda item was for executive session only: Deliberate the terms on which PCCA would lease the La Quinta Trade Gateway Terminal property to Global Terminal Advisors and the offer of a financial or other incentive to a business prospect that PCCA seeks to have locate at the Terminal and with which PCCA is conducting economic development negotiations.

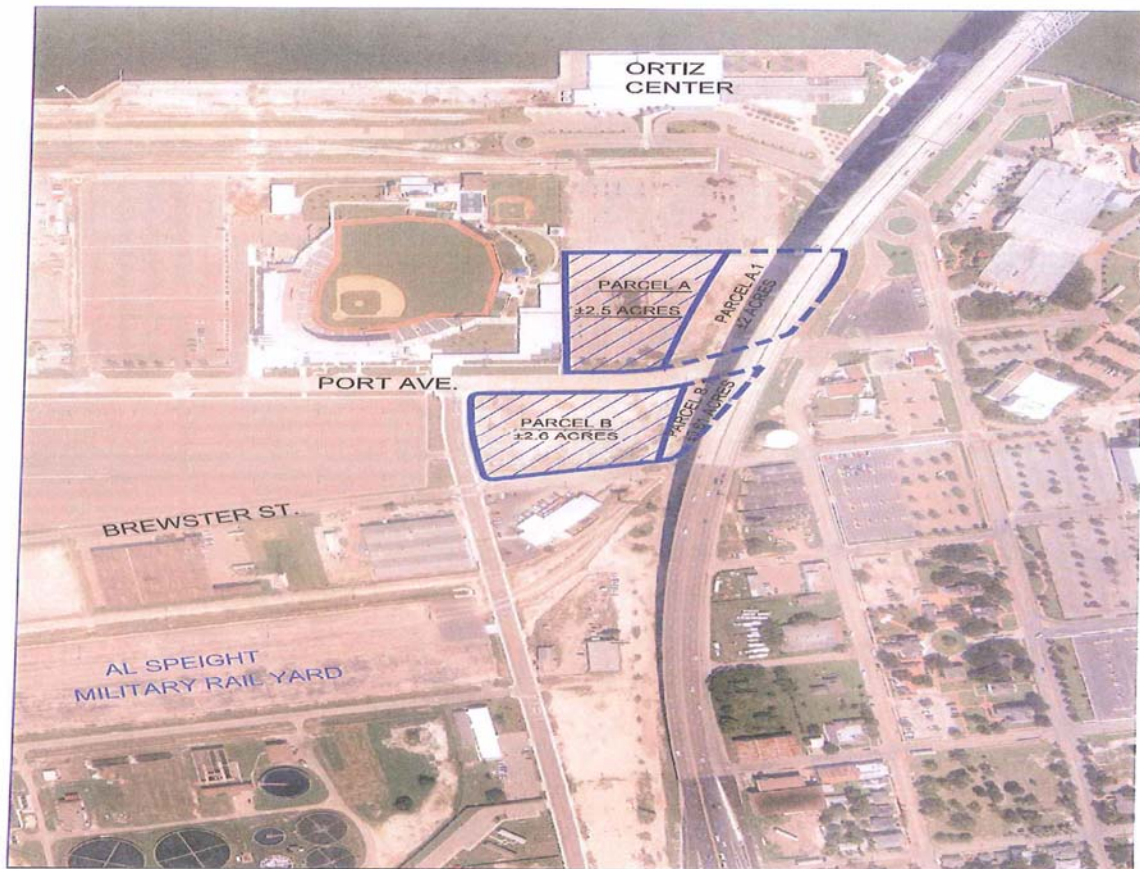
XVII.

The following agenda item was for executive session only: Deliberate the duties of the Executive Director, the Deputy Port Directors, the Departmental Directors, the Business Development Deputy Director and the Manager of the Bulk Terminal.

XVII.

There being no further business, the meeting adjourned at 12:00 p.m.

ATTACHMENT 'A'



AGENDA ITEM NO. 5

NO ATTACHMENT

July 12, 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. 6***
Professional Services Contract
With Wells Fargo Securities, LLC

Dear Commissioners:

In the spring of 2007, the Port entered into a contract with JP Morgan for financial advisor services relating to the La Quinta project. During this time, Kevin Carney was the principal advisor at JP Morgan on this contract until leaving at the end of 2008.

In January 2009, Kevin started Infrastructure Capital Investments. The Port entered into a contract with Infrastructure Capital and Kevin continued to serve as lead financial advisor on the La Quinta project until the contract ended in May 2011.

During the life of the project Kevin has provided critical support to our efforts which include:

- 1) Finalizing negotiations with Dragados in July 2007;
- 2) Coordinating the public RFP process in the spring of 2008 which resulted in four responses;
- 3) developed relationships with TPCO, TEDA and Tianjin Port officials;
- 4) assisted in ongoing development of major Asian interests in La Quinta; and
- 5) Introduced Candlewood/Global Terminal Advisors (GTA) to PCCA and developed existing options between PCCA and GTA.

Kevin is now employed by Wells Fargo Securities, LLC and with his history associated with La Quinta, staff feels it is extremely important to continue with his services as lead financial advisor as we proceed into the next steps of the project. Kevin's role in these crucial next steps will be to assist PCCA with the Transaction Agreement negotiations between GTA and PCCA for a long-term lease. He will also assist in the evaluation of the financial aspects of the Transaction to provide the best financial structure for PCCA.

Staff recommends approval of the attached professional services contract with Wells Fargo Securities, LLC, for a term expiring on January 14, 2013. This contract would allow Kevin to continue to work on the project. Under the terms of the contract Wells Fargo would be paid a fee of \$950,000 if, prior to January 15, 2014, PCCA enters into a lease or other definitive agreement with a third party for the development and operation of the La Quinta Terminal. This is less than 50% of the fee payable to JP Morgan under the 2007 agreement.

This item will be on next Tuesday's agenda for your review and official action. Should you have any questions, please contact me at 885-6189.

Sincerely,



John P. LaRue
Executive Director

Attachment



Wells Fargo Securities, LLC
301 South College Street
Charlotte, NC 28288-8905

July 12, 2011

CONFIDENTIAL

Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401

Attention: John P. LaRue
Executive Director

Ladies and Gentlemen:

This letter (this "Agreement") constitutes the agreement between the Port of Corpus Christi Authority (the "Port") and Wells Fargo Securities, LLC ("Wells Fargo Securities") that Wells Fargo Securities will serve as a financial advisor (subject to Section H below) of the Port with respect to a possible transaction involving a multi-purpose dock and terminal to be known as the La Quinta Trade Gateway Terminal that is being developed on certain real estate owned by the Port (including any facility developed on such real estate after the effective date hereof, or any entity to which such real estate and facility are transferred) (collectively, the "Project") and that is accomplished in one or a series of transactions involving: (a) any merger, consolidation, joint venture or other business combination pursuant to which the business of the Project is combined with that of any other person or entity (any such person or entity, together with its affiliates, a "Purchaser"); (b) the acquisition by a Purchaser, directly or indirectly, of a material portion of the capital stock or other equity interests, assets, properties and/or businesses of the Project by way of a direct or indirect purchase, lease, license, exchange, joint venture, agreement or other means; and/or (c) the acquisition by a Purchaser of the right to develop, operate and collect revenues from the Project, by way of a direct or indirect purchase, lease, license, exchange, joint venture, concession agreement or other definitive agreement (hereinafter collectively referred to as a "Transaction").

The terms of this Agreement are as follows:

A. Services. At the Port's request, Wells Fargo Securities shall provide the following specific services:

1. To the extent it deems appropriate and feasible, Wells Fargo Securities will familiarize itself with the financial condition and business of the Project, including any relevant consultant reports and, to the extent necessary, with the financial condition and business of any prospective Purchaser;
2. assist the Port in identifying and contacting potential Purchasers to ascertain their interest in a Transaction;
3. assist in soliciting and evaluating proposals from potential Purchasers, structuring a Transaction and negotiating a definitive agreement for the Transaction; and



4. assist the Port in evaluating the financial aspects of Transaction proposals received from potential Purchasers.

B. Fees and Expenses. In connection with the services described above, the Port shall pay to Wells Fargo Securities the following compensation:

1. Transaction Fee. A nonrefundable cash fee of \$950,000.00 (the "Transaction Fee"), payable at, and as a condition to, the closing for a Transaction; provided if in lieu of the Transaction, the Port completes an alternative transaction involving the Project with Wells Fargo Securities' assistance, Wells Fargo Securities and the Port will negotiate in good faith appropriate compensation for Wells Fargo Securities, which will take into account, among other things, the results obtained and the custom and practice among investment bankers acting in similar transactions; provided, that in no event shall the amount payable under this proviso exceed the amount of the Transaction Fee that would have been payable to Wells Fargo Securities if the Transaction had been consummated.

Wells Fargo Securities will be entitled to receive the Transaction Fee provided for above if the Transaction is completed during the term of this Agreement or at any time prior to January 14, 2014. All fees payable hereunder are nonrefundable. For the avoidance of doubt, if no Transaction occurs and no consideration is paid to the Port prior to January 14, 2014, the Port will not be obligated to pay a Transaction Fee to Wells Fargo Securities, but will reimburse Wells Fargo Securities for any expenses and payments described in Section 4 of this Agreement.

2. Termination Fee. If a Transaction is not consummated but the Port receives a "break-up" fee, a "topping" fee or any other consideration (other than reimbursement of out-of-pocket expenses) during the term of this Agreement as a result of the termination of the Transaction, including, without limitation, the receipt of any options, warrants or other securities granted to the Port in connection with a Transaction, then the Port will pay Wells Fargo Securities a fee equal to 25% of such fee, profit or other consideration, payable in cash when any such amount or consideration is received by the Port and, in the case of consideration other than cash, based on the fair market value thereof.

3. Expenses. In addition to any fees payable to Wells Fargo Securities hereunder and regardless of whether a Transaction is consummated, the Port hereby agrees, from time to time upon request, and upon expiration or termination of this Agreement, to reimburse Wells Fargo Securities for all reasonable travel and other out-of-pocket expenses incurred in connection with Wells Fargo Securities' engagement hereunder, which expenses shall not exceed \$50,000.00 without the prior consent of the Port (which consent may be withheld by the Port in its sole discretion) and provided that such limitation shall in no way affect or limit the obligations of the Port as set forth on Annex A attached hereto.

4. Future Transactions. If, at any time on or before January 14, 2014, the Port or any of its affiliates (i) decides to finance or refinance any indebtedness in connection with the Project, Wells Fargo Securities (or any affiliate designated by Wells Fargo Securities) shall have the right make a proposal to act as sole lead and bookrunning manager, sole placement agent or sole lead and bookrunning agent with respect to such financing or refinancing; or (ii) determines to raise funds in connection with the Project by means of a public offering or a private placement of equity or debt securities, Wells Fargo Securities shall have the right to make a proposal to act as sole lead and bookrunning underwriter, sole initial purchaser or sole placement agent for such financing. Any proposal by Wells Fargo Securities or its affiliates to act as lead and bookrunning

manager, lead and bookrunning underwriter, initial purchaser, placement agent or lead and bookrunning agent with respect to such financings or refinancings would be contained in separate agreements, which agreements would contain, among other things, provisions for customary fees for transactions of similar size and nature and indemnification of Wells Fargo Securities. The agreements with respect to financings and refinancings would also include such conditions precedent as due diligence, current conditions and approval by requisite committees, as well as customary representations and warranties by the Port.

C. Coordination. In order to coordinate the parties' efforts with respect to a Transaction, during the period of Wells Fargo Securities' engagement hereunder, neither the Port nor its management will initiate or solicit any discussions looking toward or contemplating any Transaction except through Wells Fargo Securities. The Port and Wells Fargo Securities each will inform and consult with the other on a regular basis regarding any inquiries or proposals received from potential parties to a Transaction, and the Port will cause any additional advisor to consult and cooperate with Wells Fargo Securities.

D. Term and Termination of Engagement. Wells Fargo Securities' engagement will begin on the date hereof and end on the earlier of January 14, 2013, the consummation of a Transaction, or a termination pursuant to the following sentence. Wells Fargo Securities' engagement may be terminated before the end of the initial term by either party hereto at any time, with or without cause, upon ten days' prior written notice to the other party. Notwithstanding any such expiration or termination, the provisions in this Agreement regarding Fees and Expenses, Future Transactions, Term and Termination of Engagement, Use of Information, Confidentiality, Indemnity, Limitation of Wells Fargo Securities' Engagement to the Port, Limitation of Wells Fargo Securities' Liability to the Port, Governing Law, Arbitration of Disputes and Miscellaneous shall survive and remain in full force and effect and be binding on any successors of the Port. In addition, Wells Fargo Securities shall be entitled to the full amount of the Transaction Fee in the event a Transaction is closed on or before January 14, 2014.

E. Use of Information. The Port will furnish (and will use reasonable efforts to cause other potential parties to a Transaction to furnish) Wells Fargo Securities such information as Wells Fargo Securities reasonably requests in connection with the performance of its services hereunder. The Port understands, acknowledges and agrees that, in performing its services hereunder, Wells Fargo Securities will use and rely entirely upon such information as well as publicly available information regarding the Port and other potential parties to a Transaction and that Wells Fargo Securities does not assume responsibility for independent verification of the accuracy or completeness of any information, whether publicly available or otherwise furnished to it, concerning the Port or any potential party to a Transaction, including, without limitation, any financial information, forecasts or projections considered by Wells Fargo Securities in connection with the provision of its services. Accordingly, Wells Fargo Securities shall be entitled to assume and rely upon the accuracy and completeness of all such information and shall not be required to conduct a physical inspection of any of the properties or assets or to prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities of the Port or any potential party to a Transaction or to make any determination as to the solvency of any party. With respect to any financial forecasts or projections made available to Wells Fargo Securities by the Port or any potential party to a Transaction and used by Wells Fargo Securities in its analyses, Wells Fargo Securities shall be entitled to assume that such forecasts or projections have been reasonably prepared and reflect the best currently available estimates and judgments of the management of the Port or any potential party to a Transaction, as the case may be, as to the matters covered thereby. If any information provided to Wells Fargo Securities by the Port

becomes inaccurate, incomplete or misleading in any material respect during Wells Fargo Securities' engagement hereunder, the Port shall so advise Wells Fargo Securities.

F. Confidentiality. In the event of consummation or public disclosure of any Transaction, Wells Fargo Securities shall have the right to disclose its participation in such Transaction, including, without limitation, the placement at its cost of "tombstone" advertisements in financial and other newspapers and journals, provided that Wells Fargo Securities shall submit a copy of any such advertisement to the Port for its approval, which approval shall not be unreasonably withheld.

Except as required by law, the Texas Attorney General, or pursuant to order of a court of competent jurisdiction, no written or oral advice provided by Wells Fargo Securities pursuant to this Agreement shall be disclosed, in whole or in part, to any third party, or circulated or referred to publicly, without the prior written consent of Wells Fargo Securities. The fact of Wells Fargo Securities' engagement hereunder may be disclosed to prospective parties to a Transaction, but the Port may not publicly announce or advertise Wells Fargo Securities' engagement without the prior written consent of Wells Fargo Securities.

Wells Fargo Securities agrees to keep confidential during the term, and for 12 months after the expiration or any termination of this Agreement, all material nonpublic information provided to it by the Port, except as required by law, pursuant to an order of a court of competent jurisdiction or the request of a regulatory authority having jurisdiction over Wells Fargo Securities or its affiliates, or as contemplated by the terms of this Agreement. Notwithstanding any provision herein to the contrary, Wells Fargo Securities may disclose nonpublic information to its affiliates, agents and advisors whenever Wells Fargo Securities determines that such disclosure is necessary to provide the services contemplated hereunder or for internal control or compliance purposes.

G. Indemnity. Wells Fargo Securities and the Port agree to the provisions with respect to the Port's indemnification of Wells Fargo Securities and certain other parties as set forth on Annex A attached hereto.

H. Limitation of Wells Fargo Securities' Engagement to the Port. The Port acknowledges that Wells Fargo Securities has been retained only by the Port, that Wells Fargo Securities is providing services hereunder as an independent contractor (and not in any fiduciary or agency capacity), and that the Port's engagement of Wells Fargo Securities is not deemed to be on behalf of, and is not intended to confer rights upon, any shareholder, owner or partner of the Port or any other person not a party hereto as against Wells Fargo Securities or any of its affiliates, or any of its or their respective officers, directors, controlling persons (within the meaning of the Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934), employees or agents. Unless otherwise expressly agreed in writing by Wells Fargo Securities, no one other than the Port is authorized to rely upon this engagement or any other statements or conduct of Wells Fargo Securities, and no one other than the Port is intended to be a beneficiary of this Agreement. The Port acknowledges that any recommendation or advice, written or oral, given by Wells Fargo Securities to the Port in connection with Wells Fargo Securities' engagement is intended solely for the benefit and use of the Port's management and directors in considering a possible Transaction, and any such recommendation or advice is not on behalf of, and shall not confer any rights or remedies upon, any other person or be used or relied upon for any other purpose.

Furthermore, the Port acknowledges and agrees that: (i) the Transaction contemplated by this Agreement is an arm's length, commercial transaction between the Port and Wells Fargo

Securities and Wells Fargo Securities is not acting as a municipal advisor (as such term is defined in Section 15B of the Securities Exchange Act of 1934) or a financial advisor as contemplated by Municipal Securities Rulemaking Board Rule G-23 to the Port; (ii) Wells Fargo Securities has not assumed any advisory or fiduciary responsibility to the Port with respect to the Transaction contemplated hereby and the discussions, undertakings and procedures leading thereto other than those set forth in the Agreement (irrespective of whether Wells Fargo Securities or its affiliates have provided other services or is currently providing other services to the Port on other matters); (iii) the only obligations Wells Fargo Securities has to the Port with respect to the Transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Port has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Port further acknowledges that M.E. Alison & Co., Inc. is serving as the Port's municipal advisor (as such term is defined in Section 15B of the Securities Exchange Act of 1934) and/or financial advisor (as contemplated by Municipal Securities Rulemaking Board G-23).

I. Limitation of Wells Fargo Securities' Liability to the Port. Wells Fargo Securities and the Port further agree that neither Wells Fargo Securities nor any of its affiliates, or any of its or their respective officers, directors, controlling persons (within the meaning of Section 15 of the Securities Act of 1933 or Section 20 of the Securities Exchange Act of 1934), employees or agents shall have any liability to the Port, its security holders or creditors, or any person asserting claims on behalf of or in the right of the Port (whether direct or indirect, in contract, tort, for an act of negligence or otherwise) for any losses, fees, damages, liabilities, costs, expenses or equitable relief arising out of or relating to this Agreement or the services to be rendered hereunder, except for losses, fees, damages, liabilities, costs or expenses that arise out of or are based on any action of or failure to act by Wells Fargo Securities and that are finally determined (by a court of competent jurisdiction and after exhausting all appeals or in an arbitration conducted in accordance with this Agreement) to have resulted solely from the gross negligence or willful misconduct of Wells Fargo Securities.

J. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

K. Arbitration of Disputes. Any claim or controversy arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration of any such claim or controversy shall take place in Corpus Christi, Texas.

L. Miscellaneous. This Agreement shall not be modified or amended except in a writing signed by Wells Fargo Securities and the Port. This Agreement shall not be assigned by either party without the prior written consent of the other; provided, however, that in the event of a transaction in which the Port is not the surviving corporation or entity, the Port's remaining obligations, if any, under this Agreement shall remain in full force and effect and become obligations of the surviving corporation or entity. This Agreement shall inure to the benefit of and be binding upon the Port, Wells Fargo Securities and their respective successors and permitted assigns. Notwithstanding any provision in this Agreement to the contrary, in no event shall Wells Fargo Securities be liable for any lost profits or consequential, special, indirect, exemplary, or punitive damages, even if it shall have been advised of the possibility of such damages. This Agreement constitutes the entire agreement of Wells Fargo Securities and the Port with respect to the subject matter hereof and supersedes all prior agreements. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination

shall not affect such provision in any other respect, and the remainder of the Agreement shall remain in full force and effect. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Please note that Wells Fargo Securities is an affiliate of Wells Fargo & Company, which through its subsidiaries and affiliates provides full-service securities trading and brokerage services and other investment banking and financial advisory services. In the ordinary course of its trading and brokerage activities, one of Wells Fargo Securities' affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or for the account of customers, in the securities or options or other derivatives relating to the securities of the Port or other potential parties to a Transaction. Wells Fargo Securities recognizes its responsibility for compliance with federal laws in connection with such activities.

Nothing contained herein shall limit or preclude Wells Fargo Securities or any of its affiliates (a) from carrying on any business with, from providing banking or other financial services to, or from participating in any capacity (including as an equity investor) in any party whatsoever, including without limitation, any competitor, supplier or customer of the Port, or any other party which may have interests different from or adverse to the Port, or (b) from carrying on its business as currently conducted or as such business may be conducted in the future. The Port acknowledges and agrees that Wells Fargo Securities or one of its affiliates may provide financing in connection with a Transaction. The foregoing shall not limit or change the obligations of confidentiality and nondisclosure contained herein. Wells Fargo Securities is an investment bank and does not provide legal, tax or accounting advice.

M. USA Patriot Act Notice. Important information about entering into a business relationship with Wells Fargo Securities. To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or corporation who opens an account or enters into a business relationship.

In acknowledgment that the foregoing correctly sets forth the understanding reached by Wells Fargo Securities and the Port, please sign in the space provided on the following page, whereupon this letter shall constitute a binding Agreement as of the date indicated above.

Very truly yours,

WELLS FARGO SECURITIES, LLC

By: _____

Name: Peter J. Hill

Title: Managing Director

Accepted and Agreed:

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____

Name: John P. LaRue

Title: Executive Director

Date: July 12, 2011

Attachment

ANNEX A

In connection with Wells Fargo Securities' engagement to advise and to assist the Port pursuant to the Agreement dated July 12, 2011, to which this Annex A is attached, the Port agrees to indemnify and to hold harmless Wells Fargo Securities and each of its affiliates, and their respective officers, directors, controlling persons (within the meaning of Section 15 of the Securities Act of 1933 or Section 20(a) of the Securities Exchange Act of 1934), employees, affiliates, agents, counsel and other advisors (hereinafter collectively referred to as an "Indemnified Party"), to the full extent allowed by law or equity, from and against any and all judgments, losses, claims (whether or not valid), damages, costs, fees, expenses or liabilities, joint or several, to which an Indemnified Party may become subject, related to or arising out of Wells Fargo Securities' engagement or performance under the Agreement, the transactions contemplated thereby, the services to be rendered by Wells Fargo Securities under the Agreement, or any actual or threatened claim, litigation, investigation, proceeding or action in any court or before any regulatory, administrative or other body relating to any of the foregoing (hereinafter referred to collectively as a "Claim"), and shall, upon request, reimburse an Indemnified Party for all legal and other costs, fees and expenses as they are incurred in connection with investigating, preparing or defending a Claim, whether or not such Indemnified Party is ever made party to any legal proceedings or such Claim arose before or after the date hereof; provided, however, that no such indemnification shall be required to be paid to an Indemnified Party with respect to a Claim that is finally determined by a court of competent jurisdiction (after exhaustion of all appeals) or in an arbitration conducted in accordance with this Agreement to have resulted solely from the gross negligence or willful misconduct of such Indemnified Party.

In the event that the foregoing indemnity is unavailable or insufficient for any reason (other than by reason of the terms hereof) to hold any Indemnified Party harmless, then the Port shall contribute to any amounts paid or payable by an Indemnified Party in such proportion as appropriately reflects the relative benefits received by such Indemnified Party and the Port in connection with the matters to which the Claim relates. If an allocation solely on the basis of benefits is judicially determined to be impermissible, then the Port shall contribute in such proportion as appropriately reflects the relative benefits and relative fault of the Port and such Indemnified Party, as well as any other equitable considerations. In no event shall the Port contribute less than the amount necessary to ensure that the aggregate liability of Wells Fargo Securities and any other Indemnified Party for contribution pursuant to this paragraph in connection with all Claims does not exceed the amount of fees actually received by Wells Fargo Securities under the Agreement. For purposes hereof, relative benefits to the Port and Wells Fargo Securities of the Transaction shall be deemed to be in the same proportion that the total value received or contemplated to be received by the Port and/or its security holders in connection with the Transaction bears to the fees paid to Wells Fargo Securities under the Agreement in respect of such Transaction, and other relative fault of each Indemnified Party and the Port shall be determined by reference to, among other things, whether the actions and omissions to act were by such Indemnified Party or the Port and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such action or omission.

All amounts due to an Indemnified Party hereunder shall be payable by the Port promptly upon request by such Indemnified Party. In addition, the Port agrees to pay all costs and expenses (including attorneys' fees) incurred by an Indemnified Party to enforce the terms of this Annex A.

The Port agrees not to enter into any waiver, release or settlement of any Claim (whether or not Wells Fargo Securities or any other Indemnified Party is a formal party to such Claim) in

respect of which indemnification may be sought hereunder without the prior written consent of Wells Fargo Securities (which consent will not be unreasonably withheld), unless such waiver, release or settlement includes an unconditional release of Wells Fargo Securities and each Indemnified Party from all liability arising out of such Claim. Wells Fargo Securities may enter into any waiver, release or settlement of any Claim (whether or not Wells Fargo Securities or any other Indemnified Party is a formal party to such Claim) in respect of which indemnification may be sought hereunder without the prior written consent of the Port if the Port shall have not paid in full all fees and expenses then due and payable to Wells Fargo Securities and each Indemnified Party under the Agreement (including this Annex A).

The provisions of this Annex A shall be in addition to any liability which the Port may otherwise have to Wells Fargo Securities; shall not be limited by any rights that Wells Fargo Securities or any other Indemnified Party may otherwise have; shall remain in full force and effect regardless of any expiration or termination of Wells Fargo Securities' engagement; and shall inure to the benefit of and be binding upon any successors or assigns of Wells Fargo Securities and the Port.



July 12, 2011

Staff recommends the Port Commission approve and pass the first reading of the Franchise Agreement to the second reading scheduled for August 9, 2011. This item is included on the agenda for the July 12 commission meeting for your consideration action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachments

FRANCHISE

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS TO FORDYCE HOLDINGS, INC.

SECTION 1 GRANT OF ACCESS TO CHANNEL

Subject to the terms and conditions of this franchise, Port of Corpus Christi Authority of Nueces County, Texas ("Authority"), hereby grants to Fordyce Holdings, Inc., a Texas corporation whose business address is 210 W. Juan Linn Street, Victoria, Texas 77901-8002, its successors and permitted assigns ("Grantee"), for the term specified in this Section 1, the right of access to the Corpus Christi Ship Channel ("Channel") from Grantee's Land (hereinafter defined) for all purposes necessary, proper or expedient in connection with the use and operation of the docks and wharves constructed or to be constructed on Grantee's Land and reasonably related to shipping property or commodities by water to, from, or across these docks and wharves. The term of this franchise shall begin when Grantee files its written acceptance of it with the Authority in accordance with Section 10 of this franchise and shall end on September 30, 2041. "Grantee's Land" is that certain 22.95 acres of land situated in Nueces County, Texas, which is shown on the Authority's Boundary Map attached hereto as Exhibit A and incorporated herein by reference, and being a portion of the John B. Dunn tract of 52.73 acres conveyed by Maude Wright Dunn to Fordyce Gravel Company by deed dated July 29, 1946, and recorded in Volume 345, Page 531, Deed Records of Nueces County, Texas.

SECTION 2 USE OF AUTHORITY'S LAND

The Authority has established the south bulkhead line of the Channel, which is the line beyond which no structure may be built, and this line as it may be changed from time to time by the Authority is referred to herein as the "South Bulkhead Line." The northerly boundary line of Grantee's Land is the South Bulkhead Line. Grantee may cross the South Bulkhead Line (where it is adjacent to Grantee's Land) and conduct and perform all dredging and excavation operations in, on and under the submerged lands owned by the Authority lying between the Channel and Grantee's Land as may be necessary, proper or expedient in connection with the use of such submerged lands of the Authority as a means of access from Grantee's docks and wharves to the Channel.

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 docks and wharves on Grantee's Land, as follows:

A. **Cargo Owned by Others.** For all property or commodities owned by a party other than the holder of this franchise which is shipped by water to, from, or across docks or wharves on Grantee's Land, a rental equal to the product of (i) the quantity of the property or commodities so shipped, multiplied by (ii) fifty percent (50%) of the Authority's then current tariff wharfage rate on the same type of property or commodity.

B. **Cargo Owned by Grantee.** For all property or commodities owned by the holder of this franchise which is shipped by water to, from, or across docks or wharves on Grantee's Land, a rental equal to the product of (i) the quantity of the property or commodities so shipped, multiplied by (ii) an amount (the "Rental Rate") not more than fifty percent (50%) of the Authority's then current tariff wharfage rate on the same type of property or commodity. The Rental Rate shall be fifty percent (50%) of the Authority's then current tariff wharfage rate on the same type of property or commodity, unless the Authority agrees to reduce the Rental Rate for a certain type of property or commodity for all individuals or entities holding similar franchises granted by the Authority. The Authority shall give Grantee written notice of any such reductions.

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

By accepting this franchise, Grantee agrees that the rental payable under this Section 3 is fair and reasonable. The rental payable hereunder shall be paid to the Authority at its offices in Corpus Christi, Nueces County, Texas, and shall be payable monthly or at such other reasonable time or times as the Authority may direct by general rule or regulation which shall be applicable to all persons or parties holding permits or franchises similar to this franchise.

SECTION 4 **CONDITIONS**

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

A. **Hazards.** Grantee will at all times conduct its operations so as not to create any unusual fire or health hazard.

B. **Railways.** Grantee will not for itself or for others, except with the consent of the Authority, build or operate a railway terminal on Grantee's Land for use in connection with the exercise of the rights granted by this franchise; provided, however, that Grantee may build or use spur railroad tracks in connection with its business and the exercise of its rights under this franchise. Any tracks constructed by Grantee shall be used for switching or loading tracks for the convenience of Grantee for handling its cargo.

C. **Plans.** Before constructing any structure or commencing any work (including dredging or filling of submerged areas) on the South Bulkhead Line or the Authority's submerged land lying between the Channel and the South Bulkhead Line for which a U. S. Department of the Army permit is required and before filing application for any such permit, Grantee will submit plans of such structure or work to the Authority for its approval. 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.

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

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

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

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

SECTION 5

INDEMNITY

Grantee shall defend, indemnify and hold harmless Authority, its commissioners, officers, directors, managers, employees, and agents (for the purposes of this Section 5, the "Indemnified Parties") from and against any and all expenses and liabilities for, and resulting from, the sole, joint, concurrent, or comparative negligence of Grantee, its agents or employees (collectively, "Grantee Parties"), in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim") 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. In Indemnified 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.

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 MUTUAL CONVEYANCE

The rights and privilege of Grantee and the Authority arising out of that certain mutual conveyance dated March 8, 1948, of record in Volume 394, pages 551 through 559, Deed Records of Nueces County, Texas, executed by the Nueces County Navigation District No. 1 and by Fordyce Gravel Company ("Mutual Conveyance"), are hereby expressly recognized and confirmed and in no wise abridged, lessened or diminished by the granting of this franchise and its acceptance by Grantee or by any surrender, cancellation or forfeiture of the same.

SECTION 8 ASSIGNMENT

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

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

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

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

SECTION 9
GENERAL

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

SECTION 10
PASSAGE AND ACCEPTANCE

A majority of the Authority's Port Commissioners voted to grant this franchise at meetings of the Port Commission held on July 12, 2011, August 9, 2011, and September 13, 2011, and the final form of this franchise was approved at the last of these meetings. 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. This franchise shall take effect when the Grantee files its written acceptance of it with the Authority in accordance with this Section.

[The Authority's signature page follows this page]

IN WITNESS WHEREOF, the Authority has caused this franchise to be signed by the Chairman of the Port Commission and attested by the Secretary of the Port Commission this 13th day of September, 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 13th day of September, 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

35

ACCEPTANCE OF GRANTEE

Fordyce Holdings, Inc., hereby accepts the above and foregoing franchise covering 22.29 acres of land, which was granted to it by Port of Corpus Christi Authority of Nueces County, Texas, and further agrees that Fordyce Holdings, Inc., its successors and permitted assigns, shall in all things be bound by the terms and conditions of said franchise.

EXECUTED this ____ day of September, 2011.

Fordyce Holdings, Inc.

By: _____

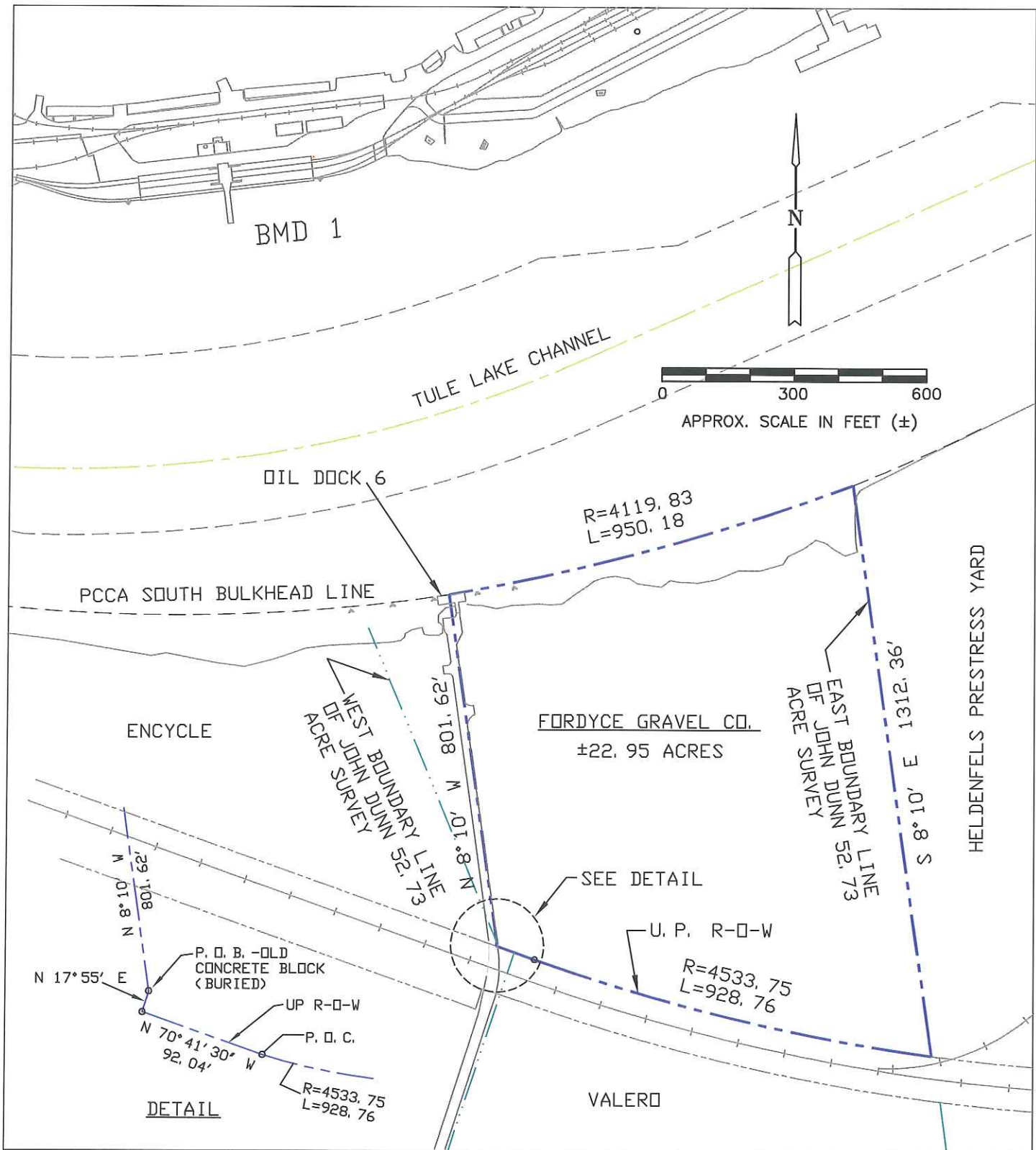
Printed Name: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of September, 2011, by _____,
of Fordyce Holdings, Inc., on behalf of said corporation.

NOTARY PUBLIC, STATE OF TEXAS



NO.	DATE	REVISION



PORT OF CORPUS CHRISTI AUTHORITY

FORDYCE GRAVEL CO. FRANCHISE

SCALE: AS SHOWN

DWN. BY: RALPH

EXHIBIT A

DATE:

JULY, 2011



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FIRST AMENDMENT OF LEASE

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This First Amendment of Lease ("Amendment") is made and entered into as of the 12th day of July, 2011 ("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 Revolution Energy LLC, a Colorado limited liability company ("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 July 16, 2008 ("Lease"), under which the Authority leased to the Lessee approximately fifty-five (55) acres of land, more or less, located in Nueces County, Texas; and

WHEREAS, the initial term of the Lease was for a period of thirty (30) years, beginning on the commencement date; and

WHEREAS, Lessee has asked the Authority to amend the Lease to add an additional 100-foot by 100-foot electrical interconnection pads depicted on Exhibit A to this First Amendment of Lease; 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, the Lease is amended to include the addition of a 100-foot by 100-foot electrical interconnection pad as shown on Exhibit A to this First Amendment of Lease.
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.

[The next page is the signature page]

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

REVOLUTION ENERGY LLC

By: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF NUECES §

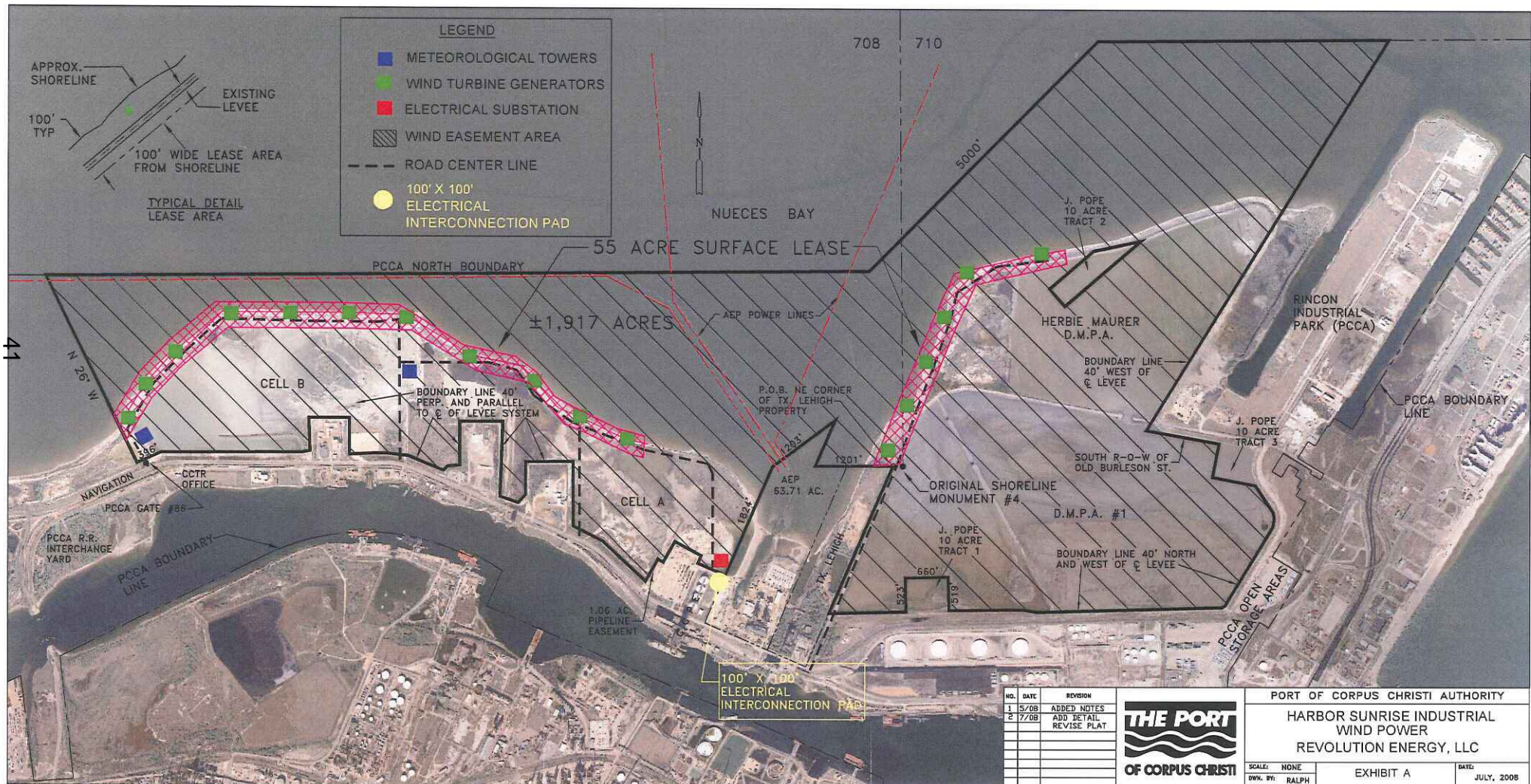
This instrument was acknowledged before me on the 12th day of July, 2011 by JOHN P. LARUE, as Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Port.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2011, by _____, as _____ of Revolution Energy LLC, on behalf of said company.

NOTARY PUBLIC, STATE OF TEXAS





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The initial term of the agreement is five years, and either party may terminate at any time with 90 days' written notice to the other party. Each entity is responsible for the costs associated with construction and maintenance of its own fiber optic lines; there is no initial cost for the agreement itself. The City Council approved this agreement on June, 28, 2011.

Staff recommends that the Executive Director be authorized to execute the attached five-year Interlocal Agreement between the City of Corpus Christi and the Port of Corpus Christi Authority for the mutual use of fiber optic infrastructure. This item is included on the agenda of the July 12 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachment

H:\PEM_Commission Letters\7-12-11 City Interlocal Agmt2 - CL.doc

INTERLOCAL AGREEMENT BETWEEN THE CITY OF CORPUS CHRISTI AND THE PORT OF CORPUS CHRISTI AUTHORITY REGARDING SHARING OF NETWORK RESOURCES

General Recital

This agreement is entered into between the Port of Corpus Christi Authority, a Texas governmental entity (GOVERNMENTAL ENTITY) and the City of Corpus Christi, a Texas home-rule municipal corporation (CITY) for the purposes of the Texas Intergovernmental Cooperation Act, Government Code, Chapter 791, to achieve efficiency in meeting intergovernmental responsibilities.

WHEREAS, GOVERNMENTAL ENTITY AND CITY desire to share available network resources to improve each entity's respective network services capabilities;

NOW, THEREFORE, in consideration of the mutual promises herein, CITY and GOVERNMENTAL ENTITY agree as follows:

Article I Purpose

- 1.1 GOVERNMENTAL ENTITY desires to obtain right to use available network resources of the CITY system specifically described in Exhibit A of this Agreement AND the CITY desires to obtain right to use available network resources of the GOVERNMENTAL ENTITY specifically described in Exhibit A of this Agreement.

Article II Grant of Use

- 2.1 CITY grants non-exclusive right of use to GOVERNMENTAL ENTITY for the network resources specified in Exhibit A.
- 2.2 CITY also grants GOVERNMENTAL ENTITY a non-exclusive right to use tangible and intangible personal property GOVERNMENTAL ENTITY needs to use City-owned fibers, which is located within the City owned network resource outlined in Exhibit A, including but not limited to cable sheathing, troughing, pedestals, slack containers, and related equipment, but excluding any electronic or optronic equipment. GOVERNMENTAL ENTITY shall be entitled

to use CITY-owned network resources listed on Exhibit A for GOVERNMENTAL ENTITY'S sole use in compliance with lawful purposes of GOVERNMENTAL ENTITY.

2.3 GOVERNMENTAL ENTITY grants non-exclusive right of use to CITY for the network resources specified in Exhibit A.

2.4 GOVERNMENTAL ENTITY also grants CITY a non-exclusive right to use tangible and intangible personal property CITY needs to use its GOVERNMENTAL ENTITY network resources listed on Exhibit A, including but not limited to cable sheathing, troughing, pedestals, slack containers, and related equipment, but excluding any electronic or optronic equipment. CITY shall be entitled to use GOVERNMENTAL ENTITY network resources listed on Exhibit A for CITY'S sole use in compliance with lawful purposes of CITY.

2.5 Party' s use of Resources

- (a) CITY shall have full use of identified resources in Exhibit A for such CITY uses including but not limited to interconnection of City of Corpus Christi facilities, traffic signals, and other sites for improved data communications of the CITY.
- (b) GOVERNMENTAL ENTITY shall have full use of identified resources from Exhibit A for such GOVERNMENTAL ENTITY uses including but not limited to interconnection of GOVERNMENTAL ENTITY facilities and other sites for improved data communications of the GOVERNMENTAL ENTITY.

2.6 Ownership of Fiber

- (a) CITY shall own all the fiber in the system that is on City premises;
- (b) GOVERNMENTAL ENTITY shall own all the fiber in the system that is on GOVERNMENTAL ENTITY premises;
- (c) This is an exchange of the use of fiber within the system as shown in Exhibit A and should not be construed as an exchange of assets, liability, or any associated costs for maintenance and repair.

2.7 Access.

CITY and GOVERNMENTAL ENTITY agree that the City or Corpus Christi will maintain control to access any CITY network resources and that GOVERNMENTAL ENTITY will maintain control to access any GOVERNMENTAL ENTITY network resources.

Article III

Effective Date and Term

- 3.1 This Agreement is for one year beginning the Effective Date.
- 3.2 The effective date is defined as the latest date of signature on this agreement by the authorized representative of CITY and GOVERNMENTAL ENTITY.
- 3.3 The Agreement automatically renews for up to four succeeding one-year terms under the same conditions unless terminated or modified as set out herein.

Article IV

Repair and Maintenance

- 4.1 GOVERNMENTAL ENTITY shall be responsible for installation , repair, replacement and maintenance of GOVERNMENTAL ENTITY's network resources to the extent authorized under the GOVERNMENTAL ENTITY'S approved annual budget.
- 4.2 CITY shall be responsible for installation, repair, replacement, and maintenance of CITY's network resources to the extent authorized under the City's approved annual budget.
- 4.3 Each party acknowledges that any connectivity service may be temporarily unavailable for scheduled or unscheduled maintenance, and for other reasons within and without the control of the City. Each party shall use best efforts to notify the other party in advance of planned activities on the network that may impair or eliminate signal continuity. The CITY contact for such notification is: Servicedesk@cctexas.com tel: 361-826-3766, or (361_826-3740. Mailing address: City of Corpus Christi, Attn: Chief Information Officer/Director of Municipal Information Systems, 1201 Leopard St. Corpus Christi Texas. 78401. The GOVERNMENTAL ENTITY contact for such notification is: Gustavo Espinosa, Gustavo@pocca.com , tel: 361-885-6150. Address: 222 Power St. Corpus Christi Tx. 78401.

Article V

5.1 Limitation of Liability.

Each party acknowledges that all products and services provided to the other party are provided on an "As Is" basis and that neither the CITY nor GOVERNMENTAL ENTITY make any warranty of any kind, expressed or implied, including, but not limited to, any warranty regarding

the reliability or suitability of any product or service for a particular purpose. CITY and GOVERNMENTAL ENTITY disclaim any warranty of merchantability or fitness for a particular purpose with respect to the products or services provided by each of them, respectively.

5.2 Each party acknowledges and understands that neither CITY nor GOVERNMENTAL ENTITY exercise any control over the nature, content, or reliability of the information delivered to the other party from the Internet or vice versa.

5.3 Under no circumstances shall either party be held responsible for damages or loss suffered by the other party as a result of such other party's direct or indirect use of the network resources under this Agreement.

5.4 Notwithstanding any provision of this Agreement to the contrary, neither party shall be liable to the other for any special, incidental, indirect, punitive or consequential damages, whether foreseeable or not, arising out of, or in connection with such party's failure to perform its respective obligations or breach of its respective representations hereunder, including, but not limited to, damage or loss of property or equipment, loss of profits or revenue, cost of capital, cost of replacement services (whether arising out of transmission interruptions or problems, any interruption or degradation of service or otherwise), or claims of GOVERNMENTAL ENTITY or CITY, in each case whether occasioned by any construction, reconstruction, relocation, repair or maintenance performed by, or failed to be performed by, the other party or any other cause whatsoever, including breach of contract, breach of warranty, negligence, or strict liability, all claims with respect to which such special, incidental, indirect, punitive or consequential damages are hereby specifically waived.

Article VI

Currently Available Funds

6.1 CITY and GOVERNMENTAL ENTITY agree that the performance of each is subject to the ability of the parties to provide or pay for the services required under this Agreement. CITY and GOVERNMENTAL ENTITY acknowledge that this agreement between them is

entered into in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code. In accordance with Chapter 791 of the Texas Government Code, the City and GOVERNMENTAL ENTITY acknowledge that any payments made in accordance with the terms of this agreement shall be made from current revenues available to the paying party, and any future payments are subject to appropriations.

Article VII

Termination of Agreement

Termination of this agreement may be caused by the following conditions: Either CITY or GOVERNMENTAL ENTITY may terminate the Agreement at any time without cause upon 90 days written notice of termination. Upon termination, each party shall immediately cease use of the equipment and network resources of the other party.

Article VIII

Governmental Service

This Agreement is between CITY and GOVERNMENTAL ENTITY for the purpose of providing governmental services and not for the benefit of any third party or individual.

Article IX

Force Majeure

CITY and GOVERNMENTAL ENTITY will exercise every reasonable effort to meet their respective obligations but shall not be liable for any delays including delays resulting from force majeure or other causes beyond reasonable control, including, but not limited to, compliance with any Government law or regulation, acts of God, acts of omission, fire, strikes, lockouts, national disasters, wars, riots, transportation problems, shortages of materials, and/or any other cause whatsoever beyond the reasonable control of the CITY and GOVERNMENTAL ENTITY.

Article X

Notification

Notices may be given by hand or certified mail, postage prepaid, and is deemed received on the day hand delivered or on the third day after deposit if sent certified mail. Notice will be sent to the following:

IF TO CITY:

City of Corpus Christi

Attn: IT Program Coord.

P.O. Box 9277

Corpus Christi, Texas 78469-9277

IF TO GOVERNMENTAL ENTITY:

Port of Corpus Christi Authority

Attn: Gustavo Espinosa, IT Manager

222 Power St.

Corpus Christi, Texas 78401

Article XI

Entirety Clause

11.1 This Agreement expresses the entire agreement between CITY and GOVERNMENTAL ENTITY. Any modification or amendment to this Agreement is not binding upon these identified parties unless reduced to writing and signed by persons authorized to make such Agreements on behalf of the respective party. Any modification or amendment which does not change the essential scope and purpose of this Agreement may be approved by the City Manager or designee on behalf of CITY and a duly authorized agent on behalf of GOVERNMENTAL ENTITY.

EXECUTED AGREEMENT

EXECUTED in duplicate originals by the City of Corpus Christi on this 28th day of June, 2011.

ATTEST:

CITY OF CORPUS CHRISTI

By: Armando Chapa
Armando Chapa, City Secretary

By: Margie C. Rose
Ronald L. Olson, City Manager

Legal form approved on June 29, 2011

By: Lisa Aguilar
Lisa Aguilar, Assistant City Attorney
For the City Attorney

Ord. 029108 AUTHORIZED
BY COUNCIL 06/28/11
AC
SECRETARY pu

∞

EXECUTED in duplicate originals by the Port of Corpus Christi Authority on this ____ day of _____, 2011.

Port of Corpus Christi Authority

John P. LaRue, Executive Director

∞

EXHIBIT A

[CITY network resources which GOVERNMENTAL ENTITY desires to use:]

[GOVERNMENTAL ENTITY network resources which CITY desires to use:]

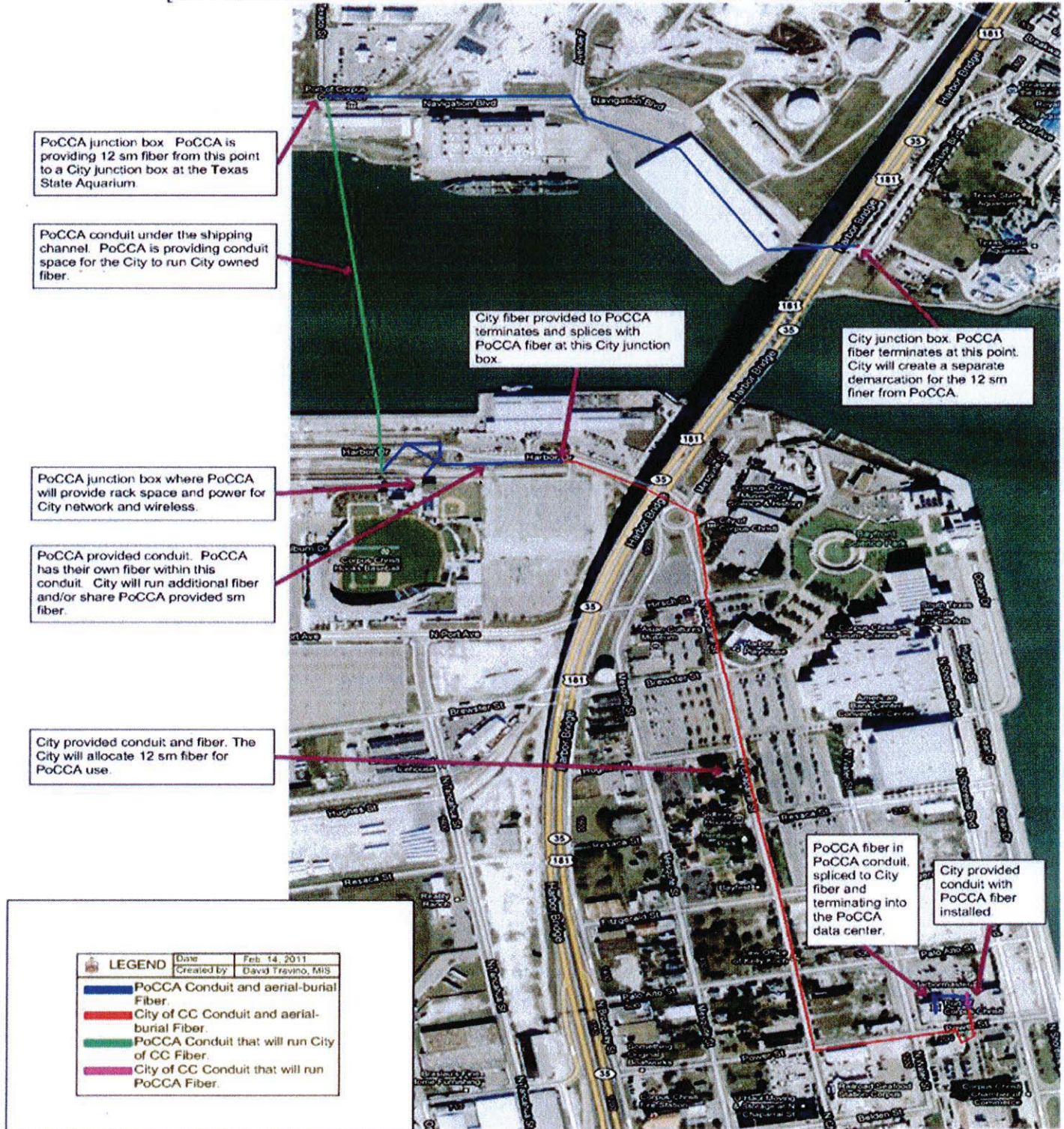


EXHIBIT B

DEFINTIONS

Fiber (Fiber Optic Cable) – a cable that contains individual glass fibers, designed for the transmission of digital information, using light pulses.

SM (Single Mode Fiber) – An optical fiber with a small core diameter in which only a single mode of light is capable of propagation.

Junction Box (Junction or Pull standard) - Boxes that serve several functions for above and below ground fiber optic installations. Functions include the facilitation of cable pulling through conduits and raceways, for the reduction of cable stress within a cable run, for cable installations where there is a need to gain access to cable for splicing and testing, to store slack cable, and to house in line equipment. Boxes are available in many sizes, depending on their intended use and the space available for mounting the boxes.

EXECUTIVE DIRECTOR'S REPORT

For the month of July 2011

BUSINESS DEVELOPMENT

- Met a few times with Corpus Christi Railway Association to coordinate and alleviate the heavy rail-car-cargoes congestion presently affecting the Port
- Continue conversations with companies to move crude from truck to barge and/or via pipe
- Coordinating with Bulk Terminal for additional inquiries on companies seeking to bring via rail coal for export opportunities
- Frac Sand tonnage increasing but due to heavy rail-port congestions limiting the number of cars per month to around only 400
- Continued contact with shippers of additional general cargo in super sacks from Asia. Now increasing volumes from 4 thousand to 8 thousand tons per month
- Continued with development of vessel services with reefer cargo from Central America and liaison the visit of potential investors during June. Now in negotiations with present Cold store tenant for intended service
- Showcased POCC at Logistics Providers Conference/Expo in Monterrey, Mexico
- Heavy Permit Process moving forward with City. Interlocal agreement has been signed and now working with ProMiles to come to CC and meet with City-Port for software to apply
- Working on heavy bulk cargo client who'll discharge in our heavy dock and then barge to job site near PCC
- Asian wind developer notified arrival of wind towers towards end July for construction within PCC
- Continued working on specific marketing/sales project to present PCC to exporters/importers/freight forwarders and nvocc's within a 400 mile radius and TAMUCC also participating
- Presented the overall potential of doing business through PCC within the AAPA Latin America Ports conference and receiving very high reviews
- Received draft on expected Liner Service from a Latin American conglomerate as this project continues to move forward
- Started preparations for the upcoming (November) renewable energy conference to be hosted in PCC

COMMUNICATIONS

Events Participation:

- Coastal Bend Council of Cultures
- Volunteer Council Board
- American Diabetes Association Board meeting
- UP Meetings and Reception
- Wellness Committee meeting
- USO Board meeting
- World of Affairs Council
- PICC Public Affairs meeting
- EMS Facilities' Audits
- AAPA Latin American Port's Conference
- Shell Oil Breakfast for Commissioners along with PICC Managers

Projects worked:

- Planning of 85th Celebration activities:
 - 85th Schools/Hands-on Celebration Sept 21
 - 85th Employee Celebration Sept 22
 - 85th Regional Celebration TBA
 - Ground Breaking of Dredging of La Quinta
 - MOU with Panama Canal
 - MOU with Tianjin Port
- AAPA Latin America participation
- Up-Coming Newsletters
- Gulf Ports Environmental Summit
- All Needs for BreakBulk Conference
- Port's Annual Picnic

Summer Community Walks:

- American Heart Association – Oct 29
- American Cancer Society – Oct 22
- American Diabetes Walk – Oct 8
- Bill Dodge Memorial Run – Sept 17

Port Presentations & Tours:

- Tour – students from the University of Chapingo, Mexico
- Tour - TEXAS A&M Kingsville Engineering Students
- Tour - State Wide Criminal Justice Group from hosted by the State of Texas

Community Supported Events:

- Paws & Claws Auxiliary 1st annual FUR BALL Animal Masquerade benefit the Gulf Coast Humane Society
- The Volunteer Council Center of the Coastal Bend Luncheon with Chad Hennings, three-time Super Bowl champion.
- NuStar Annual Fishing Tournament
- Benefit Golf Tournament for The Ark Assessment Center and Emergency Shelter for Youth.

MARKETING UPDATE:

Although summer has hit and vacations have begun, we continue working key conferences promoting the port as another big port in Texas, planning for the 85th anniversary events and the Gulf Ports Environmental Summit coming up in August and September.

Jobs Working:

- Port 2011 Media Planning (ongoing)
- MyPort June Newsletter
- EMS Bags
- EMS Staff Training Game
- Conference Materials / Video edits
- 85th Anniversary Planning
- 85th Anniversary – Commemorative Poster/Coin
- EMS Summit – Registration Form/Sponsor Form
- Dry Erase Boards

JUNE 2011 Publication/Media Editorial/Ad:

- *American Jrnl of Transp.* - Gulf Coast Ports & Trade - The Port of the Lone Star State
- *Fairplay* - Latin America - Texas Bound? Access here.
- *Wind Systems Magazine* - Logistics/Wind Assess - Big Components? No problem.
- *Seaports (AAPA)* - Freight | Bonus Dist - The Port of the Lone Star State - At Latin American Conference
- BNamericas.com - Rotating Online Ad - Desde aqui
- Central America Data - Transportation Channel - Desde aqui
- Latin Business Chronicle - Online Ad - The Port of the Lone Star State
- T21.com - Online Ad - Desde aqui

JULY 2011 Publication/Media Editorial Ad:

- *Journal of Commerce* - Latin Amer. Trade & Logist - The Port of the Lone Star State.
- *World Trade 100* - Port Digest/Gulf Ports Feat - The Port of the Lone Star State. (includes profile)
- BNamericas.com - Rotating Online Ad - Desde aqui

- Central America Data - Transportation Channel - Desde aqui
- T21.com - Online Ad - Desde aqui

Latest Collateral Developments:

The Gulf Ports Environmental Summit is coming up in August. We have prepared the logo, registration form and sponsorship form. We're looking forward to starting a great tradition among the environmental group, to share experiences and learn from each other. Much of our focus will be on the upcoming events to celebrate the Port's 85th anniversary. We are working to finalize the commemorative poster and coins; however we have landed on our overall theme, which is "85 Years of Building South Texas." Lots of exciting plans in the works!



GOVERNMENT AFFAIRS

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

LOCAL

- Attended COG Economic Development committee meeting to prepare regional economic development plan.
- Attended Port Industries Public Affairs committee meeting to finalize plans for PICC community survey/update to be held in June.

STATE

- Met with state delegation to provide update; worked with port consultants and Texas Ports Assoc to monitor legislation that might impact/benefit the port.
- 82nd Legislative Session ended on May 31st; Governor Perry has called a special session to address school finance, healthcare, redistricting, etc.

FEDERAL

- U.S. Army Corps of Engineers announced their 2011 spending plan which included \$58 million for the La Quinta Channel extension and an additional \$6 million for operation and maintenance of the Corpus Christi Ship Channel.
- Congressman Blake Farenthold visited the port in May; an update on key projects and tour of La Quinta Trade Gateway was provided.
- Working with congressional offices and consultants to monitor FY 2012 President's budget, WRDA, surface transportation reauthorization, homeland security, rail legislation, Harbor Maintenance Trust Fund, US Coast Guard Reauthorization Act, RAMP Act, Diesel Emission Reduction Act (DERA), etc.

OPERATIONS

POLICE

- Nothing to report for June.

HARBORMASTER

- The Harbormaster's Office reports 137 ship arrivals, 97 tankers and 40 cargo carriers. There were also 317 barges arrive, 298 tanker barges and 19 dry cargo barges. 197 tugs entered the harbor pushing barges.
- The average daily ship arrival for June was 4.57 and the average daily barge arrival was 10.57.
- There were 13 tankers and 2 cargo ships that shifted inside the port area while 964 tanker barges and 21 cargo barges shifted.
- There were 16 ships and 87 barges using port docks for standby.
- There were 37.9 hours of channel disruption. Disruptions hours were for: 37.9 hours due to channel restriction at ADM and CITGO 1. There was 2 inbound delays and 0 out bound delay due to this disruption

BULK TERMINAL

- Projects BT currently working on:
 - EMS - Work on BMD Paint Facility and general pad cleanup in progress
 - Bulk Terminal rail improvements
 - Safety – Hurricane preparedness
 - Gantry upgrade
- ACTIVITY AT BULK TERMINAL
 - Railcars:
 - Loaded: 246 cars - 27,167.75 short tons pet coke
 - Unloaded: 72 cars - 6,336 short tons pet coke
 - Bulk Dock #1:
 - 44,910.35 Short tons Barite unloaded
 - 6,613.36 Short tons Rutile unloaded
 - 44,910.35 Short tons Barite unloaded
 - Bulk Dock #2:
 - 130,673.13 short tons pet coke loaded
 - Pads
 - 133,949.62 short tons pet coke

SAFETY

Safety Committee

- Welcomed a new Committee member from the Maintenance department (Cliff McKenzie)
- Reviewed the third draft of the revised Personnel Accident form and Investigation package. Those have been provided to Human Resources for review and comment.
- Discussed the recent Port vehicle accidents. Employee has attended a Driver's Safety class at Joy Driving School in accordance with the new Port policy.
- Purchased 4 new "Safety Shorts" DVD's for training purposes.
- Followed up on areas of concern at the Ortiz Center. Safety issues have been addressed.
- Received quotes for CPR/AED/First Aid training for Port employees
- In the process of updating the Port's AEDs to 2005 standard.

Insurance:

- Working with Port counsel and brokers on rewriting the Tariff language for stevedore requirements.
- Worked with Port counsel and insurance brokers to insure Port contractor has and maintains the required insurance levels.
- Working with various Port Lessees to bring their insurance certificates up to minimum requirements.
- Met with insurance brokers from London and Philadelphia to discuss upcoming market changes and possible premium increases.
- Added the Port's new Mobile Surveillance System (MSS) to the automobile policy. The equipment mounted inside will be added to the property policy.

EMS

- Audit review is ongoing.
- Helped perform a Find & Fix Corrective Action Verification audit on 29/30 June.
- Conducted the first Internal Auditor's study session on 15 June in accordance with our Corrective Action Plan.

MAINTENANCE

- Monitored a small grass fire at Harbor Island caused by electrical wire down. Port Aransas fire dept and AEP extinguished the fire. Minimal damage to Harbor Island Property.
- Returned unit 366 to the oil spill association.
- Assisted Beaumont with arranging location and shipping of a specialized equipment trailer called a MAFI back to Beaumont.
- Conducted quarterly vehicle emission check of all Port vehicles. All were found to be satisfactory.
- Replaced missing light pole at the east end of Ortiz Center parking lot.

- Assisted BMD with selection and purchase of 2 new air conditioners for the ship loader.
- Mailed official notification to CC Disposal to cease service to the trash compactor at Cold Storage.
- Assisted new real estate manager with new for sale signs at Harbor Island.
- Awarded contract for replacing hatches on the Fire Barge.
- Overhauled the boiler at the Annex Building with minimal assistance from Malek A/C corp.
- After accident repairs to unit 386 completed.
- Provided Backflow preventer inspection and repair reports for the Cold Storage for new lessee.
- Removed all equipment and marking from unit 343 to turn the vehicle in as a trade for the new PD SUV patrol vehicle.
- Re-advertized for 2 General Maintenance worker employees.
- Contracted with Overhead Door of Texas to replace broken overhead door at Building 26.
- Conducted repairs to #2 chiller at the Ortiz Center.
- Repainted the William Dodge sign at the Security Command Center.
- Ordered new gasoline powered herbicide sprayer.
- Ordered and received new metal storage container for Hazardous Materials.

FOREIGN TRADE ZONE

- A compliance review by Customs will be performed on the Port's general purpose zone sometime during July. All records will be audited and reviewed by Customs to ensure the Port is in compliance with all FTZ rules and regulations.
- There is a quarterly meeting with FTZ Operators and Customs is scheduled for Thursday, July 21; meeting will be held at CITGO.
- FTZ Manager continues to work with FTZ Board on a pilot program for the upcoming Online FTZ Information system.

Ortiz Center Monthly Forecast Report
Prepared by Lori Linares on June 29, 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	5,949	41	92%	Actual
1st Quarter	12,613	93	78%	Actual
April	14,695	35	132%	Actual
May	6,576	51	94%	Actual
June	6,290	32	112%	Actual
2nd Quarter	27,561	118	113%	Actual
July	1,546	15	120%	Forecast
August	1,646	17	75%	Forecast
September	3,320	22	82%	Forecast
3rd Quarter	6,512	54	95%	Forecast
October	3,161	18	63%	Forecast
November	3,962	22	125%	Forecast
December	3,178	16	73%	Forecast
4th	10,301	56	87%	Forecast

Quarter				
2011	Guest Attendance	Number of Events	% of Yearly Budgeted Sales	Status
	56,987	321	93%	Forecast

June Close

The Ortiz Center had several returning events in June, including Apartment Association trade show, Education is Our Freedom annual dinner, and CSC Safety Awards banquet. In addition, the venue had four large social events. Art of Defense hosted a martial arts show and dinner which was a great success. We hope to make this a returning event each year.

We hosted the NSIDE Magazine mixer with an attendance of over 300 people. We have already generated several sales prospects from this event. In addition, we hosted the Taste of the Coastal Bend which also brings in prospective business.

June ended up being a great month with making 112% of budget, therefore ending the second quarter at making 113% of budget.

Sales Up-Date

The Ortiz Center's sales team is currently working on contracting holiday parties for December. We are also working with Tejas Broadcasting to create a radio commercial to increase holiday business.

The Ortiz Center continues to invest in the growth of the company. Aubrey Winston attended the Miller-Heinman Training in Boston, and Mary Lou Elizondo attended a marketing conference in South Carolina. The initiative for these trips was to obtain new ideas on how to increase profitability and provide quality products and services to maximize the customer experience.

ENGINEERING SERVICES

As of June 30, 2011, the Port of Corpus Christi Authority Department of Engineering Services had completed 8 projects and has projects in 68 progress. These projects consist of 32 Capital, 24 Maintenance, and 20 Professional Service projects. During June, \$4,128,904.00 was invoiced on on-going projects. To date this year approximately \$10,685,904 has been invoiced for work performed. Below is a table detailing the budget amount the “to date” cost, for the capital, maintenance and professional services projects and a forecast of for yearend expenditures.

Engineering Services 2011 Report				
Project Type	No. of Projects	2011 Budget Amount	Expended To Date	End of Year Forecast
Capital	80	\$23,787,210	\$7,999,097	\$30,099,000
Maintenance	32	\$2,580,000	\$997,829	\$2,459,000
Professional Services	33	\$800,000	\$1,688,978	\$1,817,000
Total	145	\$27,167,210	\$10,685,904	\$34,375,000

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 nearing completion of the construction phase.

Grant Seven: The roadway foundation work is in progress on the Northside Gate Project.

Grant Seven – Supplemental: Beecroft Construction is well underway with construction of the new guard station at the Viola Turning Basin Oil Docks.

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.

Grant Eleven: The investment justification has been developed and will be submitted for considerations this month.

Reconstruction of Navigation Blvd. (09-028A)

Hot mix and pavement striping to be completed. Job is substantially complete as of June 14, 2011.

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. Customer agreement has been signed and furnished to PCCA. Staff has awarded contract to Govind Development for engineering services. Staff will combine this project with project (11-028A), Avery Point Oil Dock Platform Extensions & Evacuation Catwalk.

Bulkhead West of Oil Dock 10 (06-036B)

Review drawings to be provided by drafting support firm in mid July..

Fulton Corridor – Phase II (09-026A)

The majority of the south half of road is complete up to the first course of hot-mix. Traffic has been switched over to the south side. The contractor has cleared right-of-way on the north half of the roadway. Ballenger has overlaid 95% of the western portion of the project with 5 ½" of hot mix asphalt. The pipeline removal and waterline installation has begun.

Fire Pressurization on Oil Docks (08-046A)

Preliminary plans should be submitted for review in the middle of July 2011.

Permian Site Yard & Rail Improvements (09-041A)

The rail track design is 95% complete.

Viola Channel Rail Yard (09-037A)

The COE permit has been issued CH2M Hill is working on various options for unit train track location adjacent to the Viola yard.

La Quinta Multi-purpose Dock & Infrastructure Projects (07-036A & 07-037A)

Preliminary engineering phase complete. Project on hold.

Oil Dock 9 Allision Repairs (10-029A)

Notice of Substantial Completion has been issued and has numerous punch list items to address such as crack injection repairs and installation of pile wraps. CCC Group is presently working on completing the punch list items.

Tule Lake Lift Bridge Foundation Removal (07-046C)

One very high bid was opened on October 28, 2010. This project will be re-scoped and re-bid this summer.

Replace Cable Drums and Lengthening the Gantry Crane Boom at Bulk Dock 1 (09-033B)

Notice to Proceed issued 1st week of July 2011.

New Oil Dock 9 Dock Houses (11-032A)

Construction contract awarded to JM Davidson at June 14, 2011 commission meeting.

Replace Air Conditioning Systems at Oil Docks 1, 2 and 3 (10-027A)

All A/C units have been installed at all three docks. Only extra work items remaining.

Bulk Dock 1- Fender Replacement (11-019A)

The design work is underway.

MAINTENANCE PROJECTS

Bulk Terminal Paint Building Foundation (10-015B)

Foundation construction is complete and the building scheduled to be erected in July 2011.

Upgrades to Administration and Annex Building Elevator Systems (11-030A)

LVN, Inc. has performed an assessment of existing elevator systems and provided a report with their findings and recommendations. Staff has determined scope of work for both elevators and has released LVN to generate design drawings and technical specifications.

Port Aransas Bulkhead Repairs near UTMSI (11-039A)

UT opened bids in March, 2011, pending award to K & P Fabrication.

Oil Dock 6 Fender Upgrades & Breasting Structure Replacement (11-027B)

Design underway. Project anticipated to be bid and awarded in the Fall 2011.

Seal Concrete Containment Area at Oil Dock 1 & Oil Dock 2 (11-034A)

LVN is providing drafting support. Recently performed field work.

ENVIRONMENTAL/PROFESSIONAL PROJECTS

Monitoring of Remediation of Harbor Island Exxon Terminal (09-002B)

In accordance with the Site Remediation Agreement between PCCA and Exxon, soils on site have been cleaned up to 1% Total Petroleum Hydrocarbons. The site has been restored and the remediation report for PCCA activities has been submitted to the Railroad Commission of Texas. No response has been received yet from RRC on their review of the report.

ExxonMobil previously completed its soil remediation activities at the site. RRC has requested the installation of monitoring wells at the site. The monitoring wells locations were submitted to RRC for approval in April 2011 and a response has not yet been received from RRC. Following installation, a report documenting all of ExxonMobil's soil remediation activities and well installations onsite will be submitted to RRC. If groundwater sampling indicates no issues in groundwater then site closure to industrial standards will also be requested

by ExxonMobil. A deed recordation of the industrial cleanup for the property will need to be filed by PCCA at that time.

In order to have a residential closure for the property, PCCA has been advised by RRC that a cap of the site is required.

PCCA Environmental Management System (11-025A)

PCCA has an ISO 14001 certified Environmental Management System since July 2007 for our Bulk Terminal and Maintenance Facility. On June 28, 2010, the program was audited and recertified and includes the expanded fence line – the north and south side Public Cargo Docks and the associated laydown areas.

Final significant aspects, objectives and targets, and Environmental Management Programs for 2011 were approved by the Steering Committee. Training and implementation programs will begin to occur. A Port Customers Stakeholder Meeting was held on February 10, 2011 and input from our customers on the EMS program was received. Another Port Customers Stakeholder Meeting will be held in July or August 2011.

Internal audits began in March 2011 and the external audit occurred May 25-26, 2011. Several non-conformances were identified during the external audit and need to be corrected prior to the next surveillance audit in 2012. The certificate will be reissued with minor address changes.

Harbor Bridge Height Study (10-019A)

The report has been completed and forwarded to TxDOT.

Underwater Inspections of Various Waterfront Facilities (10-020A)

Underwater inspections complete at Oil Docks 1, 6, & 12; Cargo Dock 1, Water Taxi Landing, and Viola Barge Dock. Oil Docks 8 & 10 inspections will be performed as dock closure schedules allow in mid 2011.

DREDGING

Corps of Engineers (COE) Dredging for FY 2011

COE awarded a contract in February 2011 for maintenance dredging the Corpus Christi Ship Channel in select reaches from the Inner Basin to the Harbor Bridge. Two additional contract options were awarded in late May 2011. Work projected to be complete in August 2011.

Channel Improvement Project (98-012A)

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

The project include in following improvements:

1. Widening the CCSC to 530' from Port Aransas to the Harbor Bridge.

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

Project received congressional appropriation in FY2009 for the construction phase of the project, officially ending the Pre-Construction Engineering and Design phase. A Project Partnership Agreement (PPA) was executed in October 2009 for the La Quinta Channel Extension & Ecosystem Restoration. Construction of Contract No. 1 completed in 2010 to construct DMPA 14. Fifty-eight million in federal funds appropriated in May 2011. COE finalizing plans to award two (2) contracts by September 2011; one to extend the La Quinta Ship Channel and the other to construct the Ecosystem Restoration project.

Deepening and widening of the CCSC and the addition of barge shelves still undergoing re-evaluation and is projected to be complete in the summer of 2011. Draft re-evaluation confirmed project still in Federal interest. Study undergoing various required reviews.

UPCOMING BID OPENINGS

HUMAN RESOURCES

During the month of June, the Port received four new vendors:

2 were SBE
2 were none

Organizational Chart

DEPARTMENTS	Exempt	Non-Exempt	Temporary	Total
Executive Director	4	1	0	5
Human Resources	2	3	0	5
Deputy Port Director of Eng & F/A	1	1	0	2
Engineering Services	9	2	1	12
Finance & Admin.	1	1	0	2
Accounting	2	7	0	9
Information Tech	5	2	0	7
Deputy Port Director of BD & Ops	1	1	0	2
Business Development	4	0	1	5
Communications	2	0	0	2
Operations	3	1	0	4
Maintenance	5	39	2	46
Harbormaster's Office	1	8	0	9
Bulk Handling Facility	3	14	0	17
Security/Police Dept.	4	43	0	47
TOTAL	47	123	4	174

E - EXEMPT

NE - NON-EXEMPT

H - HOURLY

T - TEMPORARIES



PORTCORPUSCHRISTI

Port of Corpus Christi Authority

Monthly Financial Summary

May 31, 2011

Port of Corpus Christi Authority
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STATEMENT OF NET ASSETS HIGHLIGHTS:

Unrestricted Cash:

Cash in Bank	\$	2,501,340
Investments		36,947,695
Total	\$	39,449,035

Accounts Receivable:

\$ 6,372,892

Note Receivable:

	Balance	Principal Payment	Due
Diamond Shamrock	\$ 4,879,996	\$ 831,827	12/31/2011

Accounts Payable:

\$ 2,504,378

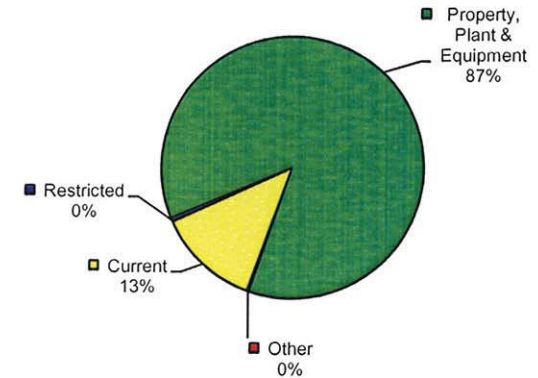
Long-term Debt:

	Balance	Principal Payment	Due
General Revenue Bonds			
Series 2002-A	\$ 4,905,827	\$ 720,000	12/1/2011
Series 2002-B	3,685,119	545,000	12/1/2011
Total	\$ 8,590,946		

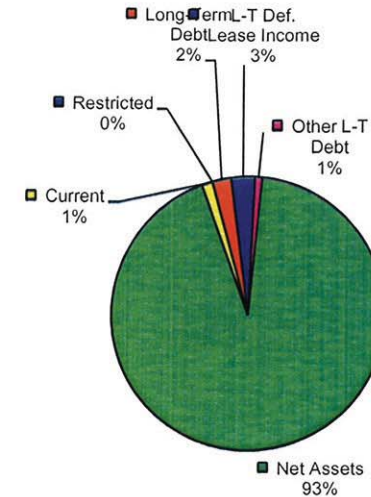
Statement of Net Assets Summary:

Total Assets	\$	387,109,987
Total Liabilities		27,689,931
Net Assets	\$	359,420,056

Total Assets



Total Liabilities/Net Assets



Port of Corpus Christi Authority
Monthly Financial Summary
May 31, 2011

OPERATIONS:

Tonnage (Short Tons):

	Month	2011 Y-T-D	2010 Y-T-D
Bulk Grain	366,147	2,279,319	1,414,498
Break Bulk	24,118	76,514	155,552
Dry Bulk	693,740	3,167,738	2,426,128
Liquid Bulk	23,361	224,171	195,083
Chemicals	177,527	725,898	576,529
Petroleum Coke	43,239	392,889	253,486
Petroleum	5,756,403	27,987,004	28,280,713
Total	7,084,535	34,853,533	33,301,989

Operating Revenue:

	Actual	Budget	Variance
Month	\$ 4,662,239	\$ 4,385,063	\$ 277,176
Y-T-D	\$ 23,341,722	\$ 21,435,132	\$ 1,906,590

Operating Expenses:

	Actual	Budget	Variance
Month	\$ (3,250,696)	\$ (2,828,839)	\$ (421,857)
Y-T-D	\$ (14,434,666)	\$ (15,010,542)	\$ 575,876

Operating Income (Loss) Before Depreciation:

	Actual	Budget	Variance
Month	\$ 1,411,543	\$ 1,556,224	\$ (144,681)
Y-T-D	\$ 8,907,056	\$ 6,424,590	\$ 2,482,466

Depreciation:

	Actual	Budget	Variance
Month	\$ (1,050,894)	\$ (1,090,887)	\$ 39,993
Y-T-D	\$ (5,314,461)	\$ (5,454,396)	\$ 139,935

Other Revenue (Expenses):

	Actual	Budget	Variance
Month	\$ (139,987)	\$ (144,859)	\$ 4,872
Y-T-D	\$ 1,835,107	\$ (789,056)	\$ 2,624,163

Income (Loss) Before Capital Contributions:

	Actual	Budget	Variance
Month	\$ 220,662	\$ 320,478	\$ (99,816)
Y-T-D	\$ 5,427,702	\$ 181,138	\$ 5,246,564

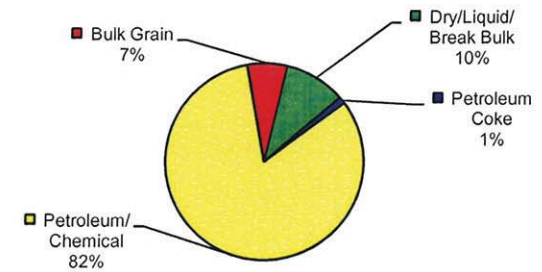
Capital Contributions

	Actual	Budget	Variance
Month	\$ 510,370	\$ -	\$ 510,370
Y-T-D	\$ 793,085	\$ 1,977,754	\$ (1,184,669)

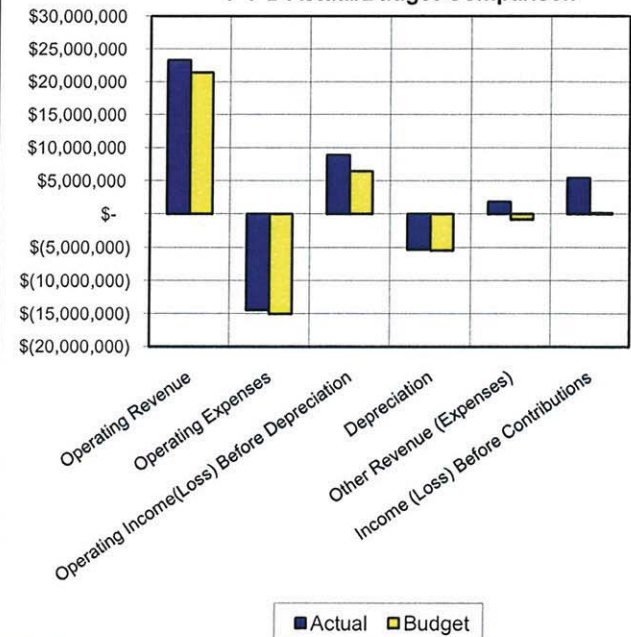
Change in Net Assets

	Actual	Budget	Variance
Month	\$ 731,032	\$ 320,478	\$ 410,554
Y-T-D	\$ 6,220,787	\$ 2,158,892	\$ 4,061,895

Y-T-D Tonnage



Y-T-D Actual/Budget Comparison



Port of Corpus Christi Authority
Monthly Financial Summary
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DIVISION SUMMARY:

		Operating Revenues	Operating Expenses	Operating Income (Loss) Before Depreciation	Depreciation	Other Revenue (Expenses)	Income (Loss) Before Contributions	Budget	Variance
Oil Docks-Public									
Month	\$	1,578,506	\$ (68,148)	\$ 1,510,358	\$ (62,373)	\$ (172,862)	\$ 1,275,123	\$ 1,142,133	\$ 132,990
Y-T-D	\$	7,955,591	\$ (230,275)	\$ 7,725,316	\$ (316,508)	\$ (698,286)	\$ 6,710,522	\$ 5,350,214	\$ 1,360,308
Oil Docks-Private									
Month	\$	980,028	\$ (4,099)	\$ 975,929	\$ -	\$ -	\$ 975,929	\$ 941,142	\$ 34,787
Y-T-D	\$	4,702,470	\$ (24,009)	\$ 4,678,461	\$ -	\$ -	\$ 4,678,461	\$ 4,480,053	\$ 198,408
Dry Cargo Docks									
Month	\$	328,816	\$ (140,736)	\$ 188,080	\$ (118,192)	\$ -	\$ 69,888	\$ 50,902	\$ 18,986
Y-T-D	\$	1,599,582	\$ (761,236)	\$ 838,346	\$ (591,016)	\$ -	\$ 247,330	\$ 118,952	\$ 128,378
Conference Center									
Month	\$	168,543	\$ (160,570)	\$ 7,973	\$ (25,796)	\$ 104	\$ (17,719)	\$ (24,230)	\$ 6,511
Y-T-D	\$	676,482	\$ (787,285)	\$ (110,803)	\$ (128,997)	\$ 1,600	\$ (238,200)	\$ (233,939)	\$ (4,261)
Bulk Terminal									
Month	\$	426,463	\$ (267,556)	\$ 158,907	\$ (56,372)	\$ -	\$ 102,535	\$ 170,393	\$ (67,858)
Y-T-D	\$	2,598,016	\$ (1,260,699)	\$ 1,337,317	\$ (284,317)	\$ -	\$ 1,053,000	\$ 851,839	\$ 201,161
Property and Buildings (Includes NSI)									
Month	\$	437,525	\$ (815,118)	\$ (377,593)	\$ (548,988)	\$ -	\$ (926,581)	\$ (581,694)	\$ (344,887)
Y-T-D	\$	1,824,799	\$ (2,001,390)	\$ (176,591)	\$ (2,790,679)	\$ 2,424,683	\$ (542,587)	\$ (2,908,457)	\$ 2,365,870
Other Facilities									
Month	\$	225,761	\$ (50,152)	\$ 175,609	\$ (53,079)	\$ -	\$ 122,530	\$ 58,362	\$ 64,168
Y-T-D	\$	1,172,151	\$ (563,248)	\$ 608,903	\$ (265,396)	\$ -	\$ 343,507	\$ 354,819	\$ (11,312)
Port Security									
Month	\$	515,397	\$ (480,167)	\$ 35,230	\$ (123,069)	\$ 2	\$ (87,837)	\$ (150,123)	\$ 62,286
Y-T-D	\$	2,804,349	\$ (2,385,020)	\$ 419,329	\$ (620,205)	\$ 16	\$ (200,860)	\$ (846,223)	\$ 645,363
General and Administrative									
Month	\$	1,200	\$ (1,264,150)	\$ (1,262,950)	\$ (63,025)	\$ 32,769	\$ (1,293,206)	\$ (1,286,407)	\$ (6,799)
Y-T-D	\$	8,282	\$ (6,421,504)	\$ (6,413,222)	\$ (317,343)	\$ 107,094	\$ (6,623,471)	\$ (6,986,120)	\$ 362,649
Total									
Month	\$	4,662,239	\$ (3,250,696)	\$ 1,411,543	\$ (1,050,894)	\$ (139,987)	\$ 220,662	\$ 320,478	\$ (99,816)
Y-T-D	\$	23,341,722	\$ (14,434,666)	\$ 8,907,056	\$ (5,314,461)	\$ 1,835,107	\$ 5,427,702	\$ 181,138	\$ 5,246,564

Port of Corpus Christi Authority
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CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
<i>Authority Oil Docks</i>			
Avery Point Oil Dock Platform Extensions & Evacuation Catwalk	\$ 150,000	\$ -	\$ 150,000
Fire System Pressurization at Avery Point Oil Docks	600,000	30,974	569,026
Hoist Foundation & Gangway Support at OD's 4, 7 & 11	600,000	-	600,000
New Oil Dock 9 Dock House	200,000	6,149	193,851
Provide Dock Space for Gangway at Oil Dock 1	200,000	-	200,000
Replace Air Conditioning System at Oil Docks 1, 2 & 3	105,000	120,406	(15,406)
Modification of Cofferdam Fender Systems at Oil Docks 4 & 7	-	39,122	(39,122)
	1,855,000	196,651	1,658,349
<i>Authority Cargo Docks</i>			
Repairs and Fender Replacement Cargo Dock 10	250,000	-	250,000
Replace Central Control System at Refrigerated Warehouse Facility	125,000	-	125,000
Improvements to Cargo Docks 14 & 15	-	167,569	(167,569)
	375,000	167,569	207,431
<i>Bulk Terminal</i>			
Boom Length Addition to Gantry Crane	450,000	38,870	411,130
Bulk Terminal Locomotive Switch Engine Repower Under DERA	1,355,500	1,176	1,354,324
Bulk Terminal Rail Replacement/Upgrade	200,000	-	200,000
Increase Digging Depth of Gantry Crane	250,000	-	250,000
Paint Building for Bulk Terminal	88,000	43,297	44,703
Replace Fendering on Bulk Dock 1	500,000	-	500,000
Replace Shiploader PLC at Bulk Terminal 2	-	2,000	(2,000)
	2,843,500	85,343	2,758,157
<i>Conference Center</i>			
Miscellaneous Purchases	50,000	-	50,000
	50,000	-	50,000

Port of Corpus Christi Authority
Monthly Financial Summary
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CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
<i>Harbor Island</i>			
Harbor Island Drainage Improvements	\$ 50,000	\$ -	\$ 50,000
	50,000	-	50,000
<i>Canals and Basins</i>			
Tule Lake Channel Improvements	5,500,000	-	5,500,000
Replacement of Bulkhead at Viola Turning Basin	485,000	-	485,000
Inner Harbor Waterways Surveillance Grant	491,200	-	491,200
Security Enhancements - Grant #6	3,709,010	414,576	3,294,434
Security Enhancements - Grant #7	1,000,000	24,841	975,159
Security Enhancements - Grant #7 Supplemental	1,000,000	466,902	533,098
Security Enhancements - Grant #8	637,500	937	636,563
Security Enhancements - Grant #10	100,000	-	100,000
La Quinta Channel Extension & Ecosystem Restoration	-	242,892	(242,892)
	12,922,710	1,150,148	11,772,562
<i>Property and Buildings</i>			
Administration/Annex Building Improvements	30,000	-	30,000
Emergency Generators for Administration/Annex Buildings	100,000	61,798	38,202
Fencing Storage Yards and Other Port Areas	30,000	4,377	25,623
Joe Fulton International Trade Corridor, Phase II	3,366,000	1,104,438	2,261,562
Paving Additional Storage Area Behind the Brown Express Building	350,000	360,440	(10,440)
Reconstruction of Navigation Boulevard Between CD9 & Fulton Corridor	1,700,000	1,618,553	81,447
Suntide Bypass Road at the Viola Turning Basin	50,000	-	50,000
La Quinta Terminal Design-Infrastructure & Development	-	650	(650)
	5,626,000	3,150,256	2,475,744
<i>Railroads</i>			
Brewster Street Track Security Fencing	35,000	-	35,000
	35,000	-	35,000

Port of Corpus Christi Authority
Monthly Financial Summary
May 31, 2011

CAPITAL PROJECTS:

Project Description	Annual Budget	Y-T-D Actual	Balance Remaining
<i>Finance and Administration</i>			
A/S 400 Hardware/Software	\$ 93,000	\$ -	\$ 93,000
Administrative File Server Hardware/Software	235,829	-	235,829
Air Conditioner Admin Computer Room	35,000	-	35,000
<i>Engineering</i>	-	-	-
<i>Trade & Business Development</i>	-	-	-
	363,829	-	363,829
<i>Port Operations</i>			
Purchase of equipment:			
Replacement of fuel tanks - Maintenance	-	407	(407)
	-	-	-
Subtotal	-	407	(407)
Purchase of vehicles:			
2011 4WD SUV - Port Security	30,000	-	30,000
Subtotal	30,000	-	30,000
Network Hardware/Software - Bulk Terminal	7,315	-	7,315
Network Hardware/Software - Conference Center	7,315	-	7,315
Network Hardware/Software - Port Security	7,315	-	7,315
Network Hardware/Software - Maintenance	7,315	-	7,315
Subtotal	29,260	-	29,260
	59,260	407	58,853
	-	-	-
Total 2011 Capital Budget Expenditures	\$ 24,180,299	\$ 4,750,374	\$ 19,429,925

Port of Corpus Christi Authority
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May 31, 2011

TERMS & DEFINITIONS:

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

Divisions:

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

AGENDA ITEM NO. 10

NO ATTACHMENT

AGENDA ITEM NO. 11

NO ATTACHMENT

AGENDA ITEM NO. 12

NO ATTACHMENT

AGENDA ITEM NO. 13

NO ATTACHMENT

AGENDA ITEM NO. 14

NO ATTACHMENT

AGENDA ITEM NO. 15

NO ATTACHMENT