



Port of Corpus Christi

Regular Meeting

Tuesday, November 8, 2011 9:00 AM

Port of Corpus Christi
Regular Meeting
Tuesday, November 8, 2011 - 9:00 AM
Congressman Solomon P. Ortiz International Center, 402 Harbor Drive, Corpus Christi, Texas

AGENDA

1. Call meeting to order and receive Conflict of Interest Affidavits.
2. Approve the minutes of the October 11 and October 17, 2011 Commission meetings. 5
3. Receive comments from the public. **(each speaker will be limited to three minutes)**
4. Take action on an Interlocal Agreement between the Port of Corpus Christi Authority and the San Patricio County Rural Rail Transportation District for Acquisition of Rail Rights-of-Way for the Gregory Rail Relief Route and LaQuinta Rail Access Project. 16
5. Approve a Lease Agreement with CITGO Petroleum Corporation for a 1.65 acre pad at the Bulk Terminal for use as a rail loadout facility. 22
6. Approve the second reading of a Franchise granting CITGO Refining & Chemicals Company, L.P. the right to cross the south bulkhead line of the Industrial Canal from CITGO Docks 1 and 2 and related rights. 58
7. Approve the second reading of a Franchise granting CITGO Refining & Chemicals Company, L.P. the right to cross the south bulkhead line of the Tule Lake Channel from CITGO Docks 3 and 6 and related rights. 70
8. Approve the second reading of a Franchise granting CITGO Refining & Chemicals Company, L.P. the right to cross the south bulkhead line of the Industrial Canal from CITGO Dock 7 and related rights. 82
9. Review and approve 3rd Quarter Financial Report for 2011. 95
10. Review and approve 3rd Quarter Investment Report for 2011. 102
11. Select and award a contract to an independent certified public accounting firm for auditing PCCA's financial statements for the fiscal year ending December 31, 2011, with the option of auditing PCCA's financial statements for the four subsequent fiscal years. 112
12. 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:
 12. A. Approve the renewal of a Lease Agreement with Basic Industries, Ltd., for a 3.3-acre lease located in the Rincon Industrial Park. 113
 12. B. Approve a Pipeline Easement Agreement with Nustar Logistics, L.P. for one 24-inch and two 12-inch pipeline pipelines located between the Nustar tank farm located on the north side of the Main Turning Basin and Oil Docks 1 and 2. 150
 12. C. Approve a Port Development Services Agreement with the Coastal Bend Bays and Estuaries Program. 164

12. D. Approve a Professional Services Agreement with Welder Leshin, LLP.	169
12. E. Approve a Professional Services Agreement with Morehead Dotts & Rybak.	170
12. F. Approve a Professional Services Agreement with Mathiesen Maritime Services.	176
12. G. Approve a Professional Services Agreement with Simon Hsing.	178
12. H. Approve a Professional Services Agreement with Capt. Joe Harrington for the Port of Corpus Christi Fire Barge.	181
12. I. Approve a Professional Services Agreement with Richard Stroot of H.R. Green, Inc.	183
12. J. Approve the annual membership assessment for the Refinery Terminal Fire Company.	193
13. Receive 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.	197
14. Receive comments from Commissioners on any of the agenda items for this meeting, the Port's activities during the preceding month, upcoming PCCA events, and suggestions for future agenda items.	226
15. The Commission will go into executive session pursuant to §551.072 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 a Compromise and Settlement Agreement for this matter in open session.	227
16. The Commission will go into executive session pursuant to §551.071 of the Texas Government Code to consult with its attorney regarding Cause No. 2011DCV-3741-C: Ocean House Corpus Christi, Ltd., Plaintiff, v. Port of Corpus Christi Authority of Nueces County, Texas, in the 94th District Court of Nueces County, Texas.	228
17. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to consult with its attorney regarding Federal Maritime Commission Docket No. 11-15; CITGO Refining & Chemicals Company L.P. v. Port of Corpus Christi Authority of Nueces County, Texas.	229
18. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to consult with its attorney regarding Federal Maritime Commission Docket No. 11-18; Valero Refining – Texas, L.P. v. Port of Corpus Christi Authority of Nueces County, Texas.	230
19. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the sale of the remaining portion of the former Naval Station Ingleside Main Base and PCCA's adjacent undeveloped property. The Commission may also take action on this agenda item in open session.	231
20. Discuss and take action on a proposed Sales Contract with Canyon Supply & Logistics, LLC ("Canyon"), for the sale of approximately 186.546 acres of the former Naval Station Ingleside Main Base, an easement on approximately 84	232

acres of adjacent submerged land, and the improvements thereon. The Commission may go into executive session pursuant to §551.072 and §551.087 of the Texas Government Code to deliberate the terms of this Sales Contract and to discuss certain commercial and financial information that PCCA has received from Canyon prior to taking any action on this agenda item in open session.

21. Discuss and take action on a proposed Option Agreement with Canyon for the sale of (a) approximately 193.55 acres of the former Naval Station Ingleside Main Base and the improvements thereon, and/or (b) approximately 435.67 acres of PCCA's adjacent undeveloped property and an easement on approximately 32 acres of adjacent submerged land. The Commission may go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the terms of this Option Agreement prior to taking any action on this agenda item in open session. 233
22. 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 Inner Harbor. 234
23. Adjourn.

OCTOBER 11, 2011

The Port Commissioners of the Port of Corpus Christi Authority met in regular session on Tuesday, October 11, 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. Mike Scott
Mr. Robert Kostelnik

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. Audre Debler
Ms. Lynn Angerstein
Ms. Sherry DuBois
Mr. Gustavo Espinosa
Ms. Nelda Olivo
Mr. Dave Throop
Ms. Maggie Turner
Mr. Eddie Martinez
Ms. Peggy Mettlen
Ms. Liz Cantu

Others Present:

Mr. Leo J. Welder, Jr.

Others Present:

Mr. Tom Curlee
Port Industries of CC
Mr. Tom Moore
Consultant
Capt. Bobby Grumbles
Aransas/CC Pilots Assn.

Mr. George Clower
Mr. Tim Clower
Mr. Ray Hunt
Robstown Area Economic Dev. Corp.
Mr. Mark Coyle
Mr. Greg Harmen
Orion Marine Group
Mr. Peter Goodwig
U.S. Coast Guard
Mr. Mike Wike
Accutrans
Mr. Daniel Korus
US Navy
Mr. Tripp Batey
Hose of South Texas
Mr. Kevin Carrey
Mr. George Pedraza
Wells Fargo
Mr. Jim Rimbey
ZEP
Mr. Dan Kaesema
CH2M Hill
Mr. Fred Nardini
San Patricio County
Ms. Josephine Miller
San Patricio EDC
Mr. Roland Mower
CC Regional EDC
Ms. Nancy Allen
USO
Mr. Jimmie Tryon, Jr.
ILA #6
Mr. David Fields
Gulf Compress
Mr. Rick DuPriest
W.L. Bates
Mr. Don Rodman
Rodman & Assoc.
Ms. Lillian Riojas
Valero
Mr. Harry G. Plomarity
Citizen
Mr. Terry Arnold
Citizen

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted. Mr. Gonzalez submitted an affidavit for item 10-I.

II.

On motion made by Ms. Hawley and seconded by Mr. Gandy, the minutes of the September 13, 2011, Commission meeting were approved, in the form presented to the meeting.

III.

Chairman Carrell asked for comments from the public. Commissioner Jack Chaney of Aransas County and Ms. Susie Luna-Saldana, area citizen, both spoke in support of Canyon Supply & Logistics.

IV.

The Commission received a briefing from Global Terminal Advisors on the La Quinta Trade Gateway project.

V.

On motion made by Mr. Gandy and seconded by Mr. Scott, the Commission adopted the following resolution, with Mr. Kostelnik abstaining from voting on the motion:

**RESOLUTION REPEALING
CASH RESERVE TARIFF
AND LA QUINTA TARIFF
Adopted October 11, 2011**

WHEREAS, at a public meeting on November 10, 2009, the Port Commission (“Commission”) of the Port of Corpus Christi Authority (“PCCA”) approved the construction of the La Quinta Terminal in 2011 at a cost of \$98,223,000 without federal funds, the issuance of about \$80,000,000 of PCCA Bonds in 2011 to pay for the La Quinta Terminal, and a 2.6 cent per barrel increase in the PCCA’s oil tariff in 2011 to amortize these bonds (the “La Quinta Tariff”); and

WHEREAS, by action of the Commission at a public meeting on December 9, 2009, Item 501 (B) of PCCA’s Tariff 100-A was amended for a period of five years beginning January 1, 2011 and ending on December 31, 2015 to provide for an additional charge of 2.1 cents per barrel over the base wharfage rate for liquid bulk cargo in order to increase PCCA’s cash reserves to a reasonable level over this period of time (the “Cash Reserve Tariff”); and

WHEREAS, at a public meeting on December 14, 2010, the Commission approved staff's recommendation to delay implementation of the Cash Reserve Tariff for at least one year and to uniformly apply the Cash Reserve Tariff to all cargoes when the Cash Reserve Tariff does become effective; and

WHEREAS, at a public meeting on December 14, 2010, the Commission approved PCCA's Annual Budget for 2011, which did not include the La Quinta Channel Extension and Ecosystem Restoration Project – Phase I; and

WHEREAS, the actions taken by the Commission at its meeting on December 14, 2010, had the effect of postponing implementation of the La Quinta Tariff and the Cash Reserve Tariff until such time as the Commission took further action to put them into effect, which was tantamount to repealing these tariffs; and

WHEREAS, the Commission wishes to eliminate any doubt about whether the La Quinta Tariff and the Cash Reserve Tariff have been repealed;

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

Section 1. Neither the La Quinta Tariff nor the Cash Reserve Tariff has ever become effective.

Section 2. The La Quinta Tariff and the Cash Reserve Tariff cannot and will not become part of PCCA's Tariff 100-A without further action by the Commission.

Section 3. To avoid any doubt about the need for additional Commission action, the La Quinta Tariff and the Cash Reserve Tariff are hereby officially repealed.

VI.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved, in the form presented to the meeting, a Memorandum of Understanding between the Port of Corpus Christi and Tianjin Port (Group) Co., Ltd.

VII.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved the following resolution:

**RESOLUTION
EXPRESSING OFFICIAL INTENT TO REIMBURSE
COSTS OF VARIOUS RAIL IMPROVEMENTS AND
OTHER MATTERS RELATED THERETO**

WHEREAS, the Port of Corpus Christi Authority of Nueces County, Texas (the "Authority") is a political subdivision of the State of Texas and is authorized to issue bonds pursuant to the laws of the State of Texas; and

WHEREAS, the Authority expects to pay capital expenditures in connection with the design, planning, acquisition and construction of various rail improvements in the Port of Corpus Christi Authority's Inner Harbor (the "Project") prior to issuance of bonds to finance the Project; and

WHEREAS, the Authority finds, considers, and declares that the reimbursement of the Authority for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Authority and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project;

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

SECTION 1. EXPECTATION TO INCUR DEBT. The Authority reasonably expects to incur debt, as one or more series of obligations, with an aggregate maximum principal amount currently estimated not to exceed \$30,000,000, a portion of the proceeds of which are expected to be used for the purpose of paying the costs of the Project.

SECTION 2. REIMBURSEMENT OF PRIOR EXPENDITURES. All costs to be reimbursed pursuant hereto will be capital expenditures within the meaning of Section 1.150-2 of the Treasury Regulations. No tax-exempt obligations will be issued by the Authority in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.

SECTION 3. THREE-YEAR LIMITATION FOR REIMBURSEMENT. The foregoing notwithstanding, no tax-exempt obligation will be issued pursuant to this Resolution more than three years after the date any expenditure which is to be reimbursed is paid.

SECTION 4. PUBLIC RECORD. The Authority directs that this Resolution shall be maintained as a public record available for inspection by all persons in accordance with the provisions of Chapter 552, Texas Government Code, and that no later than 30 days after this date, this Resolution will be made available for inspection by all members of the general public at the offices of the Authority.

VIII.

On motion made by Ms. Hawley and seconded by Mr. Gonzalez, the Commission approved following resolution:

RESOLUTION EXPRESSING OFFICIAL INTENT TO REIMBURSE COSTS OF BULK TERMINAL FACILITY IMPROVEMENTS AND OTHER MATTERS RELATED THERETO

WHEREAS, the Port of Corpus Christi Authority of Nueces County, Texas (the "Authority") is a political subdivision of the State of Texas and is authorized to issue bonds pursuant to the laws of the State of Texas; and

WHEREAS, the Authority expects to pay capital expenditures in connection with the design, planning, acquisition and construction of Bulk Terminal Facility Improvements, including, but not limited to, rail improvements, a bridge overpass, new dock, conveyor system, and a rail dump station, (the "Project") prior to issuance of bonds to finance the Project; and

WHEREAS, the Authority finds, considers, and declares that the reimbursement of the Authority for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Authority and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project;

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

SECTION 1. EXPECTATION TO INCUR DEBT. The Authority reasonably expects to incur debt, as one or more series of obligations, with an aggregate maximum principal amount currently estimated not to exceed \$100,000,000, a portion of the proceeds of which are expected to be used for the purpose of paying the costs of the Project.

SECTION 2. REIMBURSEMENT OF PRIOR EXPENDITURES. All costs to be reimbursed pursuant hereto will be capital expenditures within the meaning of Section 1.150-2 of the Treasury Regulations. No tax-exempt obligations will be issued by the Authority in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.

SECTION 3. THREE-YEAR LIMITATION FOR REIMBURSEMENT. The foregoing notwithstanding, no tax-exempt obligation will be issued pursuant to this Resolution more than three years after the date any expenditure which is to be reimbursed is paid.

SECTION 4. PUBLIC RECORD. The Authority directs that this Resolution shall be maintained as a public record available for inspection by all persons in accordance with the provisions of Chapter 552, Texas Government Code, and that no later than 30 days after this date, this Resolution will be made available for inspection by all members of the general public at the offices of the Authority.

IX.

On motion made by Mr. Gonzalez and seconded by Ms. Hawley, the Commission approved an amendment to PCCA's short-term lease with VSE Corporation for portions of Buildings 134 and 138 and all of Building 146 at the former Naval Station Ingleside Main Base, which extended the term of the lease to December 31, 2011.

X.

Item G was removed from the consent agenda to be acted upon separately. Then, on motion made by Mr. Gandy and seconded by Mr. Borchard, Items A, B, C, D, E, F, H, and I on the consent agenda were approved, in accordance with the respective staff recommendations furnished to the Commission at the meeting, by one vote, with Mr. Gonzalez abstaining from voting on Item I. These items were as follows:

- A.** Approve a contract with Garrett Construction Co., the lowest and best bidder based upon bids received on October 3, 2011 for Roadway and Parking Lot Repairs.
- B.** Increase the contingency amount for PCCA's contract with B.E. Beecroft Company, Inc., for Security Improvements at Oil Docks 8, 9 and 10, and approve a Change Order with B.E. Beecroft Company, Inc., for Security Grant 7 Supplemental Viola Turning Basin Guard Gate and Fencing Improvements.
- C.** Approve an Easement Agreement with Martin Operating Partners for a one 24-inch pipeline from their 10-acre lease to Oil Dock 1.
- D.** Approve an Easement Agreement with Southcross for a 10-inch pipeline crossing underneath the LaQuinta Ship Channel Extension.
- E.** Approve a Site Investigation Access Agreement with VTD Properties Company for access to PCCA property located on the north side of the Inner Harbor.
- F.** Approve a Professional Services Purchase Order with Waid Environmental for Consulting Services for Air Permitting Activities.
- H.** Approve the purchase of a replacement Storage Area Network (SAN) from the list of pre-qualified companies with the Department of Information Resources.
- I.** Approve an agreement engaging The Rangel Law Firm, P.C., to represent PCCA in the Ocean House Corpus Christi, Ltd., lawsuit.

With respect to Item G on the consent agenda, on motion made by Mr. Gonzalez and seconded by Mr. Scott, the Commission ratified, in accordance with staff's recommendation presented at the meeting, A Professional Services Purchase Order for AnalySys Inc. for laboratory analysis associated with confirmation sampling at Harbor Island.

XI.

The Executive Director reported on the following during his report: Panama Canal MOU signing; thank you to all who worked on the groundbreaking event for the LaQuinta Channel extension; TxDot Tiger Grant III.

XII.

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 community and PCCA events and suggestions for future agenda items.

XIII.

On motion made by Mr. Borchard and seconded by Mr. Kostelnik, the Commission approved, in the form presented to the meeting, a lease agreement with Gulf States Bulk Terminal LLC, for approximately 14.5 acres of PCCA property located at the Bulk Terminal.

At 11:17 a.m., the Chairman announced that the Commission would go into executive session pursuant to §551.072 and §551.076 of the Texas Government Code to deliberate agenda items 14, 15 and 16.

At 11:59 a.m., the Commission meeting reconvened in open session.

XIV.

The following agenda item was for executive session only: Deliberate a proposal to lease PCCA property on the north side of the Viola Channel.

XV.

On motion made by Mr. Gandy and seconded by Mr. Gonzalez, the Commission voted to postpone consideration of a proposal from Canyon Supply & Logistics, LLC, to purchase a portion of the former Naval Station Ingleside Main Base and to enter into an option to purchase PCCA's adjacent undeveloped property until a special meeting of the Commission to be held October 19, 2011. The motion passed with Commissioners Gonzalez, Gandy, Kostelnik and Scott voting in favor of the motion, and Commissioners Carrell, Borchard and Hawley voting against.

XVI.

This item was for executed session only: Deliberate *(i)* the deployment of security personnel and devices and *(ii)* the risk and vulnerability of persons and property with PCCA's jurisdiction to an act of terrorism and related criminal activity and operating procedures to prevent such acts.

XVII.

On motion made by Ms. Hawley and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, the Mutual Termination Agreement terminating the Amended and Restated Development Services Agreement with The Texas A&M University System for the development of the former Naval Station Ingleside Main Base and PCCA's adjacent undeveloped property. Commissioners Gandy and Borchard voted against the motion.

XVIII.

On motion made by Mr. Gandy and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, the first reading of a Franchise granting CITGO Refining & Chemicals Company, L.P., the right to cross the south bulkhead line of the Industrial Canal from CITGO Docks 1 and 2 and related rights. Mr. Kostelnik abstained from voting.

XIX.

On motion made by Mr. Gandy and seconded by Mr. Borchard, the Commission approved, in the form presented to the meeting, the first reach of a Franchise granting CITGO Refining & Chemicals Company, L.P. the right to cross the south bulkhead line of the Tule Lake Channel from CITGO Docks 3 and 6 and related rights. Mr. Kostelnik abstained from voting.

XX.

On motion made by Mr. Scott and seconded by Mr. Gandy, the Commission approved, in the form presented to the meeting, the first reading of a Franchise granting CITGO Refining & Chemical Company, L.P. the right to cross the south bulkhead line of the Industrial Canal from CITGO Dock 7 and related rights. Mr. Kostelnik abstained from voting.

XXV.

There being no further business, the meeting adjourned at 11:59 a.m.

OCTOBER 17, 2011

The Port Commissioners of the Port of Corpus Christi Authority met in special session on Monday, October 17, 2011 at 4:10 p.m., at the Port's administrative offices located at 222 Power Street, 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. Mike Scott
Mr. Robert Kostelnik

Present: Mr. Frank Brogan
Mr. Sandy Sanders

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

Others Present: Mr. Tom Moore
Consultant
Mr. Jim Price
City of Ingleside
Mr. Paul Baen
City of Ingleside
Mr. Mike Smith
Corpus Christi Caller-Times

I.

Chairman Carrell called the meeting to order and asked that any conflict of interest affidavits be submitted.

At 4:11 p.m., the Chairman announced that the Commission would go into executive session pursuant to §551.072 of the Texas Government Code to deliberate agenda item 2.

At 5:36 p.m., the Commission meeting reconvened in open session.

II.

The Commission deliberated in executive session regarding the sale of the remaining portion of the former Naval Station Ingleside Main Base and PCCA's adjacent undeveloped property. After reconvening the meeting open session, on motion duly made and seconded, the Commission voted to cancel the special meeting of the Commission scheduled for Wednesday, October 19, 2011, Mr. Gandy voting against the motion.

III.

There being no further business, the meeting adjourned at 5:40 p.m.



16



BUILDING AMERICA®



Corpus Christi Railway Association

MEMORANDUM OF UNDERSTANDING (MOU)

between

Port of Corpus Christi Authority

and

**BNSF Railway Company, The Kansas City Southern Railway Company,
Union Pacific Railroad Company and Corpus Christi Terminal Railroad, Inc.**

This MOU is between Port of Corpus Christi Authority (Port) and BNSF Railway Company (BNSF), The Kansas City Southern Railway Company (KCS), Union Pacific Railroad Company (UP), and Corpus Christi Terminal Railroad, Inc. (CCPN, and collectively with BNSF, KCS, and UP, the Railroads; each Railroad and the Port also being sometimes herein called a "Party").

I. PURPOSE

The purpose of this MOU is to specify the roles and responsibilities of each Party as they relate to an application by the Port for a TIGER III grant to cover a portion of the cost of constructing the Nueces River Rail Yard (Project). The total estimated construction cost of the Project is \$21.5 million, which the Parties envision being funded from the following sources:

- TIGER III Grant -- \$10M
- Port -- \$5.5M
- Railroads -- \$6M

II. BACKGROUND

The Corpus Christi Railway Association (CCRA) is an organization, the members of which are the Port, BNSF, KCS, and UP. CCRA has worked for several years to design additional rail capacity for the Port and the CCRA members serving the Port's customers, including additional interchange capacity for and between the members. CCRA members have also worked on a multitude of financing options for the Project including applications for TIGER I and now TIGER III infrastructure grants. The Port is applying for \$10M of Project funding under TIGER III for construction of an 8,000' siding and five additional yard tracks, defined as the Nueces River Rail Yard (Project). If a TIGER III grant is awarded for the Project, the Parties envision that the balance of the Project's construction costs would be shared between the CCRA members and CCPN, which serves the Port owned trackage and customers. Furthermore, if a \$10M TIGER III grant is awarded for the Project, the Parties envision that the Port would sell

bonds to finance the \$11.5M of additional funds needed to construct the Project, with BNSF, KCS, UP and CCPN paying a per car fee sufficient to amortize \$6M of the bonds and the Port amortizing \$5.5M of the bonds out of current revenue.

III. PORT'S PROJECT RESPONSIBILITIES

The Port will develop and submit an application for a TIGER III grant for the Project, and if the grant is awarded the Parties envision that the Port would be responsible the following aspects of the Project:

- Provide Engineering, Permitting and Project Management for Construction of the Project
- Provide Land for the construction of the Project
- Sell Port Bonds to fund the balance of the Project's construction costs
- Collect and account for the \$25 per carload surcharge to amortize \$6M of Port Bonds
- Provide reports on a quarterly basis on the Railroads' repayment of the \$6M of Port Bonds
- Maintain records for construction of Project

IV. RAILROADS' PROJECT RESPONSIBILITIES

Railroads will provide letters of support for the TIGER III grant application, and if the grant is awarded the Parties envision that the Railroads would be responsible the following aspects of the Project:

- BNSF to pay a \$25 surcharge for every carload BNSF delivers/receives for a Port Customer
- KCS to pay a \$25 surcharge for every carload KCS delivers/receives for a Port Customer
- UP to pay a \$25 surcharge for every carload UP delivers/receives for a Port Customer
- CCPN to pay an \$8 surcharge for every carload delivered to or from a Port Customer

These surcharges will be collected by the Port on a monthly basis until an amount sufficient to amortize \$6M of the bonds has been collected. .

V. NONBINDING AGREEMENT

In the event a TIGER III grant is awarded for the Project, the Parties intend to enter into a definitive agreement with respect to the construction, financing, and operation of the Project. It is expressly agreed and understood, however, that this MOU is merely an expression of some of the major terms and conditions that may be embodied in such a definitive agreement, and that this MOU does not constitute an offer or an acceptance of an agreement, except with respect to submission and support of the TIGER III grant application itself. Any Party shall have the right to terminate its participation in this MOU at any time, in such Party's sole discretion, by written notice to the other Parties. No Party to this MOU shall have any obligation or liability to the other Parties by virtue of being a party to this MOU. No Party shall be entitled to any recourse in the form of damages, or otherwise, for expenses incurred or benefit conferred or lost before or after the date of this MOU in the event the Parties fail to agree on the terms of a definitive agreement for any reason, or in the event this MOU is otherwise terminated. Any modification to this MOU must be signed by all Parties.

VI. EFFECTIVE DATE AND SIGNATURE

This MOU shall be effective when signed by all Parties by their duly authorized representatives. This MOU may be executed in multiple counterparts.

PORT OF CORPUS CHRISTI AUTHORITY

By: _____
Title: Executive Director
Date: _____

BNSF RAILWAY COMPANY

By: _____
Title: _____
Date: _____

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

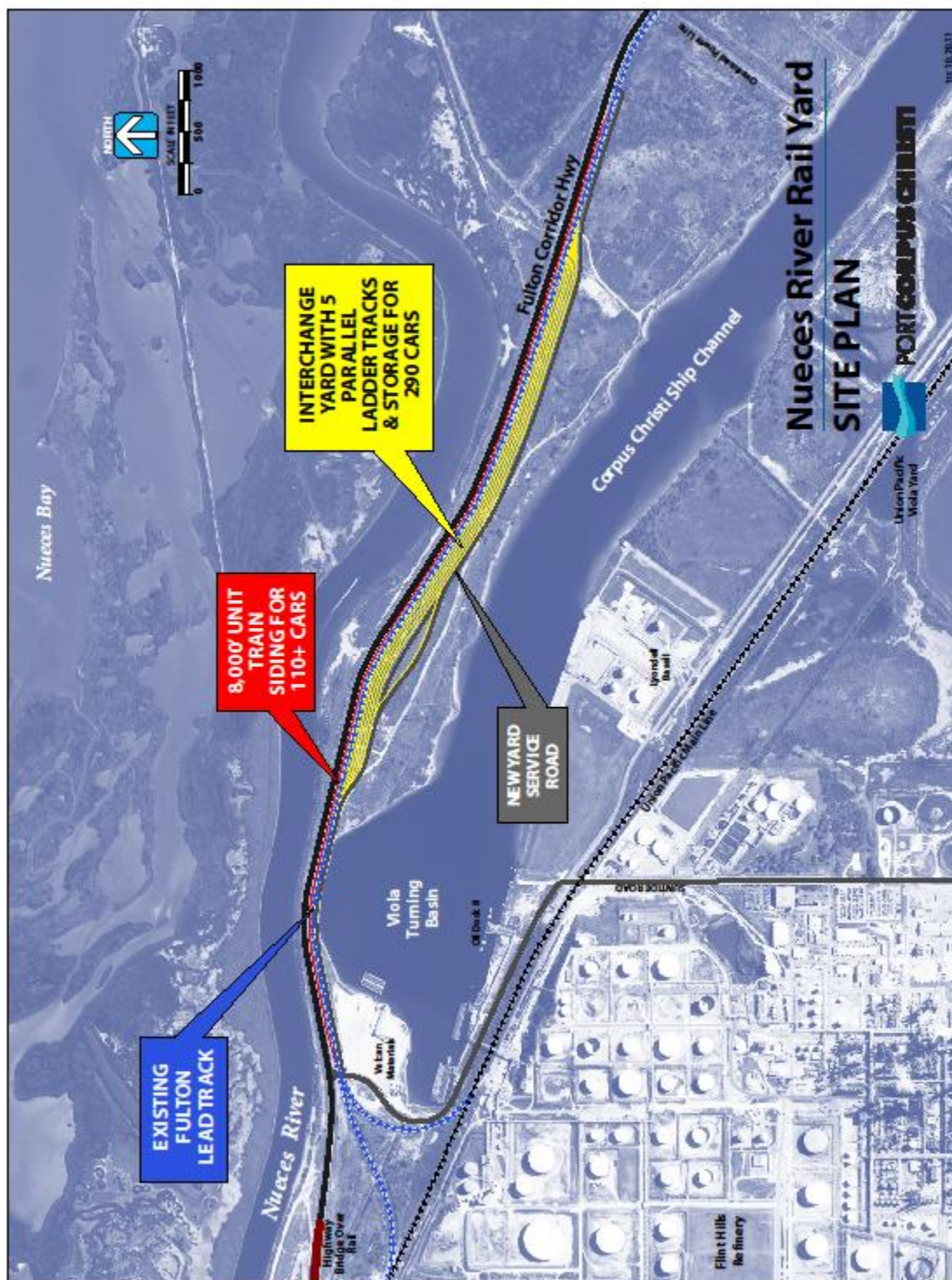
By: _____
Title: _____
Date: _____

UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____
Date: _____

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: _____
Title: _____
Date: _____





John P. LaRue
EXECUTIVE DIRECTOR

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 5***
**Lease Agreement with Citgo Petroleum Corporation for a
1.65-Acre Pad at the Bulk Terminal for Use as a Rail Loadout Facility**

Dear Commissioners:

In addition to their 13.891-acre petroleum coke storage pad, Citgo also uses a 1.65-acre petroleum coke rail loadout pad located at the Bulk Terminal as shown on the attached map. Originally envisioned as a public facility for all of the pad operators at the Bulk Terminal, Citgo has become the exclusive user of this facility.

Staff and Citgo have negotiated the attached lease agreement for this pad utilizing our standard long-term lease template. The term of the lease has been set at five-years with no option terms. The rental for the lease term has been set at \$2,750.00 per month based on a land valuation of \$150,000 per acre and a 10% rate of return. In addition, the lease will be subject to the following terms and conditions:

- Citgo has the right to terminate the lease upon a 90 day notice in writing.
- In addition to the annual rent for the Leased Premises, Citgo will pay as a Rail Loadout Fee as additional rent during the term of this agreement at a fixed rate of sixty (60) cents per ton of petroleum coke.

Staff recommends approval of the Lease Agreement as drafted. This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. ...

John P. LaRue
Executive Director

Attachment

LEASE AGREEMENT

Between

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
(*“Authority”*)

And

CITGO PETROLEUM CORPORATION
(*“Lessee”*)

November 8, 2011

LEASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This **LEASE AGREEMENT** is made this 8th day of November, 2011, by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called "Authority"), and **CITGO PETROLEUM CORPORATION**, a Delaware corporation with a permit to do business in Texas, whose principal address is P. O. Box 3758, Tulsa, Oklahoma 74102-3758, (hereinafter called "Lessee").

ARTICLE 1 LEASE OF PREMISES

Section 1.01. Description of Premises and Term

Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee and Lessee leases from Authority for the entire term, including any extensions, stated in this Section, real property situated in Nueces County, Texas, which is described as follows:

The surface estate of that certain tract of 1.65 acres of land, more or less, which tract is particularly described on Exhibit A attached hereto and incorporated herein by reference and all improvements situated thereon, (hereinafter called "Leased Premises").

TO HAVE AND TO HOLD the Leased Premises for a term of five (5) years, beginning on the 11th day of November, 2011, and (subject to earlier termination as herein provided) ending at midnight, Central Time, the 10th day of November, 2016. During the term of this agreement, Lessee has the right to terminate the agreement with a ninety (90) day advance written notice to Authority.

Section 1.02. Holding Over

If Lessee holds over beyond the primary term of this lease without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee will pay two (2) times the monthly rent being charged Lessee in the month prior to the commencement of Lessee's holding over, and Lessee will be subject to all other terms of this lease agreement applicable to a tenant at sufferance.

ARTICLE 2 INSPECTION OF LEASED PREMISES

Lessee has inspected the Leased Premises, including all improvements, fixtures, equipment and personal property situated on the Leased Premises and has conducted any environmental assessment survey it desired and on the date of this lease agreement accepts the Leased Premises As Is, Where Is, and in the condition it existed on that date, as reasonably suited and fit for Lessee's intended uses of the Leased Premises. Lessee acknowledges that Authority has made no express warranties with regard to the premises and to the maximum extent permitted by applicable law, Authority hereby disclaims, and lessee waives the benefit of, any and all implied warranties, including implied warranties of habitability, or fitness or suitability for lessee's purpose.

ARTICLE 3 RENT

Section 3.01. Annual Rent

Subject to adjustments provided for herein, Lessee agrees to pay to Authority at its offices in Corpus Christi, Texas, annual rent for the Leased Premises equal to ten percent (10%) per annum of the Equalization Value of the Leased Premises. For the purpose of fixing annual rent for the primary term of this lease, the Equalization Value of the Leased Premises is fixed at one hundred fifty thousand and NO/100 Dollars (\$150,000.00) per acre, and the total sum to be paid Authority by Lessee as rent during the primary term of this lease, subject to any adjustments of rent made pursuant to this lease agreement, is one hundred twenty-three thousand seven hundred fifty and NO/100 Dollars (\$123,750.00), and may be paid in monthly installments of two thousand sixty-two and 50/100 Dollars (\$2,062.50). "Equalization Value" is that value per acre (or in some instances, per square foot) placed on the Leased Premises by Authority for the purpose of equalizing, to the extent practicable, the rent paid by its tenants leasing property of the Authority of the same general type and in the same general area as the Leased Premises.

The first annual or monthly installment of rent hereunder is due and payable on or before the 11th day of November, 2011 or ten days after the approval of this lease by Authority, whichever occurs last. Rent for any fractional year or month at the end of the lease term will be prorated on a per-day basis. Each annual payment of rent is due and payable on or before the 11th day of November of each succeeding year thereafter; each monthly installment of rent is due and payable on or before the 11th day of each succeeding month thereafter. Annual or monthly payments must be paid at the offices of Authority in Corpus Christi, Nueces County, Texas. If Lessee should fail to pay Authority any sum to be paid by Lessee to Authority hereunder within thirty (30) days after such payment is due, interest on the unpaid amount shall accrue at a rate of fifteen percent (15%) per annum or the maximum rate allowed by law, whichever is lesser, from the date payment was due until the date payment is made. Authority may also impose a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the unpaid amount, whichever is greater, to defray Authority's administrative costs incurred as a result of Lessee's failure to

timely make such payment, the amount of such costs not being readily ascertainable. Any such late charge shall be in addition to all other rights and remedies available to Authority hereunder or at law or in equity and shall not be construed as liquidated damages or limiting Authority's remedies in any manner. Failure to pay such interest or late charge within thirty (30) days after written demand shall be an event of default hereunder. Following the dishonor of any check presented for payment, Authority shall have the right, at Authority's option, to require all further payments to be made by certified check, money order or wire transfer. For purposes of this section, any adjustment payment made by Lessee to correct a prior underpayment shall be treated as due on the date such underpayment was due; provided, however, an adjustment payment made by Lessee as the result of an independent audit conducted at Lessee's expense shall not be subject to a late charge as described herein.

Rent must be paid to Authority at its address for notice hereunder or to such other person or at such other address in Nueces County, Texas, as Authority may from time to time designate in writing. Rent must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset.

This is a net lease. Authority shall not be required to make any expenditure, incur any obligation, or incur any liability of any kind whatsoever in connection with this lease or the financing, ownership, construction, reconstruction, maintenance, operation, or repair of the Leased Premises or the improvements thereon.

Section 3.02. Utilities and Taxes

In addition to the annual rent described hereinabove, Lessee agrees to pay when due all charges it contracts for (a) water, gas, electricity, and other utilities, (b) garbage service, (c) security or guard services, or (d) railroad services in connection with the Leased Premises. If at Lessee's request or because of Lessee's failure to pay for services to the Leased Premises it contracted for, Authority provides any such services to the Leased Premises or pays the cost for any such services, Lessee will pay to Authority the cost of such services as additional rent upon receiving Authority's invoice therefore, payment to be made pursuant to the terms of said invoice.

Lessee will also pay as additional rent its pro rata share of any utility services provided by Authority.

During the term of this lease, Lessee must pay or cause to be paid when due all taxes, assessments, fees or charges imposed on the Leased Premises by virtue of Lessee's tenancy or upon Lessee's property on, or Lessee's interest in, the Leased Premises.

Lessee may, at its expense, contest any tax, assessment, fee or charge for which it is responsible under this section. Except as provided in the following paragraph, Lessee need not pay the tax, assessment, fee or charge while the contest is pending. Except as provided in the following paragraph, Lessee may prevent Authority from paying any tax, assessment, fee or charge that Lessee is contesting under this section, pending resolution of the contest, by

depositing with Authority the full amount of the tax, assessment, fee or charge plus the amount of any penalty that might be imposed for failing to make timely payment and one (1) year of interest at the rate imposed by the entity levying the tax, assessment, fee or charge. When the contest is resolved, Lessee must pay the tax, penalty and interest imposed and may use the money deposited with Authority to pay any tax, assessment, fee or charge, plus any penalty or interest, due under the final resolution and keep any balance of the deposit. If the deposit is insufficient to pay these amounts, Lessee must immediately pay the balance due to the entity imposing the tax, assessment, fee or charge.

Notwithstanding the provisions of the foregoing paragraph, Authority may pay – or require Lessee to pay – any tax, assessment, fee or charge for which Lessee is responsible under this Section, pending resolution of Lessee’s contest of the tax, assessment, fee or charge, if payment is demanded by a holder of a mortgage on the premises or if failing to pay will subject all or part of the premises to forfeiture or loss.

Any of said taxes, fees or charges that are payable by Lessee for the tax year in which this lease agreement commences, as well as during the year in which this lease agreement terminates, shall be apportioned so that Lessee shall pay its proportionate share of the taxes, fees or charges for such periods of time. Lessee may pay such taxes, fees or charges in installments as and when such installments become due. Lessee must deliver to Authority evidence of payment of all taxes, fees or charges, which Lessee is obligated to pay hereunder concurrently with making such payment.

Section 3.03 Rail Loadout Fee

In addition to the annual rent for the Leased Premises, Lessee agrees to pay a Rail Loadout Fee as additional rent during the term of this agreement at a fixed rate of sixty (60) cents per ton of petroleum coke.

ARTICLE 4 USE OF LEASED PREMISES

Section 4.01. Use

The Leased Premises may be used for the following purposes, and for no other purpose, unless written permission for other use is obtained from Authority:

For the rail loadout of Lessee’s petroleum coke.

Lessee will not:

A. Use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner, which is directly or indirectly:

Inconsistent with the requirements of Section 4.01 hereof;

Violative of (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to Lessee or the Leased Premises, including zoning, environmental and utility conservation matters; (b) Authority's Tariffs or Rules and Regulations; (c) insurance requirements; or (d) other documents, instruments or agreements (written or oral) relating to the Leased Premises or to which the Leased Premises may be bound or encumbered;

Dangerous to life or property or a public or private nuisance; or

Disruptive to the activities of any other tenant or occupant of property adjacent to the Leased Premises;

B. Bring or permit to remain on the Leased Premises any asbestos, petroleum or petroleum products, explosives or toxic materials except for commercially reasonable amounts of materials used in the ordinary course of Lessee's business, nor commit or permit to remain any waste or damage to the Leased Premises; or

C. Commit, or permit to be committed, any action or circumstance on or about the Leased Premises which, directly or indirectly, would or might justify any insurance carrier in increasing the rate of or canceling the insurance policies maintained by Lessee or Authority on the Leased Premises or improvements thereon, or those of other lessees of Authority's property adjacent to the Leased Premises.

Section 4.02. Environmental Representations, Restrictions and Environmental Indemnity

Lessee hereby represents and warrants to Authority:

That Lessee's construction, occupancy, operation or use of the Leased Premises will not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, including but not limited to all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws");

That, without limitation of Section 4.01A above, in its use of the Leased Premises Lessee will not violate any Applicable Laws pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601 et seq; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq; the Clean Air Act and Amendments of 1990, 42 U.S.C. Section 7401 et seq; the Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq; the Oil Pollution Act of

1990, 33 U.S.C. Section 2701 et seq; the Toxic Substances Control Act, 15 U.S.C. Section 2606 ; the Texas Solid Waste Disposal Act, Chapter 361, Texas Health and Safety Code; the Texas Clean Air Act, Chapter 382, Texas Health and Safety Code; the Oil Spill Prevention Act of 1991, Chapter 40, Texas Natural Resource Code, and Chapter 26, Texas Water Code; and the Texas Water Quality Act, Chapter 26, Texas Water Code; Texas Hazard Communication Act, Chapter 502, Texas Health and Safety Code; Texas Community Right-to-Know Acts, Chapters 505 – 507 Texas Health and Safety Code; Authority's Tariffs, Rules and Regulations and the Port of Corpus Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual.

That the use which Lessee intends to make of the Leased Premises will not result in the Disposal or other Release of any Hazardous Substance or Solid Waste on or to the Leased Premises--the terms "Hazardous Substance" and "Release" have the meanings specified in CERCLA, and the terms "Solid Waste" and "Disposal" (or "Disposed") have the meanings specified in RCRA--and, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply to such terms used in this lease agreement subsequent to the effective date of such amendment and, further, to the extent the laws of the state of Texas establish a meaning for "Hazardous Substance," "Release," "Solid Waste," or "Disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply to such terms used in this lease agreement, and in either of said instances Lessee must immediately cease activities prohibited by Applicable Laws or Applicable Environmental Laws upon the Leased Premises and notify Authority in writing.

Lessee understands and agrees that the Leased Premises are being leased in an "As Is, Where Is" condition and that improvements, grading, filling, removal of existing improvements, and relocation of utility lines shall be made and performed by Lessee at the sole cost and expense of Lessee. Lessee further understands and agrees that the "As-Is, Where Is" condition of the Leased Premises includes any contamination of the Leased Premises, including structures, soils, groundwater, and any adjacent channel or bay water and sediment, and that information received from Authority regarding such matters may not be complete or accurate and should not be accepted as such.

In the event of a Release of any environmental contaminants which exceed permitted levels as defined by any city, state or federal law or regulation, Lessee must immediately stop the Release and cease any prohibited activities which may be resulting in such Release; and immediately notify the proper environmental and safety agencies, federal, state, and local, as well as Authority, in writing, of the date, time, and nature of the Release, including, but not limited to, a description of the environmental contaminants discharge or released, and provide a MSDS for each of the said environmental contaminants.

In addition, upon receipt from any agency or department of the state of Texas or the federal government, Lessee will immediately furnish PCCA written information concerning any citation, notice of violation, enforcement action or penalty regarding any safety or environmental violation sent to Lessee, or any entity consulting or working on the Lessee's behalf relative to or at the Leased Premises. This information must include:

A. A general description of the conduct that resulted in the citation, notice of violation, enforcement action or penalty; and

B. The document(s) sent from the agency or department to Lessee, or any entity consulting or working on the Lessee's behalf, which state the citation, violation, enforcement action or penalty.

Further, in the event of a Release, Lessee hereby acknowledges that excavation of soils from the Leased Premises could result in exportation of a regulated waste requiring appropriate characterization, handling, transport and disposal (together "Regulated Waste Removal"). Authority takes no responsibility and assumes no liability whatsoever for Regulated Waste Removal. Accordingly, **Lessee hereby waives any claim, or potential claim, it may have to recover costs or expenses arising out of or associated with Regulated Waste Removal and agrees to indemnify, defend and hold harmless Authority, its Port Commissioners, directors, managers, employees, and agents from and against any and all claims, liabilities, losses, damages, costs, and expenses arising from, out of, or in any way related to Regulated Waste Removal. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.**

Also, in the event of a Release, Authority accepts no liability or responsibility for ensuring that Lessee's workers, including without limitation those conducting testing, construction and maintenance activities on the Leased Premises, are satisfactorily protected from residual contaminants described in 29 Code of Federal Regulations. Lessee shall assess all human health risks from vapor transport or direct contact with residual hazardous substances or contaminants and incorporate such engineering and institutional controls as may be required to sufficiently protect human health of onsite workers and transient visitors. **Lessee hereby waives any claim, or potential claim, it may have to recover any damages, losses, costs and expenses related to worker exposure or alleged exposure to any residual onsite contamination, and to indemnify, defend and hold harmless Authority, from and against any and all such claims, liabilities, losses, damages, costs and expenses. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority, its Port Commissioners, directors, managers, employees, and agents will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.**

In claims against Authority, its Port Commissioners, directors, managers, employees, and agents by or for an employee of Lessee, its agents, contractors, owners, invitees, or licensees, the Lessee's indemnification obligation under this Section 4.02 shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee, its agents, contractors, owners, invitees, or licensees, under

workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against Authority, its agents, contractors, owners, invitees, or licensees, to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Authority, its agents, contractors, owners, invitees, or licensees, or a settlement by Authority, its agents, contractors, owners, invitees, or licensees, Lessee expressly agrees to reimburse and hold harmless Authority, its agents, contractors, owners, invitees, or licensees, for the damages based on such judgment or settlement as provided in this Section 4.02.

Lessee will cooperate with the Authority's Tenant Audit Program (the "Program"). The audit will consist of a scheduled review of Lessee's operations and activities, a review of Lessee's environmental management programs, and a tour of the Leased Premises. Authority staff involved in the Program intend to gain an understanding of Lessee's operations and activities and what measures the Lessee is utilizing to comply with local, state, and federal laws, rules and regulations, this lease agreement, and Authority's Tariffs, Rules, and Regulations. Through the Program they will seek to achieve cooperative conservation between Authority and Lessee that are actions relating to the use, enhancement and enjoyment of natural resources and protection of the environment. The audit will be conducted at a minimum annually and more frequently if determined by Authority staff to be necessary. A letter from Authority staff setting forth staff's observations will be provided to the Lessee following the audit. If violation of applicable laws, rules, regulations, this lease agreement or the tariff have been observed, then Lessee will be notified of the same in the letter, and required to immediately take action to come into compliance, and to verify it has done so to Authority staff.

Lessee must clean up, remove, remediate and repair any soil or ground water contamination or damage caused by the presence or release of any Hazardous Substance or Solid Waste in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of Applicable Laws or Applicable Environmental Laws. Lessee shall immediately give Authority written notice of any suspected breach of this paragraph, upon learning of the presence or any release of any Hazardous Substance or Solid Waste, or upon receiving any notice from governmental agencies pertaining to any Hazardous Substance or Solid Waste which may affect the Leased Premises. The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this lease.

All of the foregoing representations and warranties made by Lessee are continuing and must be true and correct for the entire term of this lease, including any extensions hereof, and all of such representations and warranties will survive expiration or termination of this lease agreement.

Section 4.03. Underground Storage Tanks

Lessee may not construct, install, maintain, use or otherwise operate on the Leased Premises any petroleum or chemical underground storage tank.

Section 4.04. Permitted Use; Continuous Operation

Lessee will (a) continuously maintain the Leased Premises open for its usual business and available for the purposes permitted hereunder during its usual business hours on days other than Saturday, Sunday or legal holidays and (b) handle at the Leased Premises at least one hundred thousand (100,000) tons of petroleum coke products, on an annual basis, in export or import commerce.

The covenants of this Section 4.04 are material to this lease, and should Lessee fail to satisfy such covenants, Authority may employ the remedies set forth in the Article of this lease agreement entitled Default.

Section 4.05. Throughput

Lessee guarantees that it, or its affiliates, shall during the term of this lease, and any holdover period, loadout by rail at the pad leased from the Authority or pay Authority's then current tariff rates for each such movement, including terminal use and handling, a minimum of one hundred thousand (100,000) tons of petroleum coke ("Cargo") per year ("Minimum Guaranteed Throughput"). Shipments from year to year shall not be cumulative and excess tonnage for any single lease year shall not carry over into any succeeding lease year for the purpose of calculating the Minimum Guaranteed Throughput. Lessee's guarantees shall be calculated on the basis of eight thousand three hundred thirty-three and 33/100 (8,333.33) tons per month for each month during any holdover period subsequent to the term of this lease.

Lessee agrees to pay to the Authority as additional rent for each year this lease is in effect ("Lease Year") an amount equal to the total amount of Authority's then current tariff rates for each movement applied to the Minimum Guaranteed Throughput, including terminal use and handling, multiplied by the number of tons by which the Minimum Guaranteed Throughput for such year exceeds the actual number of tons of Cargo actually loaded out by rail at the Leased Premises designated in this Section 4.06 during such Lease Year. The current tariff rates for any Lease Year are the Authority's rates per ton for Cargo of the type or types to be moved that are in effect on the first day of such Lease Year. The additional rent payable pursuant to this Section 4.06 is referred to herein as "Throughput Rent."

An "affiliate," as herein used, is a corporation, the controlling interest of which is owned by the same persons or corporations owning controlling interest in the holder of this lease.

Lessee shall keep and maintain a complete and accurate set of books and records showing all Cargo loaded out by rail at the Leased Premises designated in this Section 4.06 in order that Authority may ascertain therefrom any amounts due to Authority from Lessee as Throughput

Rent. Such books and records shall be subject to inspection by Authority, its agents and attorneys at any reasonable time. Promptly after the end of each Lease Year a computation shall be made as to the amount of Throughput Rent payable by Lessee to Authority for such Lease Year, or part thereof, and Lessee shall pay to Authority the Throughput Rent due for such Lease Year, if any, on or before the sixtieth day after the end of such Lease Year ("Due Date"). If Lessee has been unable to determine with certainty the amount of Throughput Rent payable with respect to any Lease Year prior to the Due Date for such payment, then Lessee shall pay to the Authority on or before such Due Date an amount equal to Lessee's good faith estimate of what the Throughput Rent for such Lease Year will be. If the actual Throughput Rent for any Lease Year is different from the estimated Throughput Rent paid for such Lease Year, Lessee will notify the Authority of such discrepancy as soon as it is known and either Lessee will pay any deficiency to the Authority, or the Authority will refund any overpayment to Lessee, within thirty days after the date on which Lessee notifies the Authority of such discrepancy.

During any holdover period, Throughput Rent will be reported and paid monthly by Lessee on or before the 10th day of the month following each holdover month.

The covenants of this Section 4.06 are material to this lease, and should Lessee fail to satisfy such covenants, Authority may terminate this lease agreement.

ARTICLE 5

IMPROVEMENTS OR ALTERATIONS AND MAINTENANCE

Section 5.01. Permanent Improvements

All improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this lease agreement will be at the sole cost and expense of Lessee. Lessee must construct and install Lessee's improvements in a good and workmanlike manner. New or additional improvements may not be constructed nearer than 8.5 feet to the centerline of any existing or proposed railroad track on or adjacent to the Leased Premises.

While constructing improvements, maintaining, or carrying on its activities, on the Leased Premises, Lessee must comply with the *Antiquities Code of Texas (Texas Natural Resources Code, Chapter 191)* and applicable rules promulgated thereunder by the Texas Historical Commission, or its successor. Lessee shall undertake its activities on the Leased Premises in a manner consistent with public policy relating to the location and preservation of archeological sites and other cultural resources in, on, or under public lands. Lessee shall use the highest degree of care and all reasonable safeguards to prevent the taking, alteration, damage, destruction, salvage, or excavation of cultural resources and/or landmarks on the Leased Premises. Upon discovery of an archeological site, Lessee shall immediately give written notice of such discovery to Authority and to the Texas Historical Commission, as set out in the Committee's rules. Lessee, its contractors and employees, shall have no right, title, or interest in or to any archaeological articles, objects, or artifacts, or other cultural resources located or discovered on the Leased Premises.

Section 5.02. Maintenance and Return of Leased Premises

Lessee will, throughout the lease term and any extensions of it, at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises and improvements in that condition. All maintenance, repairs, and replacements required by this section must be performed promptly when required and so as not to cause depreciation in the value of the Leased Premises.

If Lessee fails to perform its obligation to repair, replace, or maintain, as set forth above, within a reasonable time after notice from Authority of the need for repair, replacement, or maintenance, Authority may enter the Leased Premises and make the repairs or replacements, or perform the maintenance, or have the repairs or replacements made or maintenance performed, at its own expense. Upon Authority's notice to Lessee of the performance and cost of any maintenance, repairs, or replacements under this section, Lessee must immediately reimburse Authority for the costs incurred by Authority pursuant to this Section, together with interest on the sum at the highest legal rate from the date of the notice until the date paid by Lessee to Authority.

At the expiration of the lease term or any renewals or extensions thereof, Lessee will surrender the premises in good order and repair except for reasonable wear and tear since the last necessary repair, replacement, restoration or renewal made by Lessee pursuant to its obligations under this lease agreement.

Section 5.03. Approval of Alterations and Improvements

Lessee must submit to Authority plans for any proposed buildings, drainage or improvements of any kind on the Leased Premises, or any alterations or additions to existing buildings or improvements, and they must be approved in writing by, the Director of Engineering Services of Authority prior to the commencement of work on the same. To facilitate the Authority's review, two (2) sets of formal plans that clearly define the project must be submitted to Authority for its prior approval. The drawings must be prepared on 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 including, but not limited to, any area to be dredged, adjacent docking facilities, property lines, federal channels, bulkhead lines, and existing channel depth elevations must be included with the 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 Lessee, its agents, servants, contractors or employees 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, Lessee must obtain the written permission of the adjacent property owner to carry out the work described for the project and submit it to the Authority with the formal plans.

Slips at any dock located on the Leased Premises must be maintained by Lessee at a sufficient depth to prevent vessels berthed at the dock from striking bottom due to lowering of the water level from passing vessels or seasonal low tides.

Copies of all permits for work in navigable waters issued to Lessee by the Department of Army or any other federal, state or other governmental agency shall be filed with Authority.

No approval by Authority of Lessee's designs, site plans, plans, specifications or other matters may ever be construed as representing or implying that Lessee's designs, site plans, plans, specifications or other matters will, if followed, result in a properly-designed building or other improvements constructed on the Leased Premises. Such approvals shall in no event be construed as a representation or guaranty by the Authority that any improvements will be built in a workmanlike manner, nor shall such approvals relieve Lessee of its obligation to construct the building in a workmanlike manner. **Lessee will defend, indemnify, and hold harmless Authority from and against any lawsuits, actions, causes of action or claims arising out of Authority's approval of any of Lessee's designs, site plans, plans, specifications or other matters relating to the Leased Premises.**

Section 5.04. No Liens

Unless otherwise agreed, Lessee may not grant, place or suffer, or permit to be granted, placed or suffered, against all or any part of the Leased Premises or Lessee's leasehold estate created hereby, any lien, security interest, pledge, conditional sale contract, claim, charge or encumbrance (whether constitutional, contractual or otherwise) and if any of the aforesaid should occur or be asserted, Lessee will, promptly upon demand by Authority and at Lessee's expense, cause same to be released.

Section 5.05. Laborers and Materials

Lessee will pay for all labor and services performed for, materials used by, or furnished to, any contractor employed by Lessee with respect to the Leased Premises and defend, indemnify and hold Authority and the Leased Premises harmless and free from any liens, claims, encumbrances or judgments created or suffered by Lessee's failure to pay for labor or materials provided to the Leased Premises. If Lessee elects to post a payment or performance bond or is required to post an improvement bond with a public agency in connection with such labor, services or materials, Lessee agrees to include Authority as an additional obligee thereunder.

Section 5.06. Storm Sewers/Railroad Spur Tracks

Lessee agrees to construct or to pay for the construction of (a) storm sewers required by Authority to drain the Leased Premises or (b) railroad spur tracks requested by Lessee, and approved by Authority, to serve the Leased Premises. If requested by Authority or the railroad, Lessee will enter into a joint maintenance agreement with the railroad and bear Lessee's pro rata share of the cost of maintaining any railroad spur on the Leased Premises.

Section 5.07. Building Code

All improvements placed on the Leased Premises by Lessee must comply with all applicable codes unless they are modified by Port of Corpus Christi Authority Design and Construction Guidelines found in the current Port of Corpus Christi Authority Project Manual which may be obtained from Authority's Department of Engineering Services.

Section 5.08. Permits

Lessee must obtain and maintain in effect at all times during the term of this lease agreement all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of Lessee's improvements and Lessee's use and occupancy of, and operations at, the Leased Premises. Lessee will provide Authority's Department of Engineering Services with copy of its permits, licenses and consents as the same are obtained.

Section 5.09. Ownership or Removal of Alterations, Modifications or Improvements by Lessee

At the expiration or earlier termination of this lease, all alterations, modifications or improvements upon the Leased Premises made by Lessee, including all buildings, rail spurs and tracks, paneling, decorations, partitions, heating, ventilating and air-conditioning machinery and equipment, lighting fixtures, plumbing equipment, sprinkler system, and the like, shall, absent any agreement between Authority and Lessee to the contrary at the time of installation, or unless Authority otherwise elects, which election shall be made by giving a notice in writing (a) not less than fifteen (15) days prior to the expiration of this lease, or (b) not more than fifteen (15) days following any termination of this lease other than by expiration, become the property of Authority and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the lease term. In the event Authority notifies Lessee to remove any or all of the alterations, additions or improvements made by Lessee, Lessee must do so and must repair any damage caused by such removal, all within forty-five (45) days after the date of expiration or termination of this lease agreement. Trade fixtures, furnishings and equipment, except for those referred to above, which are installed by Lessee, at its expense, may be removed by Lessee provided Lessee removes the same and repairs any damage caused by such removal within thirty (30) days after the date of expiration or termination of this lease. Any trade fixtures not removed by Lessee when this lease terminates are considered abandoned by Lessee and will automatically become Authority's property. If any trade fixture installed by Lessee is abandoned when the lease terminates, Lessee must pay Authority any reasonable expense actually incurred by Authority to remove the fixture from the premises, less the fair market value of the fixture once removed, if Authority uses the trade fixture.

Section 5.10. Signs

Lessee may not place any signs at or on the Leased Premises nor paint any signs on any building on the Leased Premises unless first approved in writing by the Director of Engineering Services of Authority. Lessee must remove all its signs when this lease terminates and repair any damage resulting from erecting or removing the signs.

Section 5.11. Floodplain

Lessee acknowledges that Lessee has been advised by Authority that the Leased Premises is in the FEMA floodplain and that construction of improvements must conform to the laws and regulations applicable to construction of improvements in a floodplain.

ARTICLE 6 USE BY AUTHORITY

Authority reserves the right to use any streets or roadways on the Leased Premises. Authority further reserves the right to use as much of the Leased Premises as is necessary to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way for the laying of, pipelines for oil, petroleum, petroleum products, fiber optics and any other products over, under and upon the Leased Premises; provided, however, that the same shall not interfere with Lessee's buildings, improvements or Lessee's use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Article, and Authority has the right to grant easements or rights of way reserved to Authority in this Article to other parties.

ARTICLE 7 SUBLETTING OR TRANSFER

Section 7.01. Sublease or Transfer

Lessee may not assign or sublet this lease agreement in whole or in part nor any interest therein nor sublet the Leased Premises nor any part thereof nor grant any license, concession or other right of occupancy of any portion of the Leased Premises, nor permit the transfer of this lease by operation of law or otherwise without the prior written consent of Authority. Consent of Authority to one or more assignments or subletting does not operate as a waiver of Authority's rights concerning any subsequent assignments or subletting. If this lease agreement is assigned, or if any of the Leased Premises, or any part thereof, is sublet or occupied by anyone other than the Lessee, then Authority may, after default by the Lessee, collect rent from the assignee, subtenant or occupant and apply the net amount collected, less any costs of collection, attorneys' fees or other costs incurred by Authority, to the rent provided for in this lease agreement. No assignment, subletting, occupancy or collection waives the obligations of Lessee under this lease agreement upon acceptance of same by Authority. Authority may assign or transfer any of its interests under this Lease Agreement. Furthermore, Lessee shall not, without Authority's express

written consent, cause or permit an interest, direct or indirect, in itself to be sold, assigned, transferred, exchanged, or otherwise disposed of (each a "Disposition") such that, after the Disposition, the Lessee shall cease to be controlled by substantially the same individuals and/or entities who Control it as of the effective date of the Lease; provided, however, that this restriction shall not be operative if, on the date of the Disposition, the net worth of Transferee (who is defined in Section 7.02) is more than ten million and NO/100 Dollars (\$10,000,000.00). As used in this paragraph "Control" means the power to elect a majority of the directors or other members of the governing body of Lessee, or in any other manner to control or determine the management of the Lessee.

Section 7.02. Conditions

The following conditions automatically apply to each sublease, assignment or transfer by Lessee or any sublessee without the necessity of same being stated in or referred to in Authority's written consent:

A. Lessee must execute, have acknowledged and deliver to Authority and cause the sublessee, assignee or other transferee ("Transferee") of any portion of Lessee's interest in this lease agreement, the leasehold estate created hereby or the Leased Premises to execute, have acknowledged and deliver to Authority, an instrument in form and substance acceptable to Authority in which:

The Transferee adopts this lease agreement and assumes and agrees to perform, jointly and severally with Lessee, all of the obligations of Lessee hereunder, as to the interest transferred to it;

The Transferee grants Authority an express first and prior contract lien and security interest in its improvements located upon and property brought into the transferred premises to secure its obligations to Authority hereunder;

Lessee subordinates to Authority's statutory lien, contract lien and security interest any liens, security interests or other rights, which Lessee may claim with respect to any property of the Transferee;

Lessee and any guarantor of this lease agreement agrees with Authority that, if the rent or other consideration due by the Transferee exceeds the rent for the transferred space, then Lessee shall (and any guarantor guarantees that Lessee shall) pay Authority as additional rent hereunder all such excess rent and other consideration immediately upon Lessee's receipt thereof;

The Transferee agrees to use and occupy the transferred space solely for the purposes permitted under Article 4 and otherwise in strict accordance with this lease agreement; and

Lessee and any guarantor acknowledge and agree in writing that, notwithstanding the transfer, Lessee and any guarantor remain directly and primarily liable for the performance of

all the obligations of Lessee hereunder (including, without limitation, the obligation to pay all rent), and Authority shall be permitted to enforce this lease agreement against Lessee, any guarantor or the Transferee, or all of them, without prior demand upon or proceeding in any way against any other persons.

B. Lessee must deliver to Authority a counterpart of all instruments relative to the sublease, assignment or other transfer executed by all parties to such transaction (except Authority); and

C. Lessee shall pay or cause to be paid to Authority, at the time of the execution and delivery of the documents, the sum of \$500.00 to cover Authority's administrative and legal costs for each amendment, assignment, sublease, and any estoppel certificate requested from Authority by Lessee or any sublessee.

ARTICLE 8 DEFAULT

Section 8.01. Rights and Remedies of Authority

If for ten (10) calendar days after service by mail or otherwise to Lessee by Authority of written notice of a breach or default by Lessee under any provision of this lease agreement, the Lessee does not or shall neglect or fail to comply with or remedy such breach or default, or if the said breach or default complained of shall be of such a nature that the same cannot be completely remedied or cured within such ten (10) day period, then such breach or default shall not be an enforceable breach or default against Lessee if Lessee shall have commenced curing such breach or default within such ten (10) day period, and shall with reasonable diligence and in good faith, proceed to remedy the default complained of; or if any proceedings concerning Lessee or the Leased Premises be had in bankruptcy, reorganization, arrangement or receivership, or if any assignment shall be attempted to be made of this lease agreement for the benefit of creditors; or if Lessee abandons or vacates a substantial portion of the Leased Premises for fourteen (14) consecutive days; then in any of said cases or in any similar case which, in the sole judgment of Authority, evidences a serious financial insecurity of Lessee, Authority shall have the rights and remedies that may be provided at law or in equity and the following options:

A. Without terminating this lease agreement, Authority may terminate Lessee's right of possession of the Leased Premises under this lease agreement by giving Lessee three (3) calendar days notice of termination of Lessee's right of possession and Lessee's right of possession shall thereupon cease and come to an end and Authority may reenter and take possession of the Leased Premises; provided, however, Authority shall not be required to give such notice prior to the filing of an action of forcible detainer or at common law upon default by Lessee in the payment of rent. Upon entering and taking possession of the Leased Premises, Authority may:

1. Relet for the account of, or as agent for, Lessee the Leased Premises or any part thereof, to a tenant acceptable to Authority, without terminating this lease agreement or

working a forfeiture of the rent to be paid, and after receiving the rent therefrom apply the same, first to the payment of all expense the Authority may be put to in recovering possession of the Leased Premises and in reletting same, including but not limited to the costs of renovating, altering and repairing for a new tenant and attorneys' and brokers' fees, and then to the payment of the rent and additional rent payable under this lease agreement and to the fulfillment of Lessee's covenants hereunder. Lessee shall be entitled to any balance remaining after subtracting such costs and debts. Authority may at any time after reletting terminate this lease agreement for the breach or default on account of which it reentered and relet; or

2. Accelerate the future rent and additional rent due under this lease agreement and seek recovery of such rent and additional rent and any other damages provided for in this lease agreement, at law or in equity. Authority is entitled to recover future rent and additional rent from Lessee based upon the present value of the rent and additional rent discounted to present value at the rate of 3% per annum for the remainder of the term of the lease reduced by the fair market rental value of the Leased Premises during that period.

B. Terminate this lease agreement.

C. Lessee pledges with Authority all of its rents and profits from the Leased Premises in addition to the other security for the performance of the lease; and in connection with such pledging of the rents, the Lessee covenants and agrees with Authority that if Authority, upon default of Lessee, elects to file a suit to enforce this lease agreement and protect Authority's rights thereunder, Authority may apply to any court having jurisdiction, for the appointment of a Receiver of all and singular the demised premises, the improvements and buildings located thereon, and the personal property located therein, and thereupon it is expressly covenanted and agreed that the court shall without notice forthwith appoint a Receiver with the usual powers and duties of receivers in like cases, and such appointment shall be made by such court as a matter of strict right to Authority, and without reference to the adequacy or inadequacy of a remedy at law, the value of the property that is subject to Landlord's lien, or to the solvency or insolvency of Lessee; and without reference to the commission of waste.

Section 8.02. No Waiver

Any assent, expressed or implied, by the Authority or Lessee to any breach of any agreement, covenant or obligation herein contained shall operate as such only in the specific instance and shall not be construed as an assent or a waiver to any such agreement, covenant or obligation generally or of any subsequent breach thereof. The remedies provided herein or at law or equity shall not be mutually exclusive.

Section 8.03. Consequential Damages

Authority shall in no event be charged with default in the performance of any of its obligations hereunder, unless and until Authority shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by Lessee to Authority, properly specifying wherein Authority has failed to perform any such obligation.

Notwithstanding anything in this lease agreement to the contrary, Authority shall in no event be charged with or liable for any consequential damages suffered by Lessee as a result of Authority's breach of this lease agreement or failure to perform any of its obligations under this lease agreement.

ARTICLE 9 LIEN AND SECURITY INTEREST

In consideration for the mutual benefits arising under this lease agreement, and as security for Lessee's performance of all its obligations under this lease agreement, Lessee hereby grants to Authority a lien and security interest in and on all property of Lessee now or hereafter placed in or upon the Leased Premises, and such property shall be and remain subject to such lien and security interest of Authority for payment of all rent and other sums agreed to be paid by Lessee herein. The provisions of this section shall constitute a security agreement under the Texas Uniform Commercial Code so that Authority has and may enforce a security interest on all property of Lessee now or hereafter placed in or on the Leased Premises, including but not limited to all fixtures, machinery, equipment, furnishings and other articles of personal property now or hereafter placed in or upon the Leased Premises by Lessee. An event of default under this lease agreement shall be default under the security agreement. Authority may at its election at any time file a copy of this lease agreement as a financing statement. Authority, as secured party, is entitled to all of the rights and remedies afforded to a secured party under the Texas Uniform Commercial Code, which rights and remedies shall be in addition to and cumulative to the Authority's liens and rights provided by law or by the other terms and provisions of this lease. Promptly upon request, and without further consideration, Lessee agrees to execute as debtor such additional financing statement or statements as Authority may now or hereafter reasonably request in order that Authority's security interests may be protected pursuant to the Texas Uniform Commercial Code, which financing statement Authority may at its election file in the appropriate records.

ARTICLE 10 SUBORDINATION

Section 10.01. Subordination of Landlord's Lien

It is contemplated that Lessee may be required to borrow funds for construction of improvements on the Leased Premises from time to time during the term of this lease agreement, and it may be desirable or convenient for Lessee to borrow additional funds for additional

improvements, alterations, repairs or for other purposes to benefit the Leased Premises. Accordingly, it is agreed that Lessee shall at all times during the term of this lease, without the consent of Authority (but provided written notice and a copy of the security instruments are delivered to Authority), have the right to mortgage or convey by deed of trust or any other security instrument the leasehold rights of Lessee created by this lease agreement, together with all of Lessee's rights, titles, and interest in the buildings and improvements then or thereafter to be placed on the Leased Premises; provided, however, that any such mortgage, deed of trust, security conveyance or encumbrance will at all times be subject to and shall recognize the superior right, title and interest of Authority to the Leased Premises and to Authority's rights hereunder to require Lessee's payment of all rent due hereunder and Lessee's full and faithful performance of all covenants and conditions of this lease agreement due Authority.

Subject to the conditions stated in this Article, Authority subordinates its landlord's lien on the improvements and other property Lessee places on the Leased Premises to the rights of the holder of any such mortgage, deed of trust or other security instrument.

Section 10.02. Holder of Security

In the event at any time during the term of this lease agreement Lessee or anyone holding under Lessee shall be in default of any of the covenants or any of the conditions of this lease agreement, then and in such event the holder of the mortgage, deed of trust or other security instrument may, before forfeiture is invoked by Authority, make any and all payments and do and perform any and all acts or things which may be necessary or required to prevent a forfeiture of this lease agreement; and the party making such payments or performing such acts or things shall thereby and thereupon be subrogated to all the rights of Lessee under this lease agreement. Authority agrees that, if requested in writing by the holder of any mortgage, deed of trust or other security instrument, it will send to the said holder at the address specified in the written request copies of all written notices of demand which Authority may serve upon Lessee, or anyone holding under Lessee, under and pursuant to the terms of this lease agreement.

It is understood, however, that the mortgagee, trustee, beneficiary of said deed of trust or other holder of security above-mentioned shall in no way be liable to Authority for the payment of any rent or for the performance of any other covenants and conditions under this lease agreement until such time as it shall acquire by conveyance from Lessee or by foreclosure or other proceedings provided by law or by the terms of mortgage, deed of trust, or security instrument, all the right, title and interest of Lessee under this lease agreement; provided, however, that any party who shall acquire said right, title and interest of Lessee as above provided shall thereupon and thereby become liable for the full performance and all payments theretofore and thereafter required to be made by Lessee under the covenants and conditions of this lease agreement, as fully and completely and to the same extent as Lessee itself would have been if it still had retained its right, title and interest under this lease agreement.

ARTICLE 11 INDEMNITY/WAIVER

Section 11.01. Indemnity and Waiver

A. As used in this Section 11.01, each of the following terms shall have the meanings set forth in this Section 11.01A:

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

(2) “Claims” means all claims, damages (including actual, consequential, and punitive), losses, fines, penalties, liens, causes of action, suits, judgments, settlements, and expenses [including court costs, attorney’s fees (including attorney’s fees in defending and/or settling a Claim and attorney’s fees to collect on this Indemnity), costs of investigation, and expert witnesses] of any nature, kind or description by, through, or of any person or entity.

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

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

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

(6) “Lessee Parties” means the Lessee, its agents, contractors, employees, owners, invitees, or licensees.

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

B. Subject to the terms of this Section 11.01, Lessee shall Defend and Indemnify the Indemnified Persons from and against all Claims resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the following matters (these Claims being referred to herein as the “Indemnified Claims”):

(1) the conduct of Lessee’s business on the Leased Premises;

(2) Lessee’s breach of this lease agreement;

(3) any property loss or damage occurring in, on, or about the Leased Premises or relating to the condition, use or occupancy of the Leased Premises;

(4) any bodily or personal injury, sickness, disease, and/or death (including the bodily or personal injury and/or death of any employee of an Indemnified Person or a Lessee Party) occurring in, on, or about the Leased Premises or relating to the condition, use of occupancy of the Leased Premises; or

(5) any act, omission, willful misconduct, strict liability, breach of warranty, express or implied, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing, of or by any Lessee Party, including the sole, joint, concurrent, or comparative negligence of any Lessee Party in connection with or pertaining to this lease agreement.

C. The Indemnities, Waivers and obligation to Defend in this Section 11.01 shall be enforced to the fullest extent permitted by applicable law for the benefit of the applicable Beneficiary thereof, regardless of any extraordinary shifting of risks, and even if the applicable Claim is caused by the joint, concurrent, or comparative negligence of such Beneficiary, and regardless of whether liability without fault or strict liability is imposed upon or alleged against such Beneficiary; provided, however, that an Indemnity will not be enforced to the extent that a court of competent jurisdiction holds in a final judgment that the applicable Claim against a Beneficiary was caused by the willful misconduct or sole negligence of such Beneficiary.

D. Notwithstanding anything to the contrary contained in this Section 11.01, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence, causation, responsibility or fault of the Indemnified Persons and the Lessee Parties, then the Lessee's obligation to the Indemnified Persons shall only extend to the percentage of the total responsibility of the Lessee Parties in contributing to such Indemnified Claim.

E. In claims against any Indemnified Person by or for an employee of a Lessee Party, the Lessee's indemnification obligation under this Section 11.01 shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against an Indemnified Person liable to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Indemnified Person or a settlement by the Indemnified Person, Lessee expressly agrees to reimburse and hold harmless the Indemnified Person for the damages based on such judgment or settlement as provided in this Section 11.01.

F. Except as otherwise expressly limited in this Section 11.01, it is the intent of the parties to this lease agreement that all indemnity obligations and liabilities contracted for in this lease agreement be without monetary limit and without regard to the cause or causes thereof (including pre-existing conditions on Authority's Property or as the result of an indemnification agreement with a third party), and will not be limited by damages paid

under the Workers' Compensation Act. The indemnity contained in this Section 11.01 applies, without limitation, to any violation of any law, rules or regulations referred to in Section 4.02 in effect during the term of this lease agreement, and any and all matters arising out of any act, omission, event or circumstance existing or occurring during the term of this lease agreement, regardless of whether the act, omission, event or circumstance constituted a violation of any law, rules or regulations referred to in Section 4.02 at the time of its existence or occurrence.

G. If any action or proceeding is brought against an Indemnified Person by reason of any Indemnified Claim described in this Section 11.01, the Indemnified Person will be represented by its general counsel, or another attorney selected by the Indemnified Person and approved by Lessee, which approval will not be unreasonably withheld.

H. If Lessee should fail or refuse, after written notice to Lessee that an Indemnified Person intends to make a settlement of an Indemnified Claim, to participate in the settlement of such Indemnified Claim, then the Indemnified Person may settle with the claimant without prejudice to the Indemnified Person's indemnity rights set forth herein, and a settlement after such notice to Lessee will constitute a settlement of the proportionate fault, including but not limited to negligence, of both Lessee and the Indemnified Person, which settlement may later be apportioned between Indemnified Person and Lessee.

I. Lessee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance, including contractually assumed liability coverage.

J. To the fullest extent provided by this Section 11.01, Lessee hereby Waives all Claims against the Indemnified Persons resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the Indemnified Claims.

ARTICLE 12 INSURANCE

Section 12.01. Insurance

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

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

B. Commercial General Liability (CGL) coverage with policy limits of at least \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate at the Leased Premises

C. Business Auto Liability coverage for all owned and non-owned vehicles, with a policy limit of \$1,000,000.00 (Combined Single Limit.)

D. Umbrella liability coverage limits of not less than \$5,000,000.00 over and above the underlying primary coverage limits stated in subparagraph B, C and D in this Section.

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

The minimum insurance protection amounts set forth in the Policies shall be increased from time to time upon request by Authority to an amount, which is commercially reasonable at the time.

Authority shall be furnished, to the attention of Authority's Director of Operations, prior to Lessee taking possession or occupancy of the Leased Premises, as proof of the insurance required of Lessee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be acceptable, in their form and content, to PCCA. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and employer's liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Authority, Attention: Director of Operations, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Lessee are primary coverage and the Authority Insurance is non-contributory so that Authority Insurance will not share with the Policies.

In addition the Policies shall be endorsed to provide as follows (or an ISO form endorsement containing the equivalent wording may be used): "Underwriters or the company or companies issuing this policy agree that, if the named insured is required, by written contract, to name any other person, firm or organization as an additional insured on this policy for claims arising out of acts, or the failure to act, by the named insured, then such other person, firm or organization shall automatically be deemed to be an additional insured under this policy without any further action, but only to the extent required under said written contract." Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of the Policies must be stated in the certificate of insurance provided to Authority if either exceeds \$50,000.00; and, in such event, Authority may decline to approve this lease agreement without any liability to Lessee. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Lessee neglects or refuses to provide any insurance required

herein, or if any insurance is canceled, Authority may procure such insurance at Lessee's expense, and Authority is entitled to reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Lessee receives Authority's notice of payment until reimbursement.

Section 12.02. Waiver of Subrogation

Lessee waives every claim which arises or may arise in its favor against Authority during the term of this lease or any renewal or extension thereof for any and all claims against it, or for loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, covered by applicable insurance policies, to the extent that such claim, loss or damage is covered or recoverable under said insurance policies. Said waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this lease agreement with respect to any loss of or damage to property of the parties hereto. Lessee agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this lease agreement written notice of the terms of the waiver set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waiver; and Lessee will provide to Authority a copy of said endorsement or endorsements or evidence that such endorsement is not necessary to prevent the invalidation of the insurance coverage by reason of such waiver.

ARTICLE 13 PROPERTY LOSS

Section 13.01. Obligation to Restore

If all or any part of the improvements located on (or constituting a part of) the Leased Premises are destroyed or damaged by any casualty during any term of this lease agreement, Lessee will promptly commence and thereafter prosecute diligently to completion the restoration of the same to the condition in which the destroyed or damaged portion existed prior to the casualty. Lessee will perform such restoration with at least as good workmanship and quality as the improvements being restored and in compliance with the provisions of Article 5 hereof. Notwithstanding the foregoing provisions of this paragraph to the contrary, if all of such improvements are wholly destroyed by any casualty or are so damaged or destroyed that, in Authority's good faith judgment reasonably exercised, it would be uneconomic to cause the same to be restored (and Authority shall give written notice of such determination to Lessee within ninety (90) days after the date casualty occurred), then Lessee shall not be obligated to restore such improvements and this lease agreement shall terminate as of the date of the casualty, and Authority shall be entitled to receive and retain the insurance proceeds for the loss.

If a property loss affecting the Leased Premises occurs, all insurance proceeds arising from policies maintained by Lessee for the damages arising from such casualty shall be distributed and paid directly to Authority, and Authority shall distribute such insurance proceeds to Lessee to the extent necessary to reimburse Lessee for costs incurred by Lessee in restoring

the damaged Leased Premises in satisfaction of this Section 12.01, and any balance of such proceeds remaining after such restoration is complete shall be paid to Lessee within sixty (60) days after the restoration is complete and approved by Authority.

Section 13.02. Damage Near End of Term

If the Leased Premises are damaged to the extent of fifty per cent (50%) or destroyed in whole or in part during the last twenty-four (24) months of the lease term, Lessee shall have the right to terminate this lease agreement and not rebuild the improvements on the Leased Premises, in which event Authority shall be entitled to receive and retain the insurance proceeds from the loss or Lessee will rebuild as provided herein.

If the Port of Corpus Christi or its ship channel are damaged or destroyed in whole or in part to the extent that it is not economically or physically feasible to re-open the same, in Authority's sole judgment, then Authority shall have the option to terminate this lease agreement.

The party electing to terminate this lease agreement shall give notice to the other party of such election within ninety (90) days after the occurrence of such event. If such notice is given, the rights and obligations of the parties shall cease as of the date of such notice, and rent shall be adjusted as of the date of such notice of termination.

Section 13.03. Notice of Damage

Lessee shall immediately notify Authority of any destruction of or damage to the Leased Premises.

ARTICLE 14 CONDEMNATION

Section 14.01. Total Taking

If a total taking of the Leased Premises by condemnation occurs, then this lease agreement shall terminate as of the date the condemning authority takes lawful possession of the Leased Premises, and Authority is entitled to receive and retain the award for the taking of the Leased Premises.

Section 14.02. Partial Taking

If a partial taking of the Leased Premises by condemnation occurs, (a) this lease agreement will continue in effect as to the portion of the Leased Premises not taken, and (b) Lessee must promptly commence and thereafter prosecute diligently to completion the restoration of the remainder of Lessee's improvements located on (or constituting a part of) the Leased Premises to an economically viable unit with at least as good workmanship and quality as

existed prior to the taking. In the event of a partial taking of the Leased Premises, Authority is entitled to receive and retain the award for the portion of the Leased Premises taken. In addition, upon a partial taking, the annual rent payable during the remainder of the term of this lease agreement (after the condemning authority takes lawful possession of the portion taken) shall be reduced proportionally, giving due regard to the relative value of the portion of the Leased Premises taken as compared to the remainder thereof.

Section 14.03. Voluntary Conveyance

Nothing in this article prohibits Authority from voluntarily conveying all or part of the premises to a public utility, agency, or authority under threat of a taking under the power of eminent domain. Any such voluntary conveyance will be treated as a taking within the meaning of this Article.

Section 14.04. Notice of Proposed Taking

Lessee and Authority shall immediately notify the other of any proposed taking by condemnation of the Leased Premises.

ARTICLE 15 QUIET ENJOYMENT

Lessee, on paying the rent and all other sums called for herein and performing all of Lessee's other obligations contained herein, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the term of this lease agreement, subject to the provisions of this lease agreement. Authority agrees to warrant and forever defend Lessee's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under Authority (but not otherwise) subject to (a) the provisions of this lease agreement, (b) the lawful use of the Leased Premises by any mineral owner of part or all of the Leased Premises or a lessee in an oil, gas or mineral lease granted by any mineral owner of all or part of the Leased Premises, (c) all matters of record in Nueces County, Texas, and (d) any unrecorded easements or licenses executed by Authority to the extent the foregoing are validly existing and applicable to the Leased Premises. Lessee shall have no right to voluntarily permit any portion of the Leased Premises to be used for the purpose of drilling an oil or gas well without Authority's prior written consent.

ARTICLE 16 MEDIATION

Section 16.01. Mediation

Authority and Lessee agree they will, before taking any other legal action, including the filing of an action in State or Federal Court, attempt in good faith, to mediate in Corpus Christi, Texas, any controversy or claim arising out of or related to this lease agreement before a mediator to be agreed upon by Authority and Lessee. Authority and Lessee must agree upon a

mediator within fifteen (15) days after a written request for mediation by either party, or either party may request any State District Judge sitting in Nueces County, Texas, to appoint a mediator and such appointment will be final. The mediator will schedule a mediation meeting at a time and place determined by the mediator. Authority and Lessee will each pay one-half of the costs of mediation to the mediator.

ARTICLE 17 GENERAL PROVISIONS

Section 17.01. Compliance

Lessee must comply with all federal, state and local laws, rules or regulations, including Authority's Tariff 100-A, applicable to Lessee's tenancy or operations on the Leased Premises. Lessee must comply with the requirements of Item 669 of Authority's Tariff 100-A to the extent the same apply to Lessee, its agents, servants and employees.

Section 17.02. Inspection

Lessee will permit Authority and Authority's agents, representatives or employees to enter on the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this lease agreement, for purposes of maintaining, repairing or altering the premises, or for the purposes of showing the Leased Premises to prospective lessees, purchasers, mortgagees or beneficiaries under deeds of trust.

In an emergency, Authority, its agents, servants and employees, may use any means to open any gate or door into or on the Leased Premises without any liability for doing so. Entry into the Leased Premises by Authority for any purpose permitted herein shall not constitute a trespass nor an eviction (constructive or otherwise), nor entitle Lessee to any abatement or reduction of rent, nor constitute grounds for any claim by Lessee (and Lessee hereby waives any such claim) for damages for any injury to or interference with Lessee's business, for loss of occupancy or quiet enjoyment or for consequential damages.

Section 17.03. No Partnership

The relationship between Authority and Lessee at all times shall remain solely that of landlord and tenant and not be deemed a partnership or joint venture. This lease agreement is for the sole benefit of Authority and Lessee and no other person, entity or third party unless the benefit to a person, entity or third party is expressly stated in this lease agreement.

Section 17.04. Payments and Notices

All payments, notices, demands or requests from Lessee to Authority shall be given to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All payments, notices, demands or

requests from Authority to Lessee shall be given to Lessee, CITGO Petroleum Corporation, at P. O. Box 3758, Tulsa, Oklahoma 74102-3758, or at such other address as Lessee shall request in writing. Any notice required or permitted under this lease agreement must be in writing. Any notice required by this lease agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage paid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

Section 17.05. Estoppel Certificate

On request, Lessee will execute an estoppel certificate that states the commencement date and termination date of the lease, describes any rights to extend the term of the lease, lists defaults by Authority and provides any other information reasonably requested.

Section 17.06. Abatement

Lessee's covenant to pay rent and additional rent and Authority's covenants are independent. Except as otherwise provided, Lessee is not entitled to abatement of rent or additional rent for any reason.

Section 17.07. Abandoned Property

Authority may retain, destroy or dispose of any property left on the Leased Premises at the expiration or termination of this lease.

ARTICLE 18 MISCELLANEOUS

Section 18.01. Parties Bound

This agreement binds and inures to the benefit of the parties and their respective legal representatives, heirs, distributees, successors and assigns where assignment is permitted by this lease agreement.

Section 18.02. Applicable Law

This agreement must be construed and its performance enforced under Texas law. Venue of any action arising out of this lease agreement will be in Nueces County, Texas.

Section 18.03. Severability

If any part of this lease agreement is for any reason found to be unenforceable, all other portions nevertheless remain enforceable.

Section 18.04. Time of Essence

Time is of the essence with respect to each date or time specified in this lease agreement by which an event is to occur.

Section 18.05. Rights and Remedies Cumulative

The rights and remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. All the rights and remedies may be exercised and enforced concurrently or whenever occasion for the exercise arises.

Section 18.06. Attorneys' Fees

In the event Authority or Lessee breach or default upon any of the terms of this lease agreement and the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the reasonable attorneys' fees incurred by the prevailing party.

Section 18.07. Captions

All captions in this lease agreement are for reference and convenience only and shall not modify or affect the provisions of this lease agreement in any manner.

Section 18.08. Public Disclosure

Authority is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Public Information Act (Texas Government Code, chapters 551 and 552), and as such Authority is required to disclose to the public (upon request) this lease agreement and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, Lessee agrees that the disclosure of this lease agreement or any other information or materials related to the consummation of the transactions contemplated hereby to the public by Authority as required by the Texas Open Meetings Act, Texas Public Information Act or any other law will not expose Authority (or any party acting by, through or under Authority) to any claim, liability or action by Lessee.

Section 18.09. Brokers

Lessee hereby warrants and represents unto Authority that it has not incurred or authorized any brokerage commission, finder's fees or similar payments in connection with this lease agreement, and agrees to defend, indemnify and hold harmless Authority from and against any claim for brokerage commission, finder's fees or similar payment arising by virtue of authorization by, through or under Lessee in connection with this lease agreement.

Section 18.10. Authority

The person executing this lease agreement on behalf of the Lessee personally warrants and represents unto Authority that (a) (if applicable) Lessee is a duly organized and existing legal entity, in good standing in the state of Texas, (b) Lessee has full right and authority to execute, deliver and perform this lease agreement, (c) the person executing this lease agreement on behalf of Lessee was authorized to do so, and (d) upon request of Authority, such person will deliver to Authority satisfactory evidence of his or her authority to execute this lease agreement on behalf of Lessee.

Section 18.11. Recording

Neither this lease agreement (including any exhibit hereto) nor any memorandum shall be recorded without the prior written consent of Authority.

Section 18.12. Interpretation

Both Authority and Lessee and their respective legal counsel have reviewed and have participated in the preparation of this lease agreement. Accordingly, no presumption will apply in favor of either Authority or Lessee in the interpretation of this lease agreement or in the resolution of the ambiguity of any provision hereof.

Section 18.13. Force Majeure

In the event either party hereto shall be delayed or hindered in or prevented from the performance required hereunder by reason of *force majeure*, which includes strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God, or other reason of like nature not the fault of the party delayed in performing work or doing acts (hereinafter "*force majeure*"), such party shall be excused for the period of time equivalent to the delay caused by such *force majeure*.

Notwithstanding the foregoing, any extension of time for *force majeure* shall be conditioned upon the party seeking an extension of time and delivering written notice of such *force majeure* to the other party within five (5) calendar days of the event causing the *force majeure*, and the maximum period of time which a party may delay any act or performance of work due to *force majeure* shall be sixty (60) days.

Section 18.14. Contractual Relationship

Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against Authority or Lessee.

Section 18.15. Entire Agreement

This lease agreement, including any exhibits, constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this lease agreement. No change, waiver or discharge is valid unless in a writing that is signed by the party against whom it is sought to be enforced.

IN TESTIMONY WHEREOF, this lease agreement is executed in duplicate originals, either of which shall be deemed to be an original, at Corpus Christi, Texas, on the date first above mentioned.

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

By: _____

John P. LaRue
Executive Director

"Authority"

CITGO PETROLEUM CORPORATION

By: _____

Name: _____

Title: _____

"Lessee"

STATE OF TEXAS §
 §
COUNTY OF NUECES §

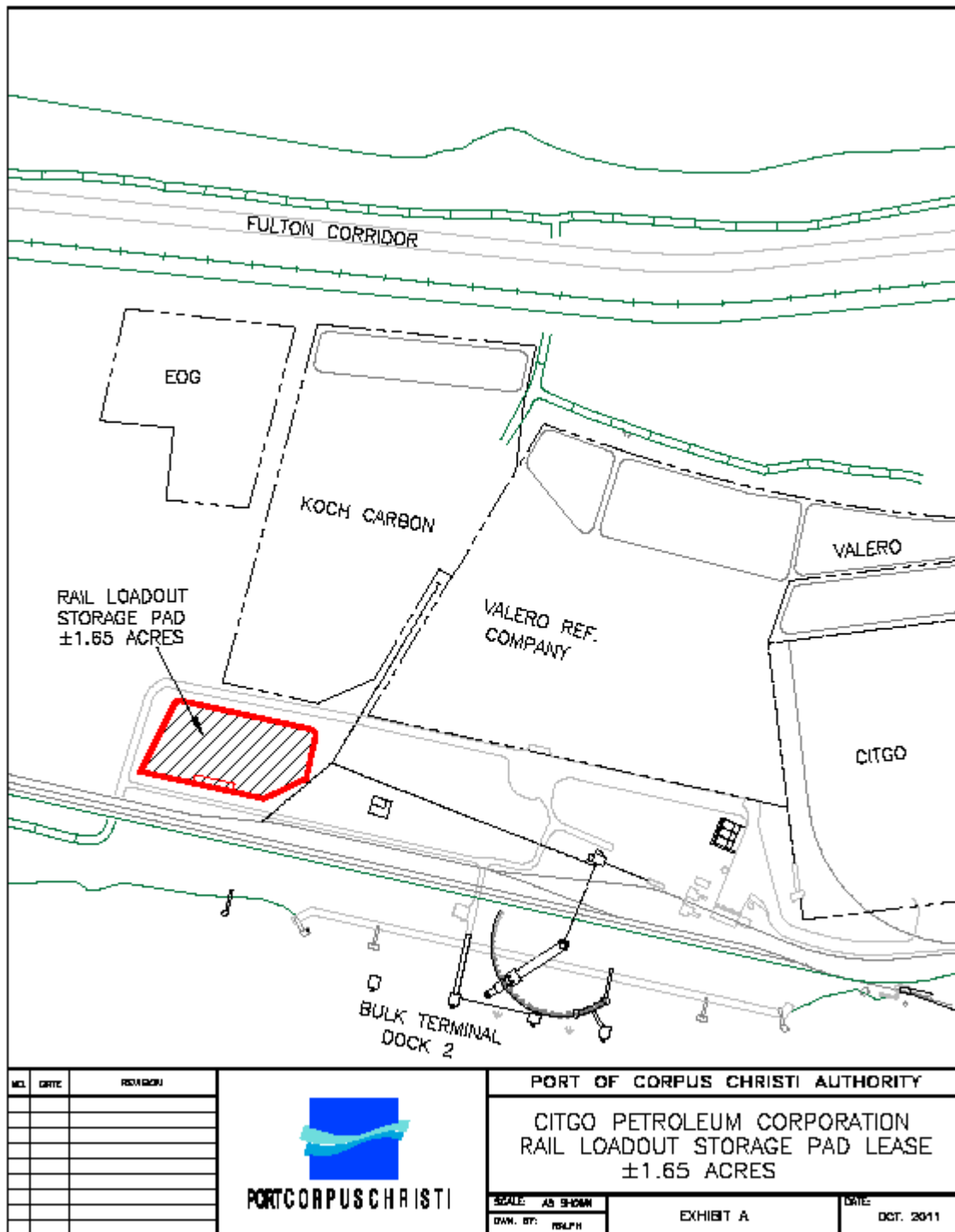
This instrument was acknowledged before me on the 8th day of November, 2011, by JOHN P. LARUE, Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Authority.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF _____ §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2011, by _____, _____ of CITGO Petroleum Corporation, a Delaware Corporation with permit to do business in Texas, on behalf of said corporation.

NOTARY PUBLIC, STATE OF _____



Citgo Petroleum Corporation Bulk Terminal Rail Loadout Pad Lease
November 8, 2011
WL -256346
148.14



John P. LaRue
EXECUTIVE DIRECTOR

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 6***
Second Reading of a Franchise Granting
CITGO Refining and Chemicals Company, L.P., the
Right to Cross the South Bulkhead Line of the Industrial Canal
From CITGO Docks 1 and 2 and Related Rights

Dear Commissioners:

CITGO Refining and Chemicals Company, L.P., has made application for a Franchise that would give it the right to access the Industrial Canal from CITGO Oil Docks 1 and 2 and related rights. These docks are on land that was originally conveyed to H.G. Sherman, S. Gugenheim, Mrs. Anna Cohn, and Joseph A. Cohn in a mutual conveyance with the Nueces County Navigation District No. 1.

Staff prepared the attached Franchise, which is summarized on the attached Franchise Summary. In accordance with the terms of the mutual conveyance, the rental payments under this proposed Franchise are as follows: (a) for a cotton compress or the shipment of cotton or cotton seed products, oil, or general cargo business, 50% of the Port's wharfage rates on the same type of cargo and (b) for the shipment of any other property or commodity of the owner of the Franchise for its own particular business and not for others, not more than 50% of the Port's wharfage rates on the same type of cargo. By resolution approved at the October 12, 2010 commission meeting, the Port Commission confirmed that the rent payable for all of the Port's franchises, which is based upon the quantity of shipments made by a business other than a general cargo business, has been and will continue to be equal to 50% of the then current wharfage rate on the same type of property or commodity, unless a specific price per unit of cargo measure is expressly stated in the applicable cross-conveyance.

Staff recommends that the Port Commission approve and pass the second reading of the Franchise to the third and final reading scheduled for December 13, 2011. Staff will advise the Port Commission of any revisions to the Franchise at the third reading pending any further negotiations between CITGO Refining and Chemicals Company, L.P., and the Port.

This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachment

FRANCHISE SUMMARY

<u>Grantee:</u>	CITGO Refining & Chemicals Company, L.P.
<u>Premises:</u>	1,260.67-foot frontage along Authority Bulkhead Line that fronts the Industrial Canal within the Inner Harbor from CITGO Docks No. 1 and No. 2 (see attached drawing).
<u>Use:</u>	Right of access to and use of Authority Inner Harbor for ship/barge loading, unloading and berthing operations
<u>Term:</u>	9 years
<u>Option:</u>	None
<u>Start Date:</u>	December 2011 contingent upon Commission approval of all three final readings and publication of notice in the Corpus Christi Caller Times.
<u>Annual Rent:</u>	50% of wharfage tariff rate for defined "Specific Cargo and General Cargo Business and not more than 50% for defined "Other Cargo Owned by Grantee".

FRANCHISE
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
TO
CITGO REFINING AND CHEMICALS COMPANY, L.P.**

CITGO Oil Docks 1 & 2

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 CITGO Refining and Chemicals Company, L.P., a Delaware limited partnership whose business address is 1802 Nueces Bay Boulevard, Corpus Christi, Texas 78407, on behalf of itself and CITGO Petroleum Corporation, a Delaware corporation, and their respective successors and permitted assigns ("Grantee"), for the term specified in this Section 1, the right of access to the Corpus Christi Ship Channel ("Channel") from Grantee's Land (hereinafter defined) for all purposes necessary, proper or convenient in connection with the maintenance of the Channel and the use and operation of docks and wharves and related facilities constructed or to be constructed on Grantee's Land. The term of this franchise shall begin when Grantee files its written acceptance of it with the Authority in accordance with Section 12 of this franchise and shall end on October 20, 2020. "Grantee's Land" is that certain 35.86 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 35.86 acres of the 43.08 acres of land conveyed to H. G. Sherman, S. Gugenheim, Mrs. Anna Cohn, and Joseph A. Cohn by the Nueces County Navigation District No. 1 by that certain Mutual Conveyance described in Section 9 of this franchise.

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. Specified Cargo and General Cargo Business. For a cotton compress or the shipment of cotton or cotton seed products, oil, or general cargo business (and by general cargo business is meant the shipment of any property or commodity other than that of the owner of this franchise), or any combination of such operations, a rental based upon the amount of the shipment made and to be fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same commodity.

B. Other Cargo Owned by Grantee. For the shipment of any other property or commodity of the owner of this franchise for its own particular business and not for others, a reasonable rental based upon the amount of the commodities shipped, provided that it shall not be more than fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same commodity.

Grantee shall keep and maintain a complete and accurate set of books and records showing all 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.

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; provided, however, that Authority must give Grantee written notice of such general rule or regulation before it becomes effective with respect to Grantee.

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.

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

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

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

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

F. Pollution. Grantee shall take all reasonable precautions to prevent the pollution of Grantee's Land, the Channel, the Authority's submerged land lying between the Channel and the Grantee's Land 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, state and local laws and regulations relating to maintaining water quality in the Channel, and will file with the Authority copies of all permits received by Grantee relating to water quality to the extent relating to its activities hereunder.

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

SECTION 5 **INDEMNITY**

Grantee shall defend, indemnify and hold harmless Authority, from and against all expense and liability for, and resulting from, the sole, joint, concurrent, or comparative negligence of Grantee, its agents or employees (collectively, "Grantee Parties"), in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim") **EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE AUTHORITY;** provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Grantee Parties and the Authority, then Grantee's obligation to the Authority shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim.

SECTION 6 **DEFAULT**

In the event of a material 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 **DREDGING EASEMENTS**

The rights of Grantee hereunder shall be subject to all easements of every kind heretofore granted by the Authority and to the right of the Authority to dredge, and to grant easements to the United States and other governmental agencies to dredge, north of the South Bulkhead Line.

SECTION 8 **IMPROVEMENTS**

Except as otherwise provided herein, any and all structures and other improvements which are, and may be, constructed and placed by Grantee, its successors and assigns, upon Grantee's Land (collectively "Grantee's Improvements") shall be and remain at all times the property of Grantee, its successors and permitted assigns, notwithstanding a reversion of title to Grantee's Land to the Authority pursuant to the provisions of, or as a result of the exercise of any of the rights of the Authority retained in, the Mutual Conveyance described in Section 9 of this

franchise. In the event of such reversion, however, Grantee shall remove Grantee's Improvements from Grantee's Land and remediate any environmental contamination of Grantee's Land within one year after the date of such reversion, and following such reversion Grantee shall not have the right to cross the South Bulkhead Line from Grantee's Improvements without the Authority's written permission.

SECTION 9

NO EFFECT ON MUTUAL CONVEYANCE

The rights and privileges of Grantee and the Authority arising out of that certain mutual conveyance dated November 24, 1933, of record at pages 18 through 21 of Volume 210, Deed Records of Nueces County, Texas, between the Nueces County Navigation District No. 1, on the one hand, and H. G. Sherman, S. Gugenheim, Mrs. Anna Cohn, and Joseph A. Cohn, on the other hand ("Mutual Conveyance"), are hereby expressly recognized and confirmed and in no wise 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 10

ASSIGNMENT

Grantee may, with the prior written consent of the Authority, which may not be unreasonably withheld, 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, which may not be unreasonably withheld, 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 9 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 11

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 12

PASSAGE AND ACCEPTANCE

A majority of the Authority's Port Commissioners voted to grant this franchise at meetings of the Port Commission held on October 11, 2011, November 8, 2011, and December 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.

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 December, 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 December, 2011, by Mike Carrell, Chairman of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, and Judy Hawley, Secretary of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Port Authority.

NOTARY PUBLIC, STATE OF TEXAS

ACCEPTANCE OF GRANTEE

CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation hereby accepts the above and foregoing franchise covering 35.86 acres of land, which was granted to it by Port of Corpus Christi Authority of Nueces County, Texas, and further agrees that CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation, its successors and permitted assigns, shall in all things be bound by the terms and conditions of said franchise.

EXECUTED this ____ day of _____, 2011.

CITGO Refining and Chemicals Company, L.P.
on behalf of itself and CITGO Petroleum
Corporation

By: _____

Printed Name: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of _____, 2011, by _____, _____ of CITGO Refining and Chemicals Company, L.P., on behalf of CITGO Refining and Chemicals Company, L.P. and CITGO Petroleum Corporation.

NOTARY PUBLIC, STATE OF TEXAS

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 7***
Second Reading of a Franchise Granting
CITGO Refining and Chemicals Company, L.P., the
Right to Cross the South Bulkhead Line of the Tule Lake Channel
From CITGO Docks 3 and 6 and Related Rights

Dear Commissioners:

CITGO Refining and Chemicals Company, L.P., has made application for a Franchise that would give it the right to access the Tule Lake Turning Basin and Tule Lake Channel from CITGO Oil Dock 3 and Barge Dock 6 and related rights. These docks are on land that was originally conveyed to W. Preston Pittman, Dr. McIver Furman, and T. S. Scibienski, Trustees of the Robert Driscoll and Julia Driscoll and Robert Driscoll, Jr. Foundation, *et al*, in a mutual conveyance with the Nueces County Navigation District No. 1.

Staff prepared the attached Franchise, which is summarized on the attached Franchise Summary. The rental payments under this proposed Franchise are as follows: (a) for a general cargo business, 50% of the Port's wharfage rates on the same type of cargo and (b) for business other than a general cargo business, not more than 50% of the Port's wharfage rates on the same type of cargo. By resolution approved at the October 12, 2010 commission meeting, the Port Commission confirmed that the rent payable for all of the Port's franchises, which is based upon the quantity of shipments made by a business other than a general cargo business, has been and will continue to be equal to 50% of the then current wharfage rate on the same type of property or commodity, unless a specific price per unit of cargo measure is expressly stated in the applicable cross-conveyance.

Staff recommends that the Port Commission approve and pass the second reading of the Franchise to the third and final reading scheduled for December 13, 2011. Staff will advise the Port Commission of any revisions to the Franchise at the third reading pending further negotiations between CITGO Refining and Chemicals Company, L.P., and the Port.

This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachment

FRANCHISE SUMMARY

<u>Grantee:</u>	CITGO Refining & Chemicals Company, L.P.
<u>Premises:</u>	1648.69-foot frontage along Authority Bulkhead Line that fronts the Tule Lake Channel and Tule Lake Turning Basin in the Inner Harbor from CITGO Oil Dock No. 3 and CITGO Barge Dock No. 6.
<u>Use:</u>	Right of access to and use of Authority Inner Harbor for ship/barge loading, unloading and berthing operations
<u>Term:</u>	9 years
<u>Option:</u>	None
<u>Start Date:</u>	December 2011 contingent upon Commission approval of all three final readings and publication of notice in the Corpus Christi Caller Times.
<u>Annual Rent:</u>	50% of wharfage tariff rate for defined "General Cargo Business" and not more than 50% of wharfage tariff rate for defined "Other Business".

FRANCHISE
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
TO
CITGO REFINING AND CHEMICALS COMPANY, L.P.**

CITGO Oil Dock 3 and Barge Dock 6

SECTION 1
GRANT OF CONSTRUCTION RIGHTS AND 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 CITGO Refining and Chemicals Company, L.P., a Delaware limited partnership whose business address is 1802 Nueces Bay Boulevard, Corpus Christi, Texas 78407, on behalf of itself and CITGO Petroleum Corporation, a Delaware corporation, and their respective successors and permitted assigns ("Grantee"), for the term specified in this Section 1, (a) the right to construct docks and wharves on Grantee's Land (hereinafter defined), (b) the right to dig, excavate or otherwise construct slips, cuts, channels or waterways on and across Grantee's Land to the Corpus Christi Ship Channel ("Channel"), and (c) the right of access to the Channel from Grantee's Land for all purposes necessary, proper or convenient in connection with the maintenance of the Channel and the use and operation of docks and wharves and related facilities constructed or to be constructed on Grantee's Land. The term of this franchise shall begin when Grantee files its written acceptance of it with the Authority in accordance with Section 12 of this franchise and shall end on October 20, 2020. "Grantee's Land" is that certain 12.325 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 0.168 acres out of Tract Three and 12.157 acres out of Tract Four of the tracts of land conveyed to W. Preston Pittman, Dr. McIver Furman, and T. S. Scibienski, Trustees of the Robert Driscoll and Julia Driscoll and Robert Driscoll, Jr. Foundation, et al, by the Nueces County Navigation District No. 1 by that certain Mutual Conveyance described in Section 9 of this franchise.

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. General Cargo Business.** For all property or commodities transported by a general cargo business (and by "general cargo business" is meant a business handling the shipment by water of any property or commodity owned by a party other than the holder of this franchise), a rental based upon the quantity of shipments made and to be equal to fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same type of property or commodity;
- B. Other Business.** For all property or commodities transported by a business other than a general cargo business (that is, a business handling the shipment by water of property or commodities owned by the holder of this franchise), a rental based upon the quantity of the shipments made and to be an amount not more than fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same type of property or commodity.

Grantee shall keep and maintain a complete and accurate set of books and records showing all 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.

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; provided, however, that Authority must give Grantee written notice of such general rule or regulation before it becomes effective with respect to Grantee.

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.

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

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

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

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

F. Pollution. Grantee shall take all reasonable precautions to prevent the pollution of Grantee's Land, the Channel, the Authority's submerged land lying between the Channel and the Grantee's Land 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, state and local laws and regulations relating to maintaining water quality in the Channel, and will file with the Authority copies of all permits received by Grantee relating to water quality to the extent relating to its activities hereunder.

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

SECTION 5 **INDEMNITY**

Grantee shall defend, indemnify and hold harmless Authority, from and against all expense and liability for, and resulting from, the sole, joint, concurrent, or comparative negligence of Grantee, its agents or employees (collectively, "Grantee Parties"), in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim") **EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE AUTHORITY;** provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Grantee Parties and the Authority, then Grantee's obligation to the Authority shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim.

SECTION 6 **DEFAULT**

In the event of a material 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 **DREDGING EASEMENTS**

The rights of Grantee hereunder shall be subject to all easements of every kind heretofore granted by the Authority and to the right of the Authority to dredge, and to grant easements to the United States and other governmental agencies to dredge, north of the South Bulkhead Line.

SECTION 8 **IMPROVEMENTS**

Except as otherwise provided herein, any and all structures and other improvements which are, and may be, constructed and placed by Grantee, its successors and assigns, upon Grantee's Land (collectively "Grantee's Improvements") shall be and remain at all times the property of Grantee, its successors and permitted assigns, notwithstanding a reversion of title to Grantee's Land to the Authority pursuant to the provisions of, or as a result of the exercise of any

of the rights of the Authority retained in, the Mutual Conveyance described in Section 9 of this franchise. In the event of such reversion, however, Grantee shall remove Grantee's Improvements from Grantee's Land and remediate any environmental contamination of Grantee's Land within one year after the date of such reversion, and following such reversion Grantee shall not have the right to cross the South Bulkhead Line from Grantee's Improvements without the Authority's written permission.

SECTION 9

NO EFFECT ON MUTUAL CONVEYANCE

The rights and privileges of Grantee and the Authority arising out of that certain mutual conveyance dated June 8, 1959, of record in four counterparts at pages 571 and 604 of Volume 868 and pages 1 and 34 of Volume 869, Deed Records of Nueces County, Texas ("Mutual Conveyance"), between the Nueces County Navigation District No. 1, on the one hand, and W. Preston Pittman, Dr. McIver Furman, and T. S. Scibienski, Trustees of the Robert Driscoll and Julia Driscoll and Robert Driscoll, Jr. Foundation, et al, on the other hand, as amended by that certain instrument styled "Releases and Grants of Easements for Mooring Structure and Side Slope Dredging" executed in counterparts, one of which is recorded in Volume 1654 at page 202, Deed Records of Nueces County, Texas, and as amended by that certain instrument styled "Deed Without Warranty" executed in counterparts, one of which is recorded in Volume 2334 at page 462, Deed Records of Nueces County, Texas, are hereby expressly recognized and confirmed and in no wise 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 10

ASSIGNMENT

Grantee may, with the prior written consent of the Authority, which may not be unreasonably withheld, 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, which may not be unreasonably withheld, 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 9 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 11

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 12
PASSAGE AND ACCEPTANCE

A majority of the Authority's Port Commissioners voted to grant this franchise at meetings of the Port Commission held on October 11, 2011, November 8, 2011, and December 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.

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 December, 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 December, 2011, by Mike Carrell, Chairman of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, and Judy Hawley, Secretary of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Port Authority.

NOTARY PUBLIC, STATE OF TEXAS

ACCEPTANCE OF GRANTEE

CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation hereby accepts the above and foregoing franchise covering 12.325 acres of land, which was granted to it by Port of Corpus Christi Authority of Nueces County, Texas, and further agrees that CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation, its successors and permitted assigns, shall in all things be bound by the terms and conditions of said franchise.

EXECUTED this ____ day of _____, 2011.

CITGO Refining and Chemicals Company, L.P.
on behalf of itself and CITGO Petroleum
Corporation

By: _____

Printed Name: _____

Title: _____

STATE OF TEXAS §

§

COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of _____, 2011, by _____, _____ of CITGO Refining and Chemicals Company, L.P., on behalf of CITGO Refining and Chemicals Company, L.P. and CITGO Petroleum Corporation.

NOTARY PUBLIC, STATE OF TEXAS



November 8, 2011

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This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. LaRue". The signature is fluid and cursive, with a prominent blue ink line above the first few letters.

John P. LaRue
Executive Director

Attachment

FRANCHISE SUMMARY

<u>Grantee:</u>	CITGO Refining & Chemicals Company, L.P.
<u>Premises:</u>	2,400.97-foot frontage along Authority Bulkhead Line that fronts the Industrial Canal within the Inner Harbor from CITGO Docks No. 7 (see attached drawing).
<u>Use:</u>	Right of access to and use of Authority Inner Harbor for ship/barge loading, unloading and berthing operations
<u>Term:</u>	9 years
<u>Option:</u>	None
<u>Start Date:</u>	December 2011 contingent upon Commission approval of all three final readings and publication of notice in the Corpus Christi Caller Times.
<u>Annual Rent:</u>	50% of wharfage tariff rate for defined "General Cargo Business" and not more than 50% of wharfage tariff for defined "Other Business".

FRANCHISE
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
TO
CITGO REFINING AND CHEMICALS COMPANY, L.P.**
CITGO Oil Dock 7

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 CITGO Refining and Chemicals Company, L.P., a Delaware limited partnership whose business address is 1802 Nueces Bay Boulevard, Corpus Christi, Texas 78407, on behalf of itself and CITGO Petroleum Corporation, a Delaware corporation, and their respective successors and permitted assigns (“Grantee”), for the term specified in this Section 1, the right of access to the Corpus Christi Ship Channel (“Channel”) from Grantee’s Land (hereinafter defined) for all purposes necessary, proper or convenient in connection with the maintenance of the Channel and the use and operation of docks and wharves and related facilities constructed or to be constructed on Grantee’s Land. The term of this franchise shall begin when Grantee files its written acceptance of it with the Authority in accordance with Section 12 of this franchise and shall end on October 20, 2020. “Grantee’s Land” is that certain 40.04 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 40.04 acres of the 216.764 acres of land conveyed to PPG Industries, Inc., by the Nueces County Navigation District No. 1 by those certain Mutual Conveyances, as amended, described in Section 9 of this franchise.

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. **General Cargo Business.** For all property or commodities transported by a general cargo business (and by "general cargo business" is meant a business handling the shipment by water of any property or commodity owned by a party other than the holder of this franchise), a rental based upon the quantity of shipments made and to be equal to fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same type of property or commodity;
- B. **Other Business.** For all property or commodities transported by a business other than a general cargo business (that is, a business handling the shipment by water of property or commodities owned by the holder of this franchise), a rental based upon the quantity of the shipments made and to be an amount not more than fifty percent (50%) of the then current tariff wharfage rates of the Authority on the same type of property or commodity.

Grantee shall keep and maintain a complete and accurate set of books and records showing all 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.

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; provided, however, that Authority must give Grantee written notice of such general rule or regulation before it becomes effective with respect to Grantee.

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.

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

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

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

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

F. Pollution. Grantee shall take all reasonable precautions to prevent the pollution of Grantee's Land, the Channel, the Authority's submerged land lying between the Channel and the Grantee's Land 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, state and local laws and regulations relating to maintaining water quality in the Channel, and will file with the Authority copies of all permits received by Grantee relating to water quality to the extent relating to its activities hereunder.

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

SECTION 5 **INDEMNITY**

Grantee shall defend, indemnify and hold harmless Authority, from and against all expense and liability for, and resulting from, the sole, joint, concurrent, or comparative negligence of Grantee, its agents or employees (collectively, "Grantee Parties"), in connection with the exercise by Grantee of the rights and privileges granted herein (each an "Indemnified Claim") **EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE AUTHORITY;** provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Grantee Parties and the Authority, then Grantee's obligation to the Authority shall only extend to the percentage of the total responsibility of the Grantee Parties in contributing to such Indemnified Claim.

SECTION 6 **DEFAULT**

In the event of a material 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 **DREDGING EASEMENTS**

The rights of Grantee hereunder shall be subject to all easements of every kind heretofore granted by the Authority and to the right of the Authority to dredge, and to grant easements to the United States and other governmental agencies to dredge, north of the South Bulkhead Line.

SECTION 8 **IMPROVEMENTS**

Except as otherwise provided herein, any and all structures and other improvements which are, and may be, constructed and placed by Grantee, its successors and assigns, upon Grantee's Land (collectively "Grantee's Improvements") shall be and remain at all times the property of Grantee, its successors and permitted assigns, notwithstanding a forfeiture of title to Grantee's Land to the Authority as a result of the exercise of the Authority's rights stated in the

Mutual Conveyance described in Section 9 of this franchise. In the event of such forfeiture, however, Grantee shall remove Grantee's Improvements from Grantee's Land and remediate any environmental contamination of Grantee's Land within one year after the date of such forfeiture, and following such forfeiture Grantee shall not have the right to cross the South Bulkhead Line from Grantee's Improvements without the Authority's written permission.

SECTION 9

NO EFFECT ON MUTUAL CONVEYANCES

The rights and privileges of Grantee and the Authority arising out of the following mutual conveyances, as amended (collectively, the "Mutual Conveyances"), between the Nueces County Navigation District No. 1 ("NCND") and PPC Industries, Inc., formerly called Southern Alkali Corporation ("PPG"), are hereby expressly recognized and confirmed and in no wise lessened or diminished by the granting of this franchise and its acceptance by Grantee or by any surrender, cancellation or forfeiture of the same:

A. mutual conveyance dated October 23, 1933, recorded in Volume 208, page 394, Deed Records of Nueces County, Texas, under which NCND conveyed to PPG (at the time called Southern Alkali Corporation) two tracts of submerged land, one of 134.44 acres and one of 10.0 acres, and PPG conveyed to NCND all of PPG's riparian and littoral rights pertaining to the land which was then owned by PPG fronting on Nueces Bay and pertaining to the two tracts of 134.44 acres and 10.0 acres of submerged land which were therein conveyed, as amended by agreement between NCND and PPG dated March 22, 1977, recorded in Volume 1602, page 549, Deed Records of Nueces County, Texas; and

B. mutual conveyance dated September 18, 1947, recorded in Volume 394, page 564, Deed Records of Nueces County, Texas, under which NCND conveyed to PPG (at the time called Southern Alkali Corporation) a tract of 74.28 acres of submerged land and PPG conveyed to NCND a tract of 2.41 acres of land and all of PPG's riparian and littoral rights pertaining to the 74.28 acre tract of land which was therein conveyed, as amended by agreement between NCND and PPG dated March 22, 1977, recorded in Volume 1602, page 549, Deed Records of Nueces County, Texas.

SECTION 10

ASSIGNMENT

Grantee may, with the prior written consent of the Authority, which may not be unreasonably withheld, 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, which may not be unreasonably withheld, 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 9 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 11

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 12

PASSAGE AND ACCEPTANCE

A majority of the Authority's Port Commissioners voted to grant this franchise at meetings of the Port Commission held on October 11, 2011, November 8, 2011, and December 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 December, 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 December, 2011, by Mike Carrell, Chairman of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, and Judy Hawley, Secretary of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Port Authority.

NOTARY PUBLIC, STATE OF TEXAS

ACCEPTANCE OF GRANTEE

CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation hereby accepts the above and foregoing franchise covering 40.04 acres of land, which was granted to it by Port of Corpus Christi Authority of Nueces County, Texas, and further agrees that CITGO Refining and Chemicals Company, L.P., on behalf of itself and CITGO Petroleum Corporation, its successors and permitted assigns, shall in all things be bound by the terms and conditions of said franchise.

EXECUTED this ____ day of _____, 2011.

CITGO Refining and Chemicals Company, L.P.
on behalf of itself and CITGO Petroleum
Corporation

By: _____

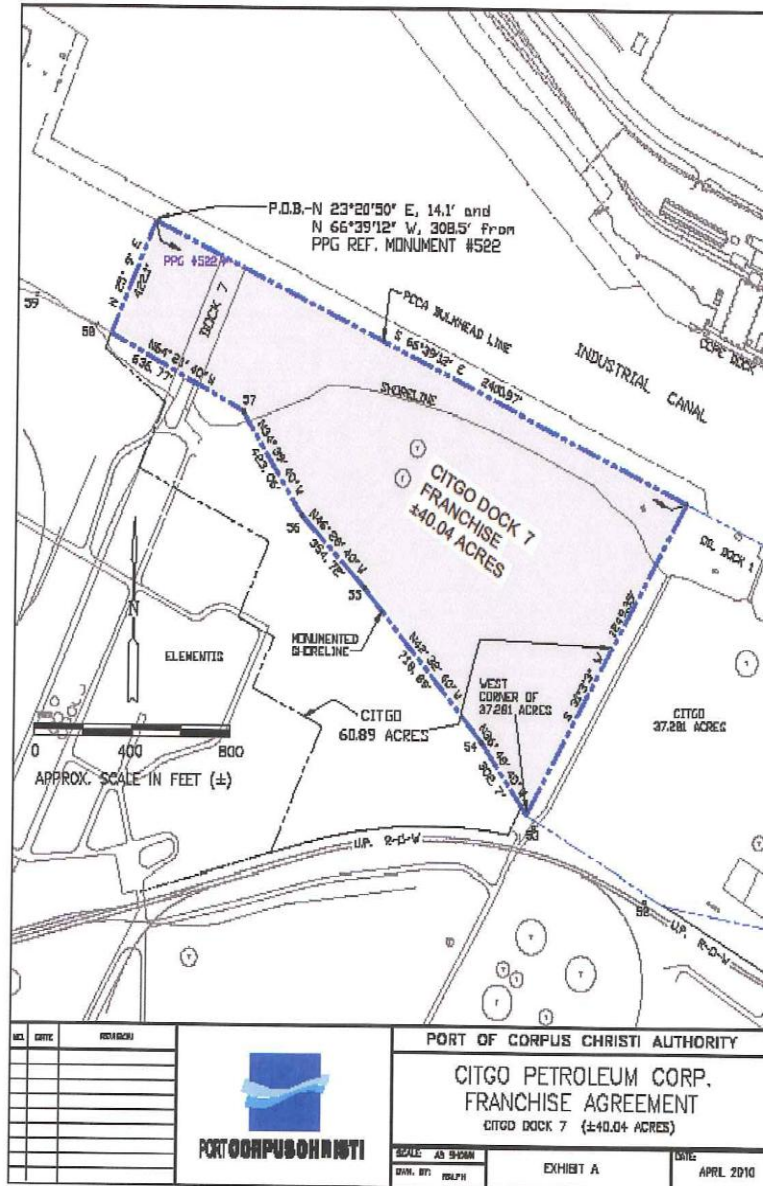
Printed Name: _____

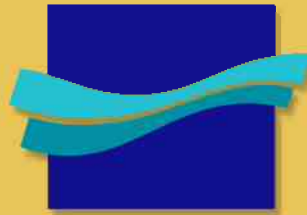
Title: _____

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of _____, 2011, by _____, _____ of CITGO Refining and Chemicals Company, L.P., on behalf of CITGO Refining and Chemicals Company, L.P. and CITGO Petroleum Corporation.

NOTARY PUBLIC, STATE OF TEXAS





PORT CORPUS CHRISTI

2011 Financial Review

**Nine Months Ended
September 30, 2011**

11/08/11



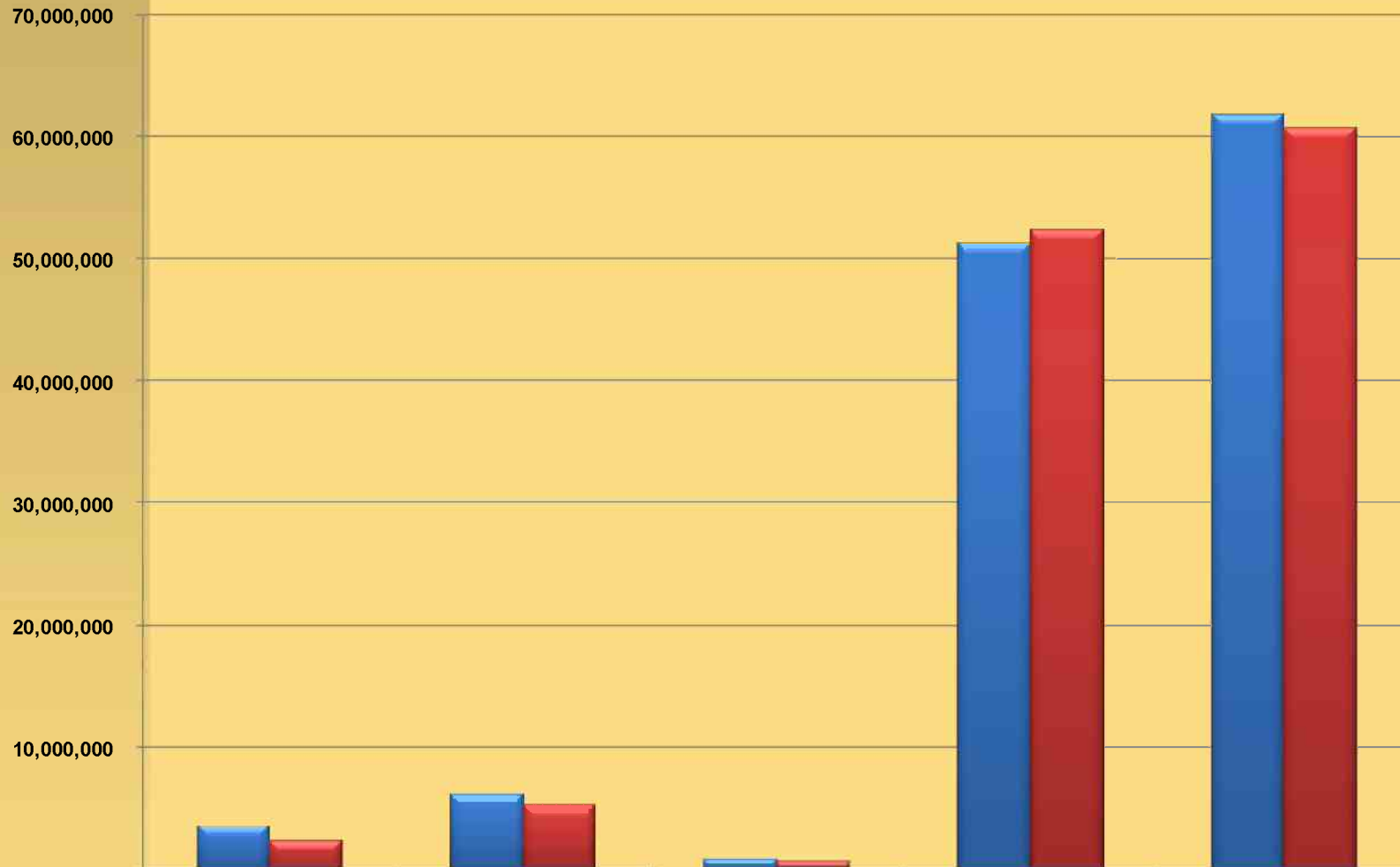
2011 Financial Review

- **Cargo Tonnage**
- **Operating Budget - Summary**
- **Operating Revenues**
- **Operating Expenses**
- **Capital Expenditures**



2011 Financial Review

Cargo Tonnage

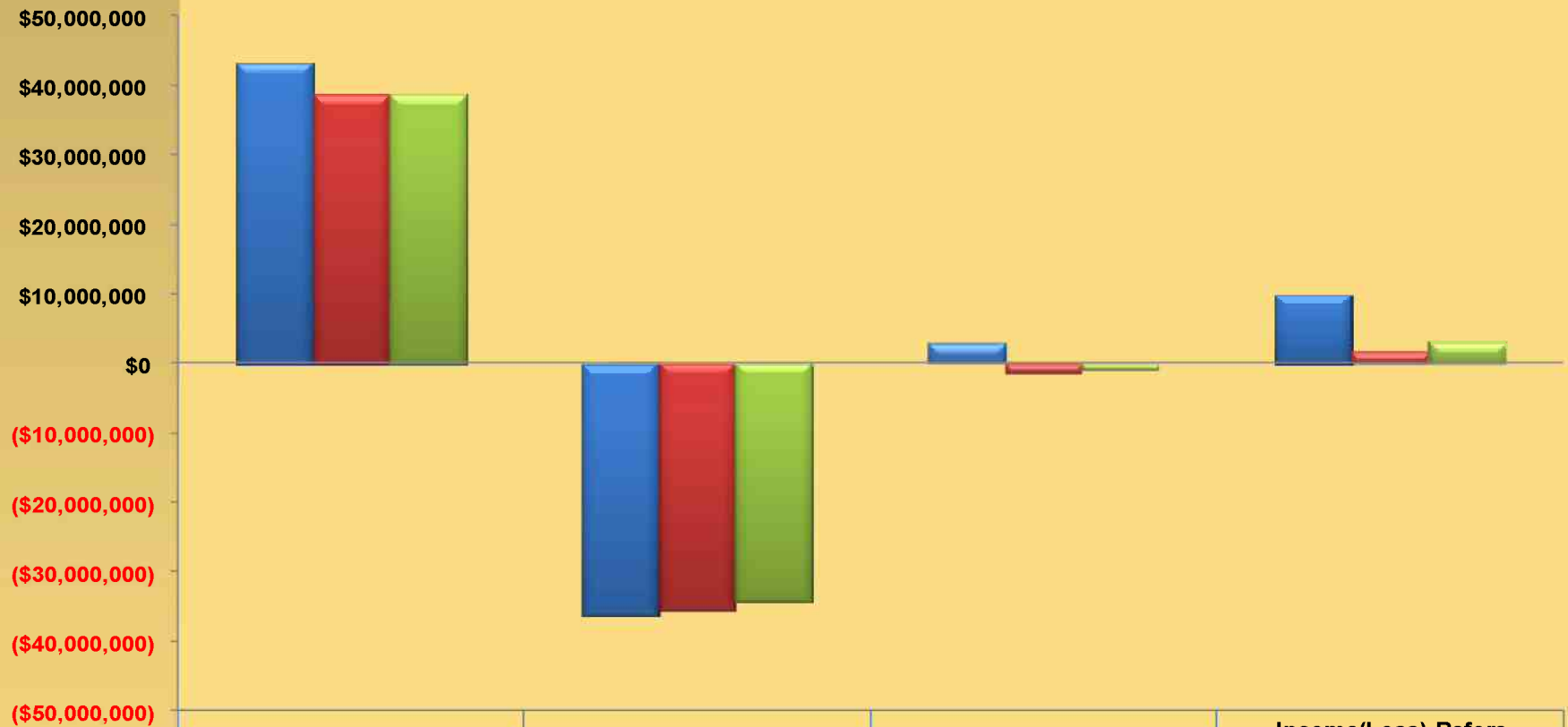


	Bulk Grain	Dry/Liquid/ Break Bulk	Petroleum Coke	Petroleum/ Chemical	Total
2011	3,622,449	6,102,323	837,308	51,296,240	61,858,320
2010	2,448,060	5,200,402	665,928	52,430,389	60,744,779



2011 Financial Review

Operating Budget Summary

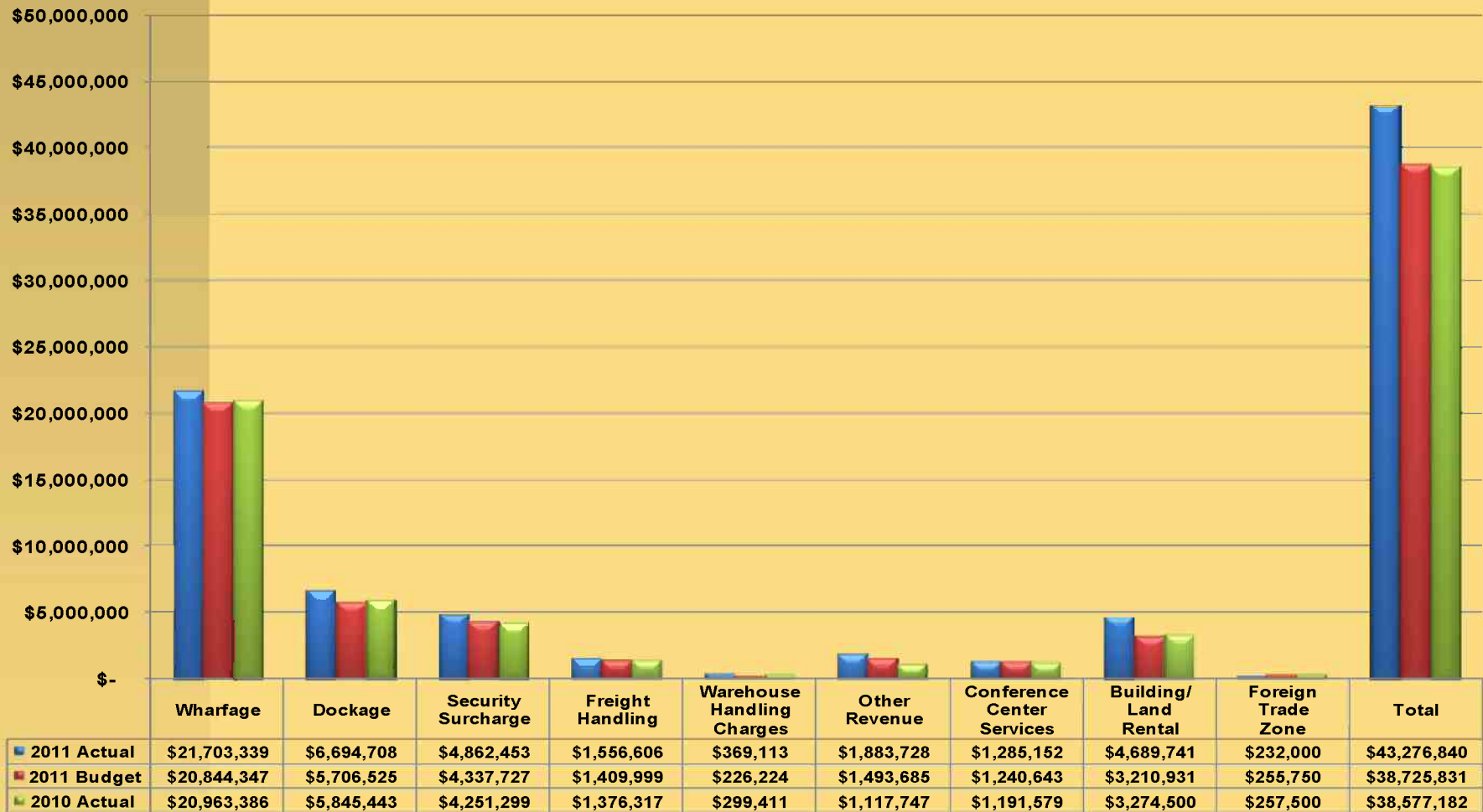


	Operating Revenue	Operating Expenses	Non-Operating Rev(Exp)	Income(Loss) Before Contributions
2011 Actual	\$43,276,840	(\$36,301,566)	\$2,901,209	\$9,876,483
2011 Budget	\$38,725,831	(\$35,568,164)	(\$1,446,117)	\$1,711,550
2010 Actual	\$38,577,182	(\$34,370,370)	(\$1,013,188)	\$3,193,624



2011 Financial Review

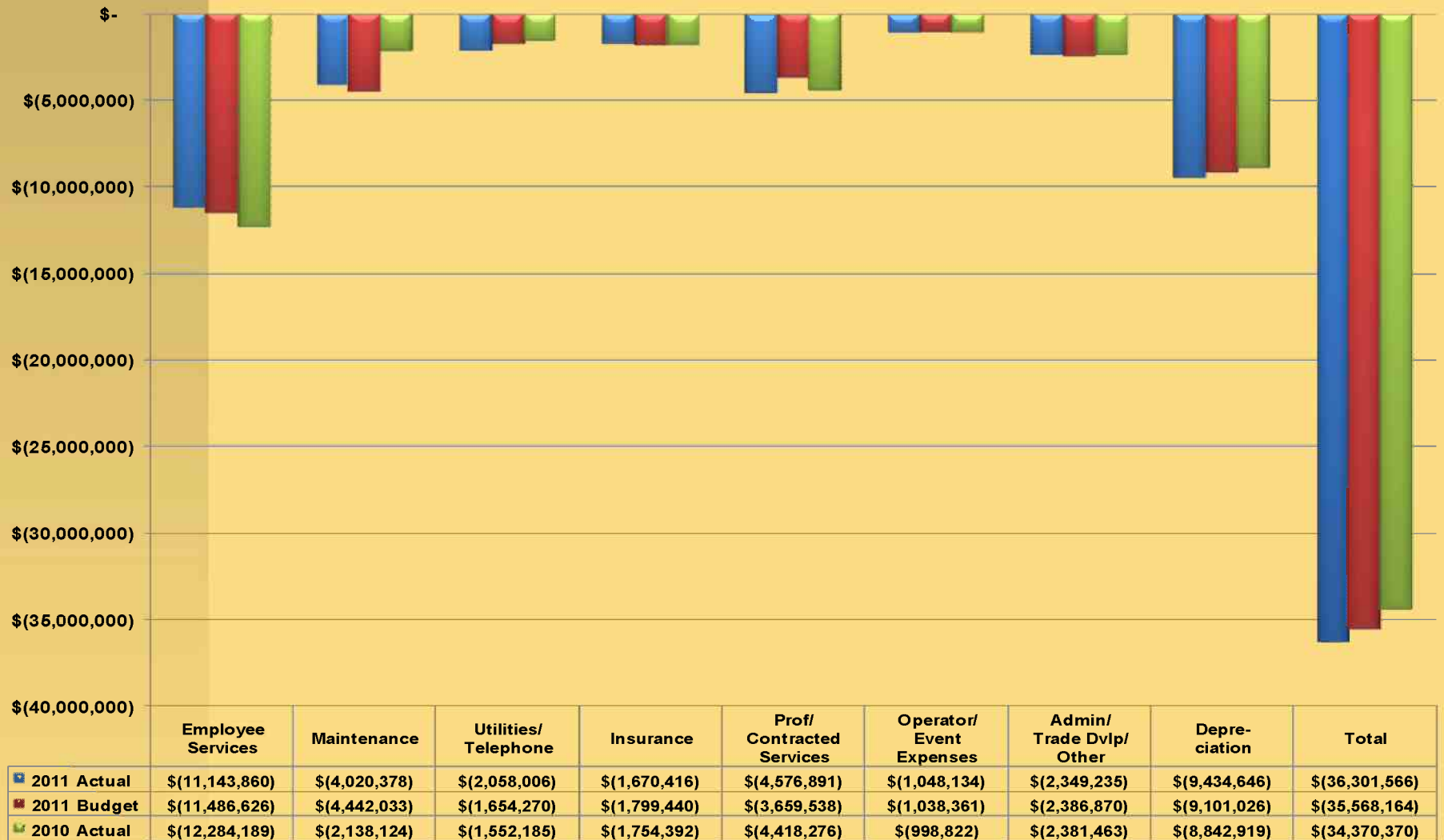
Operating Revenues





2011 Financial Review

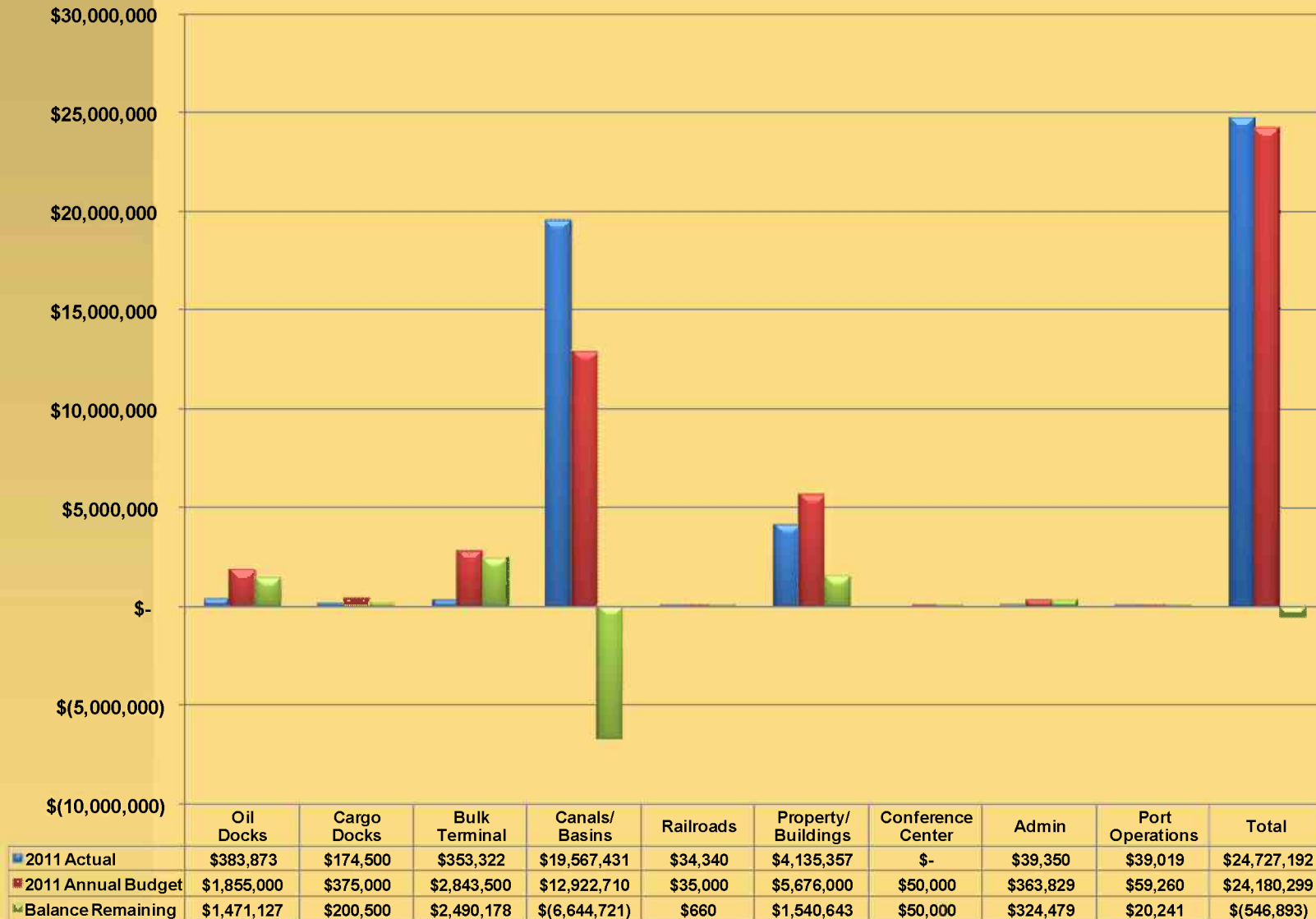
Operating Expenses





2011 Financial Review

Capital Expenditures





INVESTMENT REPORT

For the Quarter Ended September 30, 2011

Port of Corpus Christi of Nueces County, Texas

**Port of Corpus Christi Authority
Investment Report
Table of Contents
For the Quarter Ended September 30, 2011**

Compliance Statement	1
Executive Summary	2
Investment Portfolio Report	4
Investment Transactions	5
Diversification Report	6
Treasury Yield Curve Comparison	7
Portfolio Return to Benchmark Comparison	8

Port of Corpus Christi Authority

Compliance Statement

For the Quarter Ended September 30, 2011

Quarterly Investment Report

We believe the investment information presented for the quarter ending September 30, 2011, is accurate in all material respects, and is presented in a manner that fairly sets forth the investment standing of the Port of Corpus Christi Authority (Authority).

This report was prepared in compliance with the Authority's Investment Policy, Investment Strategy, and the Public Funds Investment Act of the State of Texas (Texas Government Code 2256.023).



Dennis J. DeVries
Director of Finance



Audre Debler
Chief Accountant

Port of Corpus Christi Authority

Executive Summary

For the Quarter Ended September 30, 2011

The accompanying quarterly investment report lists in summary form and in detail the investment positions of the Port of Corpus Christi Authority's (Authority) operating funds as of September 30, 2011. As of that date, the Authority had a total of approximately \$27.1 million invested in a local government investment pool and certificates of deposit.

The goal of the Authority is to ensure the safety of all funds entrusted to the Authority, the availability of those funds for the payment of all necessary obligations of the Authority, and to provide for the investment of all funds, not immediately required, in securities earning a reasonable market yield. The safety of principal and liquidity shall always be the primary concern. The Authority's intention is to hold investments to maturity while receiving the highest reasonable market yield in accordance with its objectives at the date of investment. It is not the intent to devote substantial efforts to earn profit on investment market fluctuations. Investments will be purchased because of their interest yield expectations over their remaining life rather than for speculative purposes.

All investments in the portfolio are fully secured and will return 100% of par value if held to maturity. The Authority's investments are usually held to maturity, and any gains (losses) in market value will be reflected in market prices created by changes in interest rates during the quarter.

Port of Corpus Christi Authority

Executive Summary

For the Quarter Ended September 30, 2011

Below are summaries of the Authority's investment performance and activity for the quarter ended September 30, 2011.

Performance Summary	09/30/11	06/30/11	Change
Book Value	\$ 27,127,672	\$ 41,221,791	\$ (14,094,119)
Market Value	\$ 27,127,672	\$ 41,221,791	\$ (14,094,119)
Market to Book Ratio	100.00%	100.00%	100.00%
Weighted Average Maturity (Days)	13	21	(8)
Weighted Average Yield	0.251%	0.170%	0.081%

Investment Activity Summary	Book Value	Market Value	Market to Book Ratio
Beginning Balance - 06/30/11	\$ 41,221,791	\$ 41,221,791	100%
Changes:			
Purchases	\$ 5,881	\$ 5,881	
Maturities	\$ (14,100,000)	\$ (14,100,000)	
Net Change	\$ (14,094,119)	\$ (14,094,119)	
Ending Balance - 09/30/11	\$ 27,127,672	\$ 27,127,672	100%

Port of Corpus Christi Authority

Investment Portfolio Report

For the Quarter Ended September 30, 2011

Purchase Date	Type	Maturity Date	Days to Maturity at Purchase	Remaining Days to Maturity	Book Yield (%)	Par Value	Original Principal	Book Value	Market Value	Unrealized Gain(Loss)	Quarterly Accrued Interest
09/30/11	TEXPOOL	10/01/11	1	1	0.090%	\$ 21,634,278	\$ 21,634,278	\$ 21,634,278	\$ 21,634,278	\$ -	\$ 4,944
10/18/10	Certificate of Deposit-1st Community	10/18/11	365	18	1.500%	\$ 245,000	\$ 245,000	\$ 248,394	\$ 248,394	\$ -	\$ 937
11/05/10	Certificate of Deposit-Prosperity	11/05/11	365	36	0.950%	\$ 245,000	\$ 245,000	\$ 245,000	\$ 245,000	\$ -	\$ 583
11/30/10	Certificate of Deposit-IBC	11/30/11	365	61	0.850%	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -	\$ 10,638
Total						\$ 27,124,278	\$ 27,124,278	\$ 27,127,672	\$ 27,127,672	\$ -	\$ 17,102

Valuation Date:	09/30/11
Average Maturity:	13 Days
	0.41 Mths
	0.03 Yrs
Average Rate of Return:	0.251%

Port of Corpus Christi Authority

Investment Transactions

For the Quarter Ended September 30, 2011

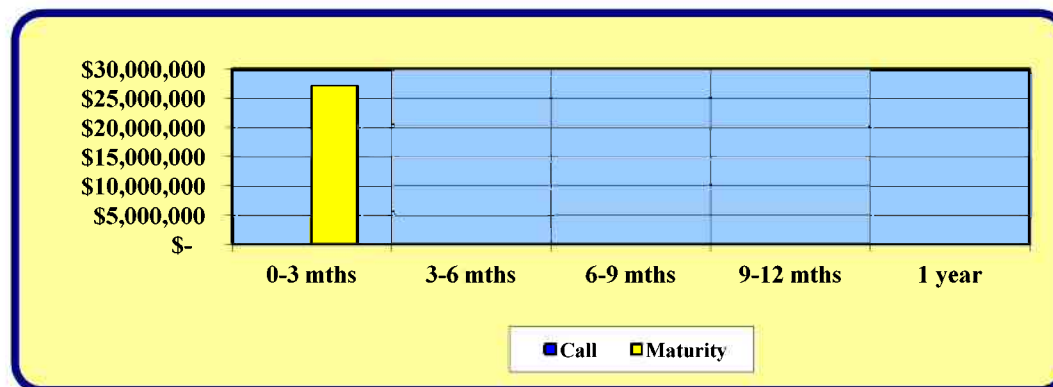
Transaction Date	Purchase Date	Description	Coupon	Yield	Maturity Date	Par Value	Transaction Price	Total Cost	Interest Purchased (Sold)	Total Transaction
<u>Purchases:</u>										
07/29/11	07/29/11	TEXPOOL	Daily	Daily	Daily	\$ 1,728	100.00	\$ 1,728	\$ -	\$ 1,728
08/31/11	08/31/11	TEXPOOL	Daily	Daily	Daily	\$ 1,564	100.00	\$ 1,564	\$ -	\$ 1,564
09/30/11	09/30/11	TEXPOOL	Daily	Daily	Daily	\$ 1,652	100.00	\$ 1,652	\$ -	\$ 1,652
07/18/11	07/18/11	Interest-1st Community	1.500%	1.500%	07/18/11	\$ 305	100.00	\$ 305	\$ -	\$ 305
08/18/11	08/18/11	Interest-1st Community	1.500%	1.500%	08/18/11	\$ 316	100.00	\$ 316	\$ -	\$ 316
09/18/11	09/18/11	Interest-1st Community	1.500%	1.500%	09/18/11	\$ 316	100.00	\$ 316	\$ -	\$ 316
Total Purchases						\$ 5,881		\$ 5,881	\$ -	\$ 5,881
<u>Maturities:</u>										
07/07/11	07/07/11	TEXPOOL	Daily	Daily	Daily	\$ 3,000,000	100.00	\$ 3,000,000	\$ -	\$ 3,000,000
07/28/11	07/28/11	TEXPOOL	Daily	Daily	Daily	\$ 11,100,000	100.00	\$ 11,100,000	\$ -	\$ 11,100,000
Total Maturities						\$ 14,100,000		\$ 14,100,000	\$ -	\$ 14,100,000
Total Net Transactions						\$ (14,094,119)		\$ (14,094,119)	\$ -	\$ (14,094,119)

Port of Corpus Christi Authority

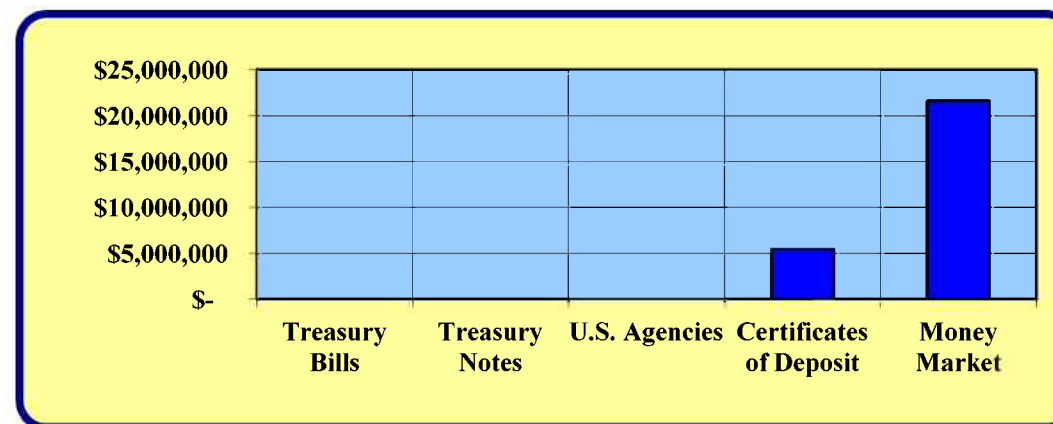
Diversification Report

For the Quarter Ended September 30, 2011

MATURITY PERIOD				
Period	Call		Maturity	
0-3 mths	\$ -	\$	27,127,672	100.00%
3-6 mths	-		-	0.00%
6-9 mths	-		-	0.00%
9-12 mths	-		-	0.00%
1 year	-		-	0.00%
	\$ -	\$	27,127,672	100.00%



SECURITY TYPE			
Type		Book Value	
Treasury Bills	\$ -		0.00%
Treasury Notes	-		0.00%
U.S. Agencies	-		0.00%
Certificates of Deposit	5,493,394		20.25%
Money Market	21,634,278		79.75%
	\$ 27,127,672		100.00%

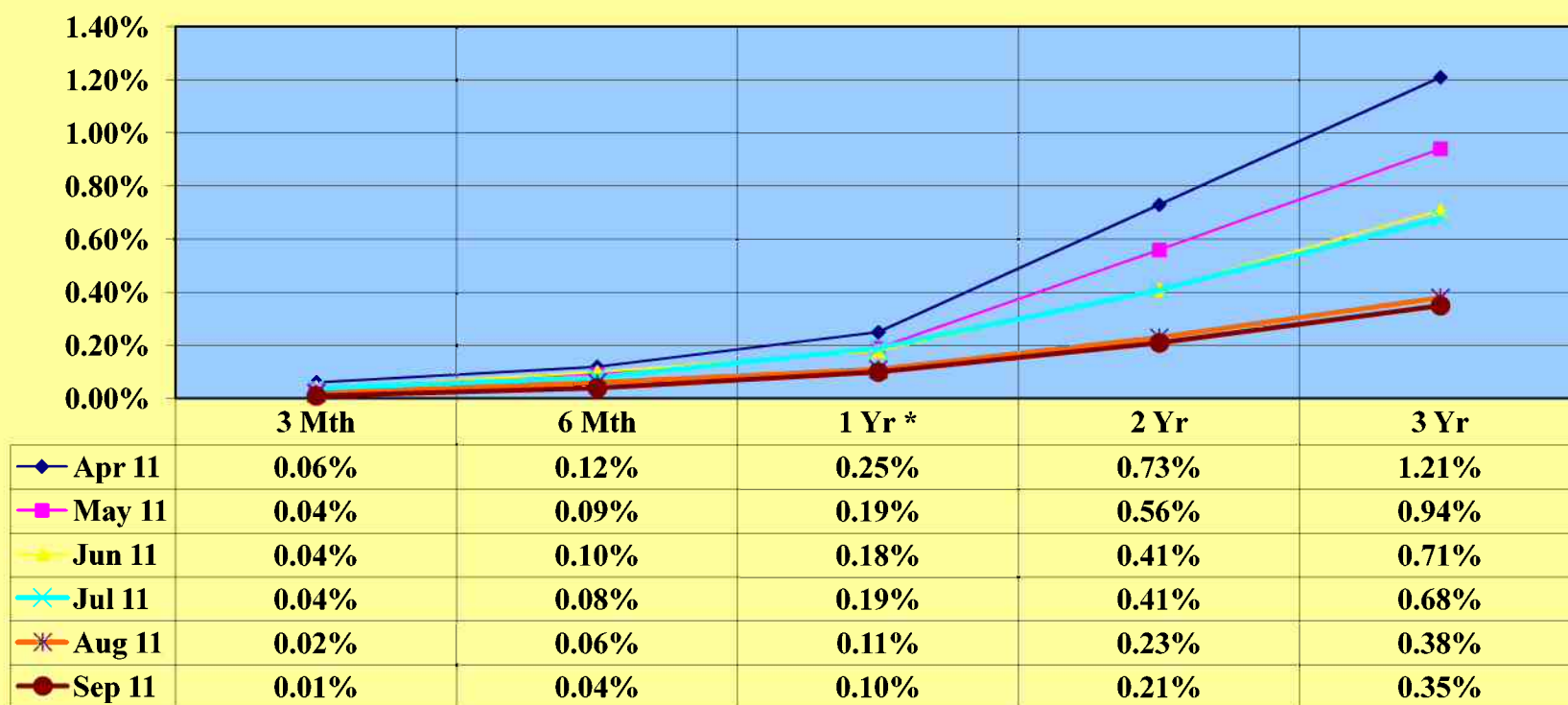


Port of Corpus Christi Authority

Treasury Yield Curve Comparison

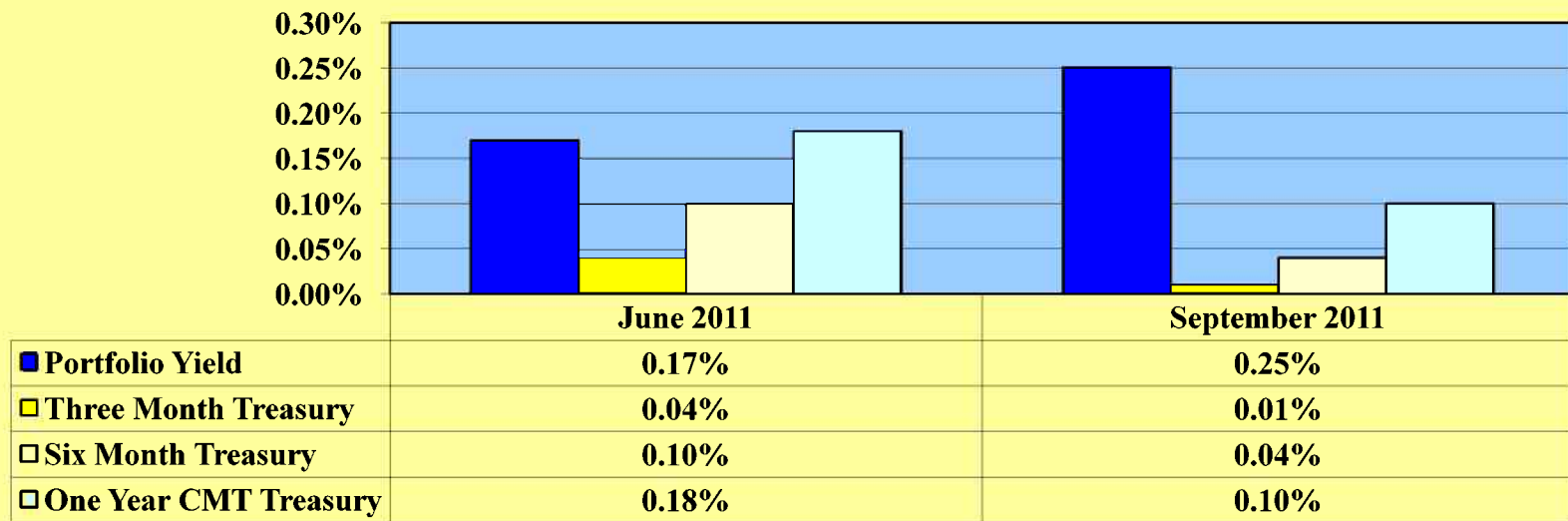
(Average Yields By Month)

For the Quarter Ended September 30, 2011



* Treasury does not currently issue a 1-year T-Bill, the market recognizes the 1-year CMT T-Bill of "comparable maturity treasury" as representative of this market sector

Port of Corpus Christi Authority Portfolio Return to Benchmark Comparison For the Quarter Ended September 30, 2011



■ Portfolio Yield ■ Three Month Treasury □ Six Month Treasury □ One Year CMT Treasury

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 11***
Award Contract for Professional Auditing Services

On September 26, 2011 the Port solicited proposals from qualified CPA firms to audit the Authority's financial statements for the fiscal year ended December 31, 2011, with the option of auditing the Authority's financial statements for the four subsequent fiscal years.

The Port received two proposals from Collier, Johnson & Woods, PC and Lovvorn & Kieschnick, LLP on October 21, 2011.

The proposal was divided into two separate sealed proposals. A Technical Proposal and a Dollar Cost Proposal. The overall request for proposal spelled out three sets of specific evaluation criteria that each proposer would be evaluated on, along with the point scales assigned to each criteria. The evaluation criteria included mandatory elements, technical qualifications and dollar cost. If the proposer met all of the mandatory elements, the proposer was then evaluated on their technical qualifications and then on dollar cost. The dollar cost proposal was not revealed until after the evaluation of technical qualifications was completed and reviewed. The dollar cost proposal was then opened and points were assigned, and then added to the score for technical qualifications to produce an overall score.

Staff will be presenting the results of their evaluations, along with their recommendation to the Audit Committee for their review and consideration on November 8, 2011. A recommendation will then be brought forth by the Audit Committee to the Port Commission for approval on November 8, 2011.

Sincerely,



John P. LaRue
Executive Director



John P. LaRue
EXECUTIVE DIRECTOR

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 12-A***
Renewal of a Lease Agreement with
Basic Industries, Ltd., for a 3.3-Acre Lease
Located in the Rincon Industrial Park

Dear Commissioners:

Basic Industries of South Texas, Ltd. became the lessee of a 1.64-acre lease in the Rincon Industrial Park on July 12, 2005. This lease was originally granted to T-Tex Supply, Incorporated, on January 11, 1994; was subsequently assigned to the Corpus Christi Equipment Company on February 13, 1996; which in turn assigned it to Basic Industries of South Texas.

The current lease has been in a holdover status pending the possible sale of the Rincon Industrial Park. The tenant has requested that the size of their lease be increased to 3.3 acres to accommodate new business opportunities, and staff has negotiated a new Lease Agreement for a primary term of one year with four 1-year option terms and a 60-day cancellation notice should a sale of the land take place.

The new Lease Agreement will be with Basic Industries, Ltd (formerly Basic Industries of South Texas, Ltd.). The current rental of \$990 per month was based on a rate of \$9.00 per lineal foot of frontage along Rincon Canal A. The new rent of \$2,750.00 per month is based on a land valuation of \$100,000 per acre and a 10% rate of return. The use of the property in the new lease will be for surface preparation and coating operations.

Founded in 1994 with offices, warehousing, and fabrication facilities headquartered in Corpus Christi, Texas, Basic Industries is a full-service provider of scaffolding, coatings, insulation, fireproofing, abatement, and labor to industrial and commercial industries. The company evolved from the merger of Gilman Insulation and Basic Industries, both industry leading pioneers since the mid 1960s. Their present management team has been in place and active through the various corporate entities for the past 25 years. The company is owned by Chip Hough.

Staff recommends approval of Lease Agreement as drafted utilizing our standard long-term lease template. This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachment

**PORT OF CORPUS CHRISTI AUTHORITY
LEASE SUMMARY**

Lessee: Basic Industries, Ltd.
402 Westchester Rd.
Corpus Christi, TX 78408

Leased Premises: As depicted on the attached drawing.

Use: For surface preparation and coating operations.

Primary Term: One-year

Options: Four, one-year option terms.

Start Date: November 8, 2011

Monthly Rent: \$2,750.00

Additional Rent: None

Adjustment of Rent: None

Remarks: This lease may be terminated by the PCCA with 60 days notice.

LEASE AGREEMENT

Between

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
(*“Authority”*)

And

BASIC INDUSTRIES, Ltd.
(*“Lessee”*)

November 8, 2011

LEASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This **LEASE AGREEMENT** is made this 8th day of November, 2011, by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called "Authority"), and **BASIC INDUSTRIES, Ltd.**, whose principal address is 402 Westchester Rd., Corpus Christi, TX 78408, (hereinafter called "Lessee").

ARTICLE 1 LEASE OF PREMISES

Section 1.01. Description of Premises and Term

Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee and Lessee leases from Authority for the entire term, including any extensions, stated in this Section, real property situated in Nueces County, Texas, which is described as follows:

The surface estate of that certain tract of 3.3 acres of land, more or less, which tract is particularly described on Exhibit A attached hereto and incorporated herein by reference and all improvements situated thereon (hereinafter called "Leased Premises").

TO HAVE AND TO HOLD the Leased Premises for a primary term of ONE (1) year, beginning on the 8th day of November, 2011, (the "Commencement Date") and (subject to earlier termination as herein provided) ending at midnight, Central Time, the 7th day of November, 2012.

In addition, Authority hereby grants to Lessee the option to extend the term of this lease agreement for four (4) additional option periods of one (1) year each, beginning on the first day after the expiration of the primary term and each option term hereof; but if, at the date the original term or any extended term expires, Lessee is in default beyond any grace period provided in this lease agreement in performing any of the terms of this lease agreement, the remaining option or options are void. The option to extend renew shall be exercised by Lessee giving to Authority notice in writing of such exercise at least sixty (60) days prior to the expiration of the primary term or any option term of this lease. Notice of an intention to exercise an option under this lease agreement must, to be effective, be sent by certified mail to Authority at the address provided in the Section in this lease agreement entitled Payments and Notices and must be postmarked no later than the latest date provided in this section for Lessee's exercising the option.

Either party has the right to terminate this agreement upon sixty (60) days advance notice in writing sent to the other part.

Section 1.02. Holding Over

If Lessee holds over beyond the primary term or any option term of this lease without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee will pay two (2) times the monthly rent being charged Lessee in the month prior to the commencement of Lessee's holding over, and Lessee will be subject to all other terms of this lease agreement applicable to a tenant at sufferance. Occupancy of the Leased Premises as a tenant at sufferance will not exceed ninety (90) days at which time Lessee must have vacated the Leased Premises.

ARTICLE 2 INSPECTION OF LEASED PREMISES

Lessee has inspected the Leased Premises, including all improvements, fixtures, equipment and personal property situated on the Leased Premises and has conducted any environmental assessment survey it desired and on the date of this lease agreement accepts the Leased Premises As Is, Where Is, and in the condition it existed on that date, as reasonably suited and fit for Lessee's intended uses of the Leased Premises. Lessee acknowledges that Authority has made no express warranties with regard to the premises and to the maximum extent permitted by applicable law, Authority hereby disclaims, and lessee waives the benefit of, any and all implied warranties, including implied warranties of habitability, or fitness or suitability for lessee's purpose.

ARTICLE 3 RENT

Section 3.01. Annual Rent

Subject to adjustments provided for herein, Lessee agrees to pay to Authority at its offices in Corpus Christi, Texas, annual rent for the Leased Premises equal to ten percent (10%) of the product of Equalization Value of the Leased Premises multiplied by the number of acres of land in the Leased Premises. For the purpose of fixing annual rent for the primary term of this lease, the Equalization Value of the Leased Premises is fixed at One Hundred Thousand and NO/100 Dollars (\$100,000.00) per acre, and the total sum to be paid Authority by Lessee as rent during the primary term of this lease, subject to any adjustments of rent made pursuant to this lease agreement, is Thirty-Three Thousand and NO/100 Dollars (\$33,000.00), and may be paid in monthly installments of Two Thousand Seven Hundred Fifty and NO/100 Dollars (\$2,750.00). "Equalization Value" is that value per acre placed on the Leased Premises by Authority from time to time placed on the Leased Premises by Authority for the purpose of equalizing, to the extent practicable, the rent paid by its tenants leasing property of the Authority of the same general type and in the same general area as the Leased Premises.

The first annual or monthly installment of rent hereunder is due and payable on or before the 8th day of November, 2011 or ten days after the approval of this lease by Authority, whichever occurs last. Rent for any fractional year or month at the beginning or end of the lease

term will be prorated on a per-day basis. Each annual payment of rent is due and payable on or before the 9th day of August of each succeeding year thereafter; each monthly installment of rent is due and payable on or before the 8th day of each succeeding month thereafter. Annual or monthly payments must be paid at the offices of Authority in Corpus Christi, Nueces County, Texas. If Lessee should fail to pay Authority any sum to be paid by Lessee to Authority hereunder within thirty (30) days after such payment is due, interest on the unpaid amount shall accrue at a rate of fifteen percent (15%) per annum or the maximum rate allowed by law, whichever is lesser, from the date payment was due until the date payment is made. Authority may also impose a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the unpaid amount, whichever is greater, to defray Authority's administrative costs incurred as a result of Lessee's failure to timely make such payment, the amount of such costs not being readily ascertainable. Any such late charge shall be in addition to all other rights and remedies available to Authority hereunder or at law or in equity and shall not be construed as liquidated damages or limiting Authority's remedies in any manner. Failure to pay such interest or late charge within thirty (30) days after written demand shall be an event of default hereunder. Following the dishonor of any check presented for payment, Authority shall have the right, at Authority's option, to require all further payments to be made by certified check, money order or wire transfer. For purposes of this section, any adjustment payment made by Lessee to correct a prior underpayment shall be treated as due on the date such underpayment was due; provided, however, an adjustment payment made by Lessee as the result of an independent audit conducted at Lessee's expense shall not be subject to a late charge as described herein.

Rent must be paid to Authority at its address for notice hereunder or to such other person or at such other address in Nueces County, Texas, as Authority may from time to time designate in writing. Rent must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset.

This is a net lease. Authority shall not be required to make any expenditure, incur any obligation, or incur any liability of any kind whatsoever in connection with this lease or the financing, ownership, construction, reconstruction, maintenance, operation, or repair of the Leased Premises or the improvements thereon.

Section 3.02. Adjustment of Rent

The annual rent for each option period of this lease may be adjusted by Authority for changes in the Equalization Value of the Leased Premises. If the Equalization Value of the Leased Premises increases during the primary term or any option period of this lease, the Authority shall give Lessee written notice of the new Equalization Value at least ninety (90) days prior to the end of the primary term or option period, as the case may be. Unless Lessee objects to the new Equalization Value as provided herein, the annual rent for the Leased Premises during the next succeeding option period will be ten percent (10%) of the product of the new Equalization Value of the Leased Premises multiplied by the number of acres of land in the Leased Premises:

If Lessee is not notified of a new Equalization Value at least ninety (90) days before expiration of the primary term or the current option period of this lease, as the case may be, it shall be conclusively presumed that the Equalization Value for the ensuing option period of this lease will be the same as the then current Equalization Value.

In the event Lessee does not agree with the new Equalization Value, Lessee shall have the option, to be exercised in writing to Authority within thirty (30) days after the date notice is given to it of the new Equalization Value, to either (1) terminate this lease agreement and surrender the Leased Premises effective at Midnight, Central Time, of the last day of the primary term or the current option period, as the case may be, or (2) request that the Equalization Value of the Leased Premises for the ensuing option period be determined by appraisal as provided herein.

If Lessee elects to have the Equalization Value of the Leased Premises determined by appraisal, the Authority will select an appraiser who is MIA certified, and has greater than ten (10) years experience appraising land such as the Leased Premises. The appraiser selected by the Authority will make an appraisal of the Equalization Value of the Leased Premises, and the appraiser's decision will be final and is binding on all parties to this lease agreement.

In no event, however, will the Equalization Value of the Leased Premises for an option period be less than the then current Equalization Value of the Leased Premises.

Section 3.03. Utilities and Taxes

In addition to the annual rent described hereinabove, Lessee agrees to pay when due all charges it contracts for (a) water, gas, electricity, and other utilities, (b) garbage service, (c) security or guard services, or (d) railroad services in connection with the Leased Premises. If at Lessee's request or because of Lessee's failure to pay for services to the Leased Premises it contracted for, Authority provides any such services to the Leased Premises or pays the cost for any such services, Lessee will pay to Authority the cost of such services as additional rent upon receiving Authority's invoice therefore, payment to be made pursuant to the terms of said invoice.

Lessee will also pay as additional rent its pro rata share of any utility services provided by Authority.

During the term of this lease, Lessee must pay or cause to be paid when due all taxes, assessments, fees or charges imposed on the Leased Premises by virtue of Lessee's tenancy or upon Lessee's property on, or Lessee's interest in, the Leased Premises.

Lessee may, at its expense, contest any tax, assessment, fee or charge for which it is responsible under this section. Except as provided in the following paragraph, Lessee need not pay the tax, assessment, fee or charge while the contest is pending. Except as provided in the following paragraph, Lessee may prevent Authority from paying any tax, assessment, fee or charge that Lessee is contesting under this section, pending resolution of the contest, by

depositing with Authority the full amount of the tax, assessment, fee or charge plus the amount of any penalty that might be imposed for failing to make timely payment and one (1) year of interest at the rate imposed by the entity levying the tax, assessment, fee or charge. When the contest is resolved, Lessee must pay the tax, penalty and interest imposed and may use the money deposited with Authority to pay any tax, assessment, fee or charge, plus any penalty or interest, due under the final resolution and keep any balance of the deposit. If the deposit is insufficient to pay these amounts, Lessee must immediately pay the balance due to the entity imposing the tax, assessment, fee or charge.

Notwithstanding the provisions of the foregoing paragraph, Authority may pay – or require Lessee to pay – any tax, assessment, fee or charge for which Lessee is responsible under this Section, pending resolution of Lessee's contest of the tax, assessment, fee or charge, if payment is demanded by a holder of a mortgage on the premises or if failing to pay will subject all or part of the premises to forfeiture or loss.

Any of said taxes, fees or charges that are payable by Lessee for the tax year in which this lease agreement commences, as well as during the year in which this lease agreement terminates, shall be apportioned so that Lessee shall pay its proportionate share of the taxes, fees or charges for such periods of time. Lessee may pay such taxes, fees or charges in installments as and when such installments become due. Lessee must deliver to Authority evidence of payment of all taxes, fees or charges, which Lessee is obligated to pay hereunder concurrently with making such payment.

ARTICLE 4 USE OF LEASED PREMISES

Section 4.01. Use

The Leased Premises may be used for the following purposes, and for no other purpose, unless written permission for other use is obtained from Authority:

For surface preparation and coating operations.

Lessee will not:

A. Use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner, which is directly or indirectly:

Inconsistent with the requirements of Section 4.01 hereof;

Violative of (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to Lessee or the Leased Premises, including zoning, environmental and utility conservation matters; (b) Authority's Tariffs or Rules and Regulations; (c) insurance requirements; or (d) other documents, instruments or agreements (written or oral) relating to the Leased Premises or to which the Leased Premises may be bound or encumbered;

Dangerous to life or property or a public or private nuisance; or

Disruptive to the activities of any other tenant or occupant of property adjacent to the Leased Premises;

B. Bring or permit to remain on the Leased Premises any asbestos, petroleum or petroleum products, explosives or toxic materials except for commercially reasonable amounts of materials used in the ordinary course of Lessee's business, nor commit or permit to remain any waste or damage to the Leased Premises; or

C. Commit, or permit to be committed, any action or circumstance on or about the Leased Premises which, directly or indirectly, would or might justify any insurance carrier in increasing the rate of or canceling the insurance policies maintained by Lessee or Authority on the Leased Premises or improvements thereon, or those of other lessees of Authority's property adjacent to the Leased Premises.

Section 4.02. Environmental Representations, Restrictions and Environmental Indemnity

Lessee hereby represents and warrants to Authority:

That Lessee's construction, occupancy, operation or use of the Leased Premises will not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, including but not limited to all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws");

That, without limitation of Section 4.01A above, in its use of the Leased Premises Lessee will not violate any Applicable Laws pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42, U.S.C. Section 9601 et seq; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq; the Clean Air Act and Amendments of 1990, 42 U.S.C. Section 7401 et seq; the Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq; the Toxic Substances Control Act, 15 U.S.C. Section 2606 ; the Texas Solid Waste Disposal Act, Chapter 361, Texas Health and Safety Code; the Texas Clean Air Act, Chapter 382, Texas Health and Safety Code; the Oil Spill Prevention Act of 1991, Chapter 40, Texas Natural Resource Code, and Chapter 26, Texas Water Code; and the Texas Water Quality Act, Chapter 26, Texas Water Code; Texas Hazard Communication Act, Chapter 502, Texas Health and Safety Code; Texas Community Right-to-Know Acts, Chapters 505 – 507 Texas Health and Safety Code; Authority's Tariffs, Rules and Regulations and the Port of Corpus

Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual.

That the use which Lessee intends to make of the Leased Premises will not result in the Disposal or other Release of any Hazardous Substance or Solid Waste on or to the Leased Premises--the terms "Hazardous Substance" and "Release" have the meanings specified in CERCLA, and the terms "Solid Waste" and "Disposal" (or "Disposed") have the meanings specified in RCRA--and, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply to such terms used in this lease agreement subsequent to the effective date of such amendment and, further, to the extent the laws of the state of Texas establish a meaning for "Hazardous Substance," "Release," "Solid Waste," or "Disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply to such terms used in this lease agreement, and in either of said instances Lessee must immediately cease activities prohibited by Applicable Laws or Applicable Environmental Laws upon the Leased Premises and notify Authority in writing.

Lessee understands and agrees that the Leased Premises are being leased in an "As Is, Where Is" condition and that improvements, grading, filling, removal of existing improvements, and relocation of utility lines shall be made and performed by Lessee at the sole cost and expense of Lessee. Lessee further understands and agrees that the "As-Is, Where Is" condition of the Leased Premises includes any contamination of the Leased Premises, including structures, soils, groundwater, and any adjacent channel or bay water and sediment, and that information received from Authority regarding such matters may not be complete or accurate and should not be accepted as such.

In the event of a Release of any environmental contaminants which exceed permitted levels as defined by any city, state or federal law or regulation, Lessee must immediately stop the Release and cease any prohibited activities which may be resulting in such Release; and immediately notify the proper environmental and safety agencies, federal, state, and local, as well as Authority, in writing, of the date, time, and nature of the Release, including, but not limited to, a description of the environmental contaminants discharge or released, and provide a MSDS for each of the said environmental contaminants.

In addition, upon receipt from any agency or department of the state of Texas or the federal government, Lessee will immediately furnish PCCA written information concerning any citation, notice of violation, enforcement action or penalty regarding any safety or environmental violation sent to Lessee, or any entity consulting or working on the Lessee's behalf relative to or at the Leased Premises. This information must include:

A. A general description of the conduct that resulted in the citation, notice of violation, enforcement action or penalty; and

B. The document(s) sent from the agency or department to Lessee, or any entity consulting or working on the Lessee's behalf, which state the citation, violation, enforcement action or penalty.

Further, in the event of a Release, Lessee hereby acknowledges that excavation of soils from the Leased Premises could result in exportation of a regulated waste requiring appropriate characterization, handling, transport and disposal (together "Regulated Waste Removal"). Authority takes no responsibility and assumes no liability whatsoever for Regulated Waste Removal. Accordingly, **Lessee hereby waives any claim, or potential claim, it may have to recover costs or expenses arising out of or associated with Regulated Waste Removal and agrees to indemnify, defend and hold harmless Authority, its Port Commissioners, directors, managers, employees, and agents from and against any and all claims, liabilities, losses, damages, costs, and expenses arising from, out of, or in any way related to Regulated Waste Removal. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.**

Also, in the event of a Release, Authority accepts no liability or responsibility for ensuring that Lessee's workers, including without limitation those conducting testing, construction and maintenance activities on the Leased Premises, are satisfactorily protected from residual contaminants described in 29 Code of Federal Regulations. Lessee shall assess all human health risks from vapor transport or direct contact with residual hazardous substances or contaminants and incorporate such engineering and institutional controls as may be required to sufficiently protect human health of onsite workers and transient visitors. **Lessee hereby waives any claim, or potential claim, it may have to recover any damages, losses, costs and expenses related to worker exposure or alleged exposure to any residual onsite contamination, and to indemnify, defend and hold harmless Authority, from and against any and all such claims, liabilities, losses, damages, costs and expenses. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority, its Port Commissioners, directors, managers, employees, and agents will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.**

In claims against Authority, its Port Commissioners, directors, managers, employees, and agents by or for an employee of Lessee, its agents, contractors, owners, invitees, or licensees, the Lessee's indemnification obligation under this Section 4.02 shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee, its agents, contractors, owners, invitees, or licensees, under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against Authority, its agents, contractors, owners, invitees, or licensees, to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Authority, its agents, contractors, owners, invitees, or licensees, or a settlement by Authority, its agents, contractors, owners, invitees, or licensees, Lessee expressly agrees to reimburse and hold harmless Authority, its agents, contractors, owners, invitees, or

licensees, for the damages based on such judgment or settlement as provided in this Section 4.02.

Lessee will cooperate with the Authority's Tenant Audit Program (the "Program"). The audit will consist of a scheduled review of Lessee's operations and activities, a review of Lessee's environmental management programs, and a tour of the Leased Premises. Authority staff involved in the Program intend to gain an understanding of Lessee's operations and activities and what measures the Lessee is utilizing to comply with local, state, and federal laws, rules and regulations, this lease agreement, and Authority's Tariffs, Rules, and Regulations. Through the Program they will seek to achieve cooperative conservation between Authority and Lessee that are actions relating to the use, enhancement and enjoyment of natural resources and protection of the environment. The audit will be conducted at a minimum annually and more frequently if determined by Authority staff to be necessary. A letter from Authority staff setting forth staff's observations will be provided to the Lessee following the audit. If violation of applicable laws, rules, regulations, this lease agreement or the tariff have been observed, then Lessee will be notified of the same in the letter, and required to immediately take action to come into compliance, and to verify it has done so to Authority staff.

Lessee must clean up, remove, remediate and repair any soil or ground water contamination or damage caused by the presence or release of any Hazardous Substance or Solid Waste in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of Applicable Laws or Applicable Environmental Laws. Lessee shall immediately give Authority written notice of any suspected breach of this paragraph, upon learning of the presence or any release of any Hazardous Substance or Solid Waste, or upon receiving any notice from governmental agencies pertaining to any Hazardous Substance or Solid Waste which may affect the Leased Premises. The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this lease.

All of the foregoing representations and warranties made by Lessee are continuing and must be true and correct for the entire term of this lease, including any extensions hereof, and all of such representations and warranties will survive expiration or termination of this lease agreement.

Section 4.03. Underground Storage Tanks

Lessee may not construct, install, maintain, use or otherwise operate on the Leased Premises any petroleum or chemical underground storage tank.

Section 4.04. Wharfage

The Leased Premises contain frontage on Rincon Canal A and Lessee is granted access to the Leased Premises from, and right of use of Rincon Canal A without payment of dockage or wharfage charges, for shipping and receiving, by water transportation, materials used for construction of the Leased Premises and materials and commodities used or consumed by Lessee in its business conducted on the Leased Premises. For commodities not used or consumed by

Lessee in its business conducted on the Leased Premises, or owned by others, which are received or shipped by water transportation at the Leased Premises and which are milled or processed for the owners of such commodities (that is, value added) there being no change in title, Lessee will pay Authority's regularly published wharfage rate for such commodities as such rate exists at the time commodities move from water transport to the Leased Premises or from the Leased Premises to water transport. All other commodities or cargo moved from or to water transportation at the Leased Premises will pay all of Authority's tariff charges applicable to the same. Lessee must report in writing monthly to Authority the amount of such commodities handled and pay to Authority at its offices in Corpus Christi monthly the amount due pursuant to this lease agreement and Authority's tariff. Authority shall have the right at reasonable times during business hours to inspect the books and records of Lessee concerning such shipments and payments.

Section 4.05. Permitted Use; Continuous Operation

Lessee will continuously maintain the Leased Premises open for its usual business and available for the purposes permitted hereunder during its usual business hours on days other than Saturday, Sunday or legal holidays

The covenants of this Section 4.05 are material to this lease, and should Lessee fail to satisfy such covenants, Authority may employ the remedies set forth in the Article of this lease agreement entitled Default.

Section 4.06. Live Loads

Live loads placed within thirty (30) feet of a bulkhead on the Leased Premises must be limited to two hundred (200) pounds per square foot and at distances greater than thirty (30) feet to one thousand (1,000) pounds per square foot. If Lessee requires loads in excess of such limits, Lessee must provide, at its expense, additional structures approved by Authority to safely carry the additional load limits.

Section 4.07. Mooring of Vessels

Only boats, barges, or other vessels or equipment (not to exceed 225 feet in length) being loaded or unloaded by Lessee may be moored along the water frontage of the Leased Premises. Lessee must notify the Harbormaster of all vessel movements into and out of the slip at Leased Premises. Mooring ships, boats and barges or others, including pleasure craft and houseboats, is prohibited unless special arrangements are made with Authority for the payment of Authority's charges for such berthing.

Lessee will provide at its expense all moorings necessary, or required by Authority's Harbormaster, to moor ships, boats, barges or other vessels or equipment at the Leased Premises. Such moorings must be located so as not to be in contact with either tieback rods or anchorage for the bulkhead at the Leased Premises. Lessee agrees to remove, or cause to be removed, within twenty-four (24) hours after notice from Authority's Harbormaster, any vessel owned or

controlled by Lessee and docked at the Leased Premises, which in the sole opinion of the Authority's Harbormaster is a hazard to navigation.

ARTICLE 5

IMPROVEMENTS OR ALTERATIONS AND MAINTENANCE

Section 5.01. Permanent Improvements

All improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this lease agreement will be at the sole cost and expense of Lessee. Lessee must construct and install Lessee's improvements in a good and workmanlike manner. New or additional improvements may not be constructed nearer than 8.5 feet to the centerline of any existing or proposed railroad track on or adjacent to the Leased Premises.

While constructing improvements, maintaining, or carrying on its activities, on the Leased Premises, Lessee must comply with the *Antiquities Code of Texas (Texas Natural Resources Code, Chapter 191)* and applicable rules promulgated thereunder by the Texas Historical Commission, or its successor. Lessee shall undertake its activities on the Leased Premises in a manner consistent with public policy relating to the location and preservation of archeological sites and other cultural resources in, on, or under public lands. Lessee shall use the highest degree of care and all reasonable safeguards to prevent the taking, alteration, damage, destruction, salvage, or excavation of cultural resources and/or landmarks on the Leased Premises. Upon discovery of an archeological site, Lessee shall immediately give written notice of such discovery to Authority and to the Texas Historical Commission, as set out in the Committee's rules. Lessee, its contractors and employees, shall have no right, title, or interest in or to any archaeological articles, objects, or artifacts, or other cultural resources located or discovered on the Leased Premises.

Section 5.02. Maintenance and Return of Leased Premises

Lessee will, throughout the lease term and any extensions of it, at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises and improvements in that condition. All maintenance, repairs, and replacements required by this section must be performed promptly when required and so as not to cause depreciation in the value of the Leased Premises.

If Lessee fails to perform its obligation to repair, replace, or maintain, as set forth above, within a reasonable time after notice from Authority of the need for repair, replacement, or maintenance, Authority may enter the Leased Premises and make the repairs or replacements, or perform the maintenance, or have the repairs or replacements made or maintenance performed, at its own expense. Upon Authority's notice to Lessee of the performance and cost of any maintenance, repairs, or replacements under this section, Lessee must immediately reimburse Authority for the costs incurred by Authority pursuant to this Section, together with interest on

the sum at the highest legal rate from the date of the notice until the date paid by Lessee to Authority.

At the expiration of the lease term or any renewals or extensions thereof, Lessee will surrender the premises in good order and repair except for reasonable wear and tear since the last necessary repair, replacement, restoration or renewal made by Lessee pursuant to its obligations under this lease agreement.

Section 5.03. Approval of Alterations and Improvements

Lessee must submit to Authority plans for any proposed buildings, drainage or improvements of any kind on the Leased Premises, or any alterations or additions to existing buildings or improvements, and they must be approved in writing by, the Director of Engineering Services of Authority prior to the commencement of work on the same. To facilitate the Authority's review, two (2) sets of formal plans that clearly define the project must be submitted to Authority for its prior approval. The drawings must be prepared on 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 including, but not limited to, any area to be dredged, adjacent docking facilities, property lines, federal channels, bulkhead lines, and existing channel depth elevations must be included with the 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 Lessee, its agents, servants, contractors or employees 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, Lessee must obtain the written permission of the adjacent property owner to carry out the work described for the project and submit it to the Authority with the formal plans.

Slips at any dock located on the Leased Premises must be maintained by Lessee at a sufficient depth to prevent vessels berthed at the dock from striking bottom due to lowering of the water level from passing vessels or seasonal low tides.

Copies of all permits for work in navigable waters issued to Lessee by the Department of Army or any other federal, state or other governmental agency shall be filed with Authority.

No approval by Authority of Lessee's designs, site plans, plans, specifications or other matters may ever be construed as representing or implying that Lessee's designs, site plans, plans, specifications or other matters will, if followed, result in a properly-designed building or other improvements constructed on the Leased Premises. Such approvals shall in no event be construed as a representation or guaranty by the Authority that any improvements will be built in a workmanlike manner, nor shall such approvals relieve Lessee of its obligation to construct the building in a workmanlike manner. **Lessee will defend, indemnify, and hold harmless Authority from and against any lawsuits, actions, causes of action or claims arising out of**

Authority's approval of any of Lessee's designs, site plans, plans, specifications or other matters relating to the Leased Premises.

Section 5.04. No Liens

Unless otherwise agreed, Lessee may not grant, place or suffer, or permit to be granted, placed or suffered, against all or any part of the Leased Premises or Lessee's leasehold estate created hereby, any lien, security interest, pledge, conditional sale contract, claim, charge or encumbrance (whether constitutional, contractual or otherwise) and if any of the aforesaid should occur or be asserted, Lessee will, promptly upon demand by Authority and at Lessee's expense, cause same to be released.

Section 5.05. Laborers and Materials

Lessee will pay for all labor and services performed for, materials used by, or furnished to, any contractor employed by Lessee with respect to the Leased Premises and defend, indemnify and hold Authority and the Leased Premises harmless and free from any liens, claims, encumbrances or judgments created or suffered by Lessee's failure to pay for labor or materials provided to the Leased Premises. If Lessee elects to post a payment or performance bond or is required to post an improvement bond with a public agency in connection with such labor, services or materials, Lessee agrees to include Authority as an additional obligee thereunder.

Section 5.06. Storm Sewers/Railroad Spur Tracks

Lessee agrees to construct or to pay for the construction of (a) storm sewers required by Authority to drain the Leased Premises or (b) railroad spur tracks requested by Lessee, and approved by Authority, to serve the Leased Premises. If requested by Authority or the railroad, Lessee will enter into a joint maintenance agreement with the railroad and bear Lessee's pro rata share of the cost of maintaining any railroad spur on the Leased Premises.

Section 5.07. Building Code

All improvements placed on the Leased Premises by Lessee must comply with all applicable codes unless they are modified by Port of Corpus Christi Authority Design and Construction Guidelines found in the current Port of Corpus Christi Authority Project Manual which may be obtained from Authority's Department of Engineering Services.

Section 5.08. Permits

Lessee must obtain and maintain in effect at all times during the term of this lease agreement all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of Lessee's improvements and Lessee's use and occupancy of, and operations at, the Leased Premises. Lessee will provide Authority's Department of Engineering Services with copy of its permits, licenses and consents as the same are obtained.

Section 5.09. Ownership or Removal of Alterations, Modifications or Improvements by Lessee

At the expiration or earlier termination of this lease, all alterations, modifications or improvements upon the Leased Premises made by Lessee, including all buildings, rail spurs and tracks, paneling, decorations, partitions, heating, ventilating and air-conditioning machinery and equipment, lighting fixtures, plumbing equipment, sprinkler system, and the like, shall, absent any agreement between Authority and Lessee to the contrary at the time of installation, or unless Authority otherwise elects, which election shall be made by giving a notice in writing (a) not less than fifteen (15) days prior to the expiration of this lease, or (b) not more than fifteen (15) days following any termination of this lease other than by expiration, become the property of Authority and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the lease term. In the event Authority notifies Lessee to remove any or all of the alterations, additions or improvements made by Lessee, Lessee must do so and must repair any damage caused by such removal, all within forty-five (45) days after the date of expiration or termination of this lease agreement. Trade fixtures, furnishings and equipment, except for those referred to above, which are installed by Lessee, at its expense, may be removed by Lessee provided Lessee removes the same and repairs any damage caused by such removal within thirty (30) days after the date of expiration or termination of this lease. Any trade fixtures not removed by Lessee when this lease terminates are considered abandoned by Lessee and will automatically become Authority's property. If any trade fixture installed by Lessee is abandoned when the lease terminates, Lessee must pay Authority any reasonable expense actually incurred by Authority to remove the fixture from the premises, less the fair market value of the fixture once removed, if Authority uses the trade fixture.

Section 5.10. Signs

Lessee may not place any signs at or on the Leased Premises nor paint any signs on any building on the Leased Premises unless first approved in writing by the Director of Engineering Services of Authority. Lessee must remove all its signs when this lease terminates and repair any damage resulting from erecting or removing the signs.

Section 5.11. Floodplain

Lessee acknowledges that Lessee has been advised by Authority that the Leased Premises is in the FEMA floodplain and that construction of improvements must conform to the laws and regulations applicable to construction of improvements in a floodplain.

ARTICLE 6 USE BY AUTHORITY

Authority reserves the right to use any streets or roadways on the Leased Premises. Authority further reserves the right to use as much of the Leased Premises as is necessary to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way for the laying of, pipelines for oil, petroleum, petroleum products, fiber optics and any other products over, under and upon the Leased Premises; provided, however, that the same shall not interfere with Lessee's buildings, improvements or Lessee's use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Article, and Authority has the right to grant easements or rights of way reserved to Authority in this Article to other parties.

ARTICLE 7 SUBLETTING OR TRANSFER

Section 7.01. Sublease or Transfer

Lessee may not assign or sublet this lease agreement in whole or in part nor any interest therein nor sublet the Leased Premises nor any part thereof nor grant any license, concession or other right of occupancy of any portion of the Leased Premises, nor permit the transfer of this lease by operation of law or otherwise without the prior written consent of Authority. Consent of Authority to one or more assignments or subletting does not operate as a waiver of Authority's rights concerning any subsequent assignments or subletting. If this lease agreement is assigned, or if any of the Leased Premises, or any part thereof, is sublet or occupied by anyone other than the Lessee, then Authority may, after default by the Lessee, collect rent from the assignee, subtenant or occupant and apply the net amount collected, less any costs of collection, attorneys' fees or other costs incurred by Authority, to the rent provided for in this lease agreement. No assignment, subletting, occupancy or collection waives the obligations of Lessee under this lease agreement upon acceptance of same by Authority. Authority may assign or transfer any of its interests under this Lease Agreement. Furthermore, Lessee shall not, without Authority's express written consent, cause or permit an interest, direct or indirect, in itself to be sold, assigned, transferred, exchanged, or otherwise disposed of (each a "Disposition") such that, after the Disposition, the Lessee shall cease to be controlled by substantially the same individuals and/or entities who Control it as of the effective date of the Lease; provided, however, that this restriction shall not be operative if, on the date of the Disposition, the net worth of Transferee (who is defined in Section 7.02) is more than \$10,000,000. As used in this paragraph "Control" means the power to elect a majority of the directors or other members of the governing body of Lessee, or in any other manner to control or determine the management of the Lessee.

Section 7.02. Conditions

The following conditions automatically apply to each sublease, assignment or transfer by Lessee or any sublessee without the necessity of same being stated in or referred to in Authority's written consent:

A. Lessee must execute, have acknowledged and deliver to Authority and cause the sublessee, assignee or other transferee ("Transferee") of any portion of Lessee's interest in this lease agreement, the leasehold estate created hereby or the Leased Premises to execute, have acknowledged and deliver to Authority, an instrument in form and substance acceptable to Authority in which:

The Transferee adopts this lease agreement and assumes and agrees to perform, jointly and severally with Lessee, all of the obligations of Lessee hereunder, as to the interest transferred to it;

The Transferee grants Authority an express first and prior contract lien and security interest in its improvements located upon and property brought into the transferred premises to secure its obligations to Authority hereunder;

Lessee subordinates to Authority's statutory lien, contract lien and security interest any liens, security interests or other rights, which Lessee may claim with respect to any property of the Transferee;

Lessee and any guarantor of this lease agreement agrees with Authority that, if the rent or other consideration due by the Transferee exceeds the rent for the transferred space, then Lessee shall (and any guarantor guarantees that Lessee shall) pay Authority as additional rent hereunder all such excess rent and other consideration immediately upon Lessee's receipt thereof;

The Transferee agrees to use and occupy the transferred space solely for the purposes permitted under Article 4 and otherwise in strict accordance with this lease agreement; and

Lessee and any guarantor acknowledge and agree in writing that, notwithstanding the transfer, Lessee and any guarantor remain directly and primarily liable for the performance of all the obligations of Lessee hereunder (including, without limitation, the obligation to pay all rent), and Authority shall be permitted to enforce this lease agreement against Lessee, any guarantor or the Transferee, or all of them, without prior demand upon or proceeding in any way against any other persons.

B. Lessee must deliver to Authority a counterpart of all instruments relative to the sublease, assignment or other transfer executed by all parties to such transaction (except Authority); and

C. Lessee shall pay or cause to be paid to Authority, at the time of the execution and delivery of the documents, the sum of \$500.00 to cover Authority's administrative and legal costs for each amendment, assignment, sublease, and any estoppel certificate requested from Authority by Lessee or any sublessee.

ARTICLE 8 DEFAULT

Section 8.01. Rights and Remedies of Authority

If for ten (10) calendar days after service by mail or otherwise to Lessee by Authority of written notice of a breach or default by Lessee under any provision of this lease agreement, the Lessee does not or shall neglect or fail to comply with or remedy such breach or default, or if the said breach or default complained of shall be of such a nature that the same cannot be completely remedied or cured within such ten (10) day period, then such breach or default shall not be an enforceable breach or default against Lessee if Lessee shall have commenced curing such breach or default within such ten (10) day period, and shall with reasonable diligence and in good faith, proceed to remedy the default complained of; or if any proceedings concerning Lessee or the Leased Premises be had in bankruptcy, reorganization, arrangement or receivership, or if any assignment shall be attempted to be made of this lease agreement for the benefit of creditors; or if Lessee abandons or vacates a substantial portion of the Leased Premises for fourteen (14) consecutive days; then in any of said cases or in any similar case which, in the sole judgment of Authority, evidences a serious financial insecurity of Lessee, Authority shall have the rights and remedies that may be provided at law or in equity and the following options:

A. Without terminating this lease agreement, Authority may terminate Lessee's right of possession of the Leased Premises under this lease agreement by giving Lessee three (3) calendar days notice of termination of Lessee's right of possession and Lessee's right of possession shall thereupon cease and come to an end and Authority may reenter and take possession of the Leased Premises; provided, however, Authority shall not be required to give such notice prior to the filing of an action of forcible detainer or at common law upon default by Lessee in the payment of rent. Upon entering and taking possession of the Leased Premises, Authority may:

1. Relet for the account of, or as agent for, Lessee the Leased Premises or any part thereof, to a tenant acceptable to Authority, without terminating this lease agreement or working a forfeiture of the rent to be paid, and after receiving the rent therefrom apply the same, first to the payment of all expense the Authority may be put to in recovering possession of the Leased Premises and in reletting same, including but not limited to the costs of renovating, altering and repairing for a new tenant and attorneys' and brokers' fees, and then to the payment of the rent and additional rent payable under this lease agreement and to the fulfillment of Lessee's covenants hereunder. Lessee shall be entitled to any balance remaining after subtracting such costs and debts. Authority may at any time after reletting terminate this lease agreement for the breach or default on account of which it reentered and relet; or

2. Accelerate the future rent and additional rent due under this lease agreement and seek recovery of such rent and additional rent and any other damages provided for in this lease agreement, at law or in equity. Authority is entitled to recover future rent and additional rent from Lessee based upon the present value of the rent and additional rent discounted to present value at the rate of 3% per annum for the remainder of the term of the lease reduced by the fair market rental value of the Leased Premises during that period.

B. Terminate this lease agreement.

C. Lessee pledges with Authority all of its rents from the Leased Premises in addition to the other security for the performance of the lease; and in connection with such pledging of the rents, the Lessee covenants and agrees with Authority that if Authority, upon default of Lessee, elects to file a suit to enforce this lease agreement and protect Authority's rights thereunder, Authority may apply to any court having jurisdiction, for the appointment of a Receiver of all and singular the demised premises, the improvements and buildings located thereon, and the personal property located therein, and thereupon it is expressly covenanted and agreed that the court shall without notice forthwith appoint a Receiver with the usual powers and duties of receivers in like cases, and such appointment shall be made by such court as a matter of strict right to Authority, and without reference to the adequacy or inadequacy of a remedy at law, the value of the property that is subject to Landlord's lien, or to the solvency or insolvency of Lessee; and without reference to the commission of waste.

Section 8.02. No Waiver

Any assent, expressed or implied, by the Authority or Lessee to any breach of any agreement, covenant or obligation herein contained shall operate as such only in the specific instance and shall not be construed as an assent or a waiver to any such agreement, covenant or obligation generally or of any subsequent breach thereof. The remedies provided herein or at law or equity shall not be mutually exclusive.

Section 8.03. Consequential Damages

Authority shall in no event be charged with default in the performance of any of its obligations hereunder, unless and until Authority shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by Lessee to Authority, properly specifying wherein Authority has failed to perform any such obligation.

Notwithstanding anything in this lease agreement to the contrary, Authority shall in no event be charged with or liable for any consequential damages suffered by Lessee as a result of Authority's breach of this lease agreement or failure to perform any of its obligations under this lease agreement.

ARTICLE 9 LIEN AND SECURITY INTEREST

In consideration for the mutual benefits arising under this lease agreement, and as security for Lessee's performance of all its obligations under this lease agreement, Lessee hereby grants to Authority a lien and security interest in and on all property of Lessee now or hereafter placed in or upon the Leased Premises, and such property shall be and remain subject to such lien and security interest of Authority for payment of all rent and other sums agreed to be paid by Lessee herein. The provisions of this section shall constitute a security agreement under the Texas Uniform Commercial Code so that Authority has and may enforce a security interest on all property of Lessee now or hereafter placed in or on the Leased Premises, including but not limited to all fixtures, machinery, equipment, furnishings and other articles of personal property now or hereafter placed in or upon the Leased Premises by Lessee. An event of default under this lease agreement shall be default under the security agreement. Authority may at its election at any time file a copy of this lease agreement as a financing statement. Authority, as secured party, is entitled to all of the rights and remedies afforded to a secured party under the Texas Uniform Commercial Code, which rights and remedies shall be in addition to and cumulative to the Authority's liens and rights provided by law or by the other terms and provisions of this lease. Promptly upon request, and without further consideration, Lessee agrees to execute as debtor such additional financing statement or statements as Authority may now or hereafter reasonably request in order that Authority's security interests may be protected pursuant to the Texas Uniform Commercial Code, which financing statement Authority may at its election file in the appropriate records.

ARTICLE 10 SUBORDINATION

(DELETED IN ITS ENTIRETY)

ARTICLE 11 INDEMNITY/WAIVER

Section 11.01. Indemnity and Waiver

A. As used in this Section 11.01, each of the following terms shall have the meanings set forth in this Section 11.01A:

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

(2) “Claims” means all claims, damages (including actual, consequential, and punitive), losses, fines, penalties, liens, causes of action, suits, judgments, settlements, and expenses [including court costs, attorney’s fees (including attorney’s fees in defending and/or settling a Claim and attorney’s fees to collect on this Indemnity), costs of

investigation, and expert witnesses] of any nature, kind or description by, through, or of any person or entity.

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

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

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

(6) “Lessee Parties” means the Lessee, its agents, contractors, employees, owners, invitees, or licensees.

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

B. Subject to the terms of this Section 11.01, Lessee shall Defend and Indemnify the Indemnified Persons from and against all Claims resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the following matters (these Claims being referred to herein as the “Indemnified Claims”):

- (1) the conduct of Lessee’s business on the Leased Premises;
- (2) Lessee’s breach of this lease agreement;
- (3) any property loss or damage occurring in, on, or about the Leased Premises or relating to the condition, use or occupancy of the Leased Premises;
- (4) any bodily or personal injury, sickness, disease, and/or death (including the bodily or personal injury and/or death of any employee of an Indemnified Person or a Lessee Party) occurring in, on, or about the Leased Premises or relating to the condition, use of occupancy of the Leased Premises; or
- (5) any act, omission, willful misconduct, strict liability, breach of warranty, express or implied, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing, of or by any Lessee Party, including the sole, joint, concurrent, or comparative negligence of any Lessee Party in connection with or pertaining to this lease agreement.

C. The Indemnities, Waivers and obligation to Defend in this Section 11.01 shall be enforced to the fullest extent permitted by applicable law for the benefit of the applicable Beneficiary thereof, regardless of any extraordinary shifting of risks, and even if

the applicable Claim is caused by the joint, concurrent, or comparative negligence of such Beneficiary, and regardless of whether liability without fault or strict liability is imposed upon or alleged against such Beneficiary; provided, however, that an Indemnity will not be enforced to the extent that a court of competent jurisdiction holds in a final judgment that the applicable Claim against a Beneficiary was caused by the willful misconduct or sole negligence of such Beneficiary.

D. Notwithstanding anything to the contrary contained in this Section 11.01, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence, causation, responsibility or fault of the Indemnified Persons and the Lessee Parties, then the Lessee's obligation to the Indemnified Persons shall only extend to the percentage of the total responsibility of the Lessee Parties in contributing to such Indemnified Claim.

E. In claims against any Indemnified Person by or for an employee of a Lessee Party, the Lessee's indemnification obligation under this Section 11.01 shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against an Indemnified Person liable to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Indemnified Person or a settlement by the Indemnified Person, Lessee expressly agrees to reimburse and hold harmless the Indemnified Person for the damages based on such judgment or settlement as provided in this Section 11.01.

F. Except as otherwise expressly limited in this Section 11.01, it is the intent of the parties to this lease agreement that all indemnity obligations and liabilities contracted for in this lease agreement be without monetary limit and without regard to the cause or causes thereof (including pre-existing conditions on Authority's Property or as the result of an indemnification agreement with a third party), and will not be limited by damages paid under the Workers' Compensation Act. The indemnity contained in this Section 11.01 applies, without limitation, to any violation of any law, rules or regulations referred to in Section 4.02 in effect during the term of this lease agreement, and any and all matters arising out of any act, omission, event or circumstance existing or occurring during the term of this lease agreement, regardless of whether the act, omission, event or circumstance constituted a violation of any law, rules or regulations referred to in Section 4.02 at the time of its existence or occurrence.

G. If any action or proceeding is brought against an Indemnified Person by reason of any Indemnified Claim described in this Section 11.01, the Indemnified Person will be represented by its general counsel, or another attorney selected by the Indemnified Person and approved by Lessee, which approval will not be unreasonably withheld.

H. If Lessee should fail or refuse, after written notice to Lessee that an Indemnified Person intends to make a settlement of an Indemnified Claim, to participate in the settlement of such Indemnified Claim, then the Indemnified Person may settle with the claimant without prejudice to the Indemnified Person's indemnity rights set forth herein, and a settlement after such notice to Lessee will constitute a settlement of the proportionate fault, including but not limited to negligence, of both Lessee and the Indemnified Person, which settlement may later be apportioned between Indemnified Person and Lessee.

I. Lessee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance, including contractually assumed liability coverage.

J. To the fullest extent provided by this Section 11.01, Lessee hereby Waives all Claims against the Indemnified Persons resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the Indemnified Claims.

ARTICLE 12 INSURANCE

Section 12.01. Insurance

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

A. "All Risks" of Direct Physical Loss, including Flood, on buildings, improvements and betterments situated on the Leased Premises in an amount sufficient to cover 100% of the Insurable Value of the said buildings, improvements and betterments; and in builder's risk completed value form during substantial construction of improvements (including malicious mischief and vandalism); in amounts sufficient to provide coverage for 100% of the Insurable Value of such improvements. Lessee is responsible for insurance for its personal property on the Leased Premises. "Insurable Value" means replacement cost value.

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

C. Commercial General Liability (CGL) coverage with policy limits of at least \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate at the Leased Premises

D. Business Auto Liability coverage for all owned and non-owned vehicles, with a policy limit of \$1,000,000.00 (Combined Single Limit.)

E. Umbrella liability coverage limits of not less than \$5,000,000.00 over and above the underlying primary coverage limits stated in subparagraph B, C and D in this Section.

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

The minimum insurance protection amounts set forth in the Policies shall be increased from time to time upon request by Authority to an amount, which is commercially reasonable at the time.

Authority shall be furnished, to the attention of Authority's Director of Operation, prior to Lessee taking possession or occupancy of the Leased Premises, as proof of the insurance required of Lessee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be acceptable, in their form and content, to PCCA. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and employer's liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Authority, Attention: Director of Operation, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Lessee are primary coverage and the Authority Insurance is non-contributory so that Authority Insurance will not share with the Policies.

In addition the Policies shall be endorsed to provide as follows (or an ISO form endorsement containing the equivalent wording may be used): "Underwriters or the company or companies issuing this policy agree that, if the named insured is required, by written contract, to name any other person, firm or organization as an additional insured on this policy for claims arising out of acts, or the failure to act, by the named insured, then such other person, firm or organization shall automatically be deemed to be an additional insured under this policy without any further action, but only to the extent required under said written contract." Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of the Policies must be stated in the certificate of insurance provided to Authority if either exceeds \$50,000.00; and, in such event, Authority may decline to approve this lease agreement without any liability to Lessee. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Lessee neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority may procure such insurance at Lessee's expense, and Authority is entitled to reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Lessee receives Authority's notice of payment until reimbursement.

Section 12.02. Waiver of Subrogation

Lessee waives every claim which arises or may arise in its favor against Authority during the term of this lease or any renewal or extension thereof for any and all claims against it, or for loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, covered by applicable insurance policies, to the extent that such claim, loss or damage is covered or recoverable under said insurance policies. Said waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this lease agreement with respect to any loss of or damage to property of the parties hereto. Lessee agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this lease agreement written notice of the terms of the waiver set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waiver; and Lessee will provide to Authority a copy of said endorsement or endorsements or evidence that such endorsement is not necessary to prevent the invalidation of the insurance coverage by reason of such waiver.

ARTICLE 13 PROPERTY LOSS

Section 13.01. Obligation to Restore

If all or any part of the improvements located on (or constituting a part of) the Leased Premises are destroyed or damaged by any casualty during any term of this lease agreement, Lessee will promptly commence and thereafter prosecute diligently to completion the restoration of the same to the condition in which the destroyed or damaged portion existed prior to the casualty. Lessee will perform such restoration with at least as good workmanship and quality as the improvements being restored and in compliance with the provisions of Article 5 hereof. Notwithstanding the foregoing provisions of this paragraph to the contrary, if all of such improvements are wholly destroyed by any casualty or are so damaged or destroyed that, in Authority's good faith judgment reasonably exercised, it would be uneconomic to cause the same to be restored (and Authority shall give written notice of such determination to Lessee within ninety (90) days after the date casualty occurred), then Lessee shall not be obligated to restore such improvements and this lease agreement shall terminate as of the date of the casualty, and Authority shall be entitled to receive and retain the insurance proceeds for the loss.

If a property loss affecting the Leased Premises occurs, all insurance proceeds arising from policies maintained by Lessee for the damages arising from such casualty shall be distributed and paid directly to Authority, and Authority shall distribute such insurance proceeds to Lessee to the extent necessary to reimburse Lessee for costs incurred by Lessee in restoring the damaged Leased Premises in satisfaction of this Section 12.01, and any balance of such proceeds remaining after such restoration is complete shall be paid to Lessee within sixty (60) days after the restoration is complete and approved by Authority.

Section 13.02. Damage Near End of Term

If the Leased Premises are damaged to the extent of fifty per cent (50%) or destroyed in whole or in part during the last twenty-four (24) months of the lease term, Lessee shall have the right to terminate this lease agreement and not rebuild the improvements on the Leased Premises, in which event Authority shall be entitled to receive and retain the insurance proceeds from the loss or Lessee will rebuild as provided herein.

If the Port of Corpus Christi or its ship channel are damaged or destroyed in whole or in part to the extent that it is not economically or physically feasible to re-open the same, in Authority's sole judgment, then Authority shall have the option to terminate this lease agreement.

The party electing to terminate this lease agreement shall give notice to the other party of such election within ninety (90) days after the occurrence of such event. If such notice is given, the rights and obligations of the parties shall cease as of the date of such notice, and rent shall be adjusted as of the date of such notice of termination.

Section 13.03. Notice of Damage

Lessee shall immediately notify Authority of any destruction of or damage to the Leased Premises.

ARTICLE 14 CONDEMNATION

Section 14.01. Total Taking

If a total taking of the Leased Premises by condemnation occurs, then this lease agreement shall terminate as of the date the condemning authority takes lawful possession of the Leased Premises, and Authority is entitled to receive and retain the award for the taking of the Leased Premises.

Section 14.02. Partial Taking

If a partial taking of the Leased Premises by condemnation occurs, (a) this lease agreement will continue in effect as to the portion of the Leased Premises not taken, and (b) Lessee must promptly commence and thereafter prosecute diligently to completion the restoration of the remainder of Lessee's improvements located on (or constituting a part of) the Leased Premises to an economically viable unit with at least as good workmanship and quality as existed prior to the taking. In the event of a partial taking of the Leased Premises, Authority is entitled to receive and retain the award for the portion of the Leased Premises taken. In addition, upon a partial taking, the annual rent payable during the remainder of the term of this lease agreement (after the condemning authority takes lawful possession of the portion taken) shall be

reduced proportionally, giving due regard to the relative value of the portion of the Leased Premises taken as compared to the remainder thereof.

Section 14.03. Voluntary Conveyance

Nothing in this article prohibits Authority from voluntarily conveying all or part of the premises to a public utility, agency, or authority under threat of a taking under the power of eminent domain. Any such voluntary conveyance will be treated as a taking within the meaning of this Article.

Section 14.04. Notice of Proposed Taking

Lessee and Authority shall immediately notify the other of any proposed taking by condemnation of the Leased Premises.

ARTICLE 15 QUIET ENJOYMENT

Lessee, on paying the rent and all other sums called for herein and performing all of Lessee's other obligations contained herein, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the term of this lease agreement, subject to the provisions of this lease agreement. Authority agrees to warrant and forever defend Lessee's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under Authority (but not otherwise) subject to (a) the provisions of this lease agreement, (b) the lawful use of the Leased Premises by any mineral owner of part or all of the Leased Premises or a lessee in an oil, gas or mineral lease granted by any mineral owner of all or part of the Leased Premises, (c) all matters of record in Nueces County, Texas, and (d) any unrecorded easements or licenses executed by Authority to the extent the foregoing are validly existing and applicable to the Leased Premises. Lessee shall have no right to voluntarily permit any portion of the Leased Premises to be used for the purpose of drilling an oil or gas well without Authority's prior written consent.

ARTICLE 16 MEDIATION

Section 16.01. Mediation

Authority and Lessee agree they will, before taking any other legal action, including the filing of an action in State or Federal Court, attempt in good faith, to mediate in Corpus Christi, Texas, any controversy or claim arising out of or related to this lease agreement before a mediator to be agreed upon by Authority and Lessee. Authority and Lessee must agree upon a mediator within fifteen (15) days after a written request for mediation by either party, or either party may request any State District Judge sitting in Nueces County, Texas, to appoint a mediator and such appointment will be final. The mediator will schedule a mediation meeting at

a time and place determined by the mediator. Authority and Lessee will each pay one-half of the costs of mediation to the mediator.

ARTICLE 17 GENERAL PROVISIONS

Section 17.01. Compliance

Lessee must comply with all federal, state and local laws, rules or regulations, including Authority's Tariff 100-A, applicable to Lessee's tenancy or operations on the Leased Premises. Lessee must comply with the requirements of Item 669 of Authority's Tariff 100-A to the extent the same apply to Lessee, its agents, servants and employees.

Section 17.02. Inspection

Lessee will permit Authority and Authority's agents, representatives or employees to enter on the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this lease agreement, for purposes of maintaining, repairing or altering the premises, or for the purposes of showing the Leased Premises to prospective lessees, purchasers, mortgagees or beneficiaries under deeds of trust.

In an emergency, Authority, its agents, servants and employees, may use any means to open any gate or door into or on the Leased Premises without any liability for doing so. Entry into the Leased Premises by Authority for any purpose permitted herein shall not constitute a trespass nor an eviction (constructive or otherwise), nor entitle Lessee to any abatement or reduction of rent, nor constitute grounds for any claim by Lessee (and Lessee hereby waives any such claim) for damages for any injury to or interference with Lessee's business, for loss of occupancy or quiet enjoyment or for consequential damages.

Section 17.03. No Partnership

The relationship between Authority and Lessee at all times shall remain solely that of landlord and tenant and not be deemed a partnership or joint venture. This lease agreement is for the sole benefit of Authority and Lessee and no other person, entity or third party unless the benefit to a person, entity or third party is expressly stated in this lease agreement.

Section 17.04. Payments and Notices

All payments, notices, demands or requests from Lessee to Authority shall be given to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All payments, notices, demands or requests from Authority to Lessee shall be given to Lessee, Basic Industries, Ltd., at P. O. Box 23001, Corpus Christi, Texas 78403, or at such other address as Lessee shall request in writing. Any notice required or permitted under this lease agreement must be in writing. Any notice required by this lease agreement will be deemed to be delivered (whether actually received or

not) when deposited with the United States Postal Service, postage paid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

Section 17.05. Estoppel Certificate

On request, Lessee will execute an estoppel certificate that states the Commencement Date and termination date of the lease, describes any rights to extend the term of the lease, lists defaults by Authority and provides any other information reasonably requested.

Section 17.06. Abatement

Lessee's covenant to pay rent and additional rent and Authority's covenants are independent. Except as otherwise provided, Lessee is not entitled to abatement of rent or additional rent for any reason.

Section 17.07. Abandoned Property

Authority may retain, destroy or dispose of any property left on the Leased Premises at the expiration or termination of this lease.

ARTICLE 18 MISCELLANEOUS

Section 18.01. Parties Bound

This agreement binds and inures to the benefit of the parties and their respective legal representatives, heirs, distributees, successors and assigns where assignment is permitted by this lease agreement.

Section 18.02. Applicable Law

This agreement must be construed and its performance enforced under Texas law. Venue of any action arising out of this lease agreement will be in Nueces County, Texas.

Section 18.03. Severability

If any part of this lease agreement is for any reason found to be unenforceable, all other portions nevertheless remain enforceable.

Section 18.04. Time of Essence

Time is of the essence with respect to each date or time specified in this lease agreement by which an event is to occur.

Section 18.05. Rights and Remedies Cumulative

The rights and remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. All the rights and remedies may be exercised and enforced concurrently or whenever occasion for the exercise arises.

Section 18.06. Attorneys' Fees

In the event Authority or Lessee breach or default upon any of the terms of this lease agreement and the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the reasonable attorneys' fees incurred by the prevailing party.

Section 18.07. Captions

All captions in this lease agreement are for reference and convenience only and shall not modify or affect the provisions of this lease agreement in any manner.

Section 18.08. Public Disclosure

Authority is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Public Information Act (Texas Government Code, chapters 551 and 552), and as such Authority is required to disclose to the public (upon request) this lease agreement and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, Lessee agrees that the disclosure of this lease agreement or any other information or materials related to the consummation of the transactions contemplated hereby to the public by Authority as required by the Texas Open Meetings Act, Texas Public Information Act or any other law will not expose Authority (or any party acting by, through or under Authority) to any claim, liability or action by Lessee.

Section 18.09. Brokers

Lessee hereby warrants and represents unto Authority that it has not incurred or authorized any brokerage commission, finder's fees or similar payments in connection with this lease agreement, and agrees to defend, indemnify and hold harmless Authority from and against any claim for brokerage commission, finder's fees or similar payment arising by virtue of authorization by, through or under Lessee in connection with this lease agreement.

Section 18.10. Authority

The person executing this lease agreement on behalf of the Lessee personally warrants and represents unto Authority that (a) (if applicable) Lessee is a duly organized and existing legal entity, in good standing in the state of Texas, (b) Lessee has full right and authority to execute, deliver and perform this lease agreement, (c) the person executing this lease agreement on behalf of Lessee was authorized to do so, and (d) upon request of Authority, such person will deliver to Authority satisfactory evidence of his or her authority to execute this lease agreement on behalf of Lessee.

Section 18.11. Recording

Neither this lease agreement (including any exhibit hereto) nor any memorandum shall be recorded without the prior written consent of Authority.

Section 18.12. Interpretation

Both Authority and Lessee and their respective legal counsel have reviewed and have participated in the preparation of this lease agreement. Accordingly, no presumption will apply in favor of either Authority or Lessee in the interpretation of this lease agreement or in the resolution of the ambiguity of any provision hereof.

Section 18.13. Force Majeure

In the event either party hereto shall be delayed or hindered in or prevented from the performance required hereunder by reason of *force majeure*, which includes strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God, or other reason of like nature not the fault of the party delayed in performing work or doing acts (hereinafter "*force majeure*"), such party shall be excused for the period of time equivalent to the delay caused by such *force majeure*.

Notwithstanding the foregoing, any extension of time for *force majeure* shall be conditioned upon the party seeking an extension of time and delivering written notice of such *force majeure* to the other party within five (5) calendar days of the event causing the *force majeure*, and the maximum period of time which a party may delay any act or performance of work due to *force majeure* shall be sixty (60) days.

Section 18.14. Contractual Relationship

Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against Authority or Lessee.

Section 18.15. Entire Agreement

This lease agreement, including any exhibits, constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this lease agreement. No change, waiver or discharge is valid unless in a writing that is signed by the party against whom it is sought to be enforced.

IN TESTIMONY WHEREOF, this lease agreement is executed in duplicate originals, either of which shall be deemed to be an original, at Corpus Christi, Texas, on the date first above mentioned.

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

By: _____

John P. LaRue
Executive Director

"Authority"

BASIC INDUSTRIES, Ltd.

By: _____

Name: _____

Title: _____

"Lessee"

STATE OF TEXAS §
 §
COUNTY OF NUECES §

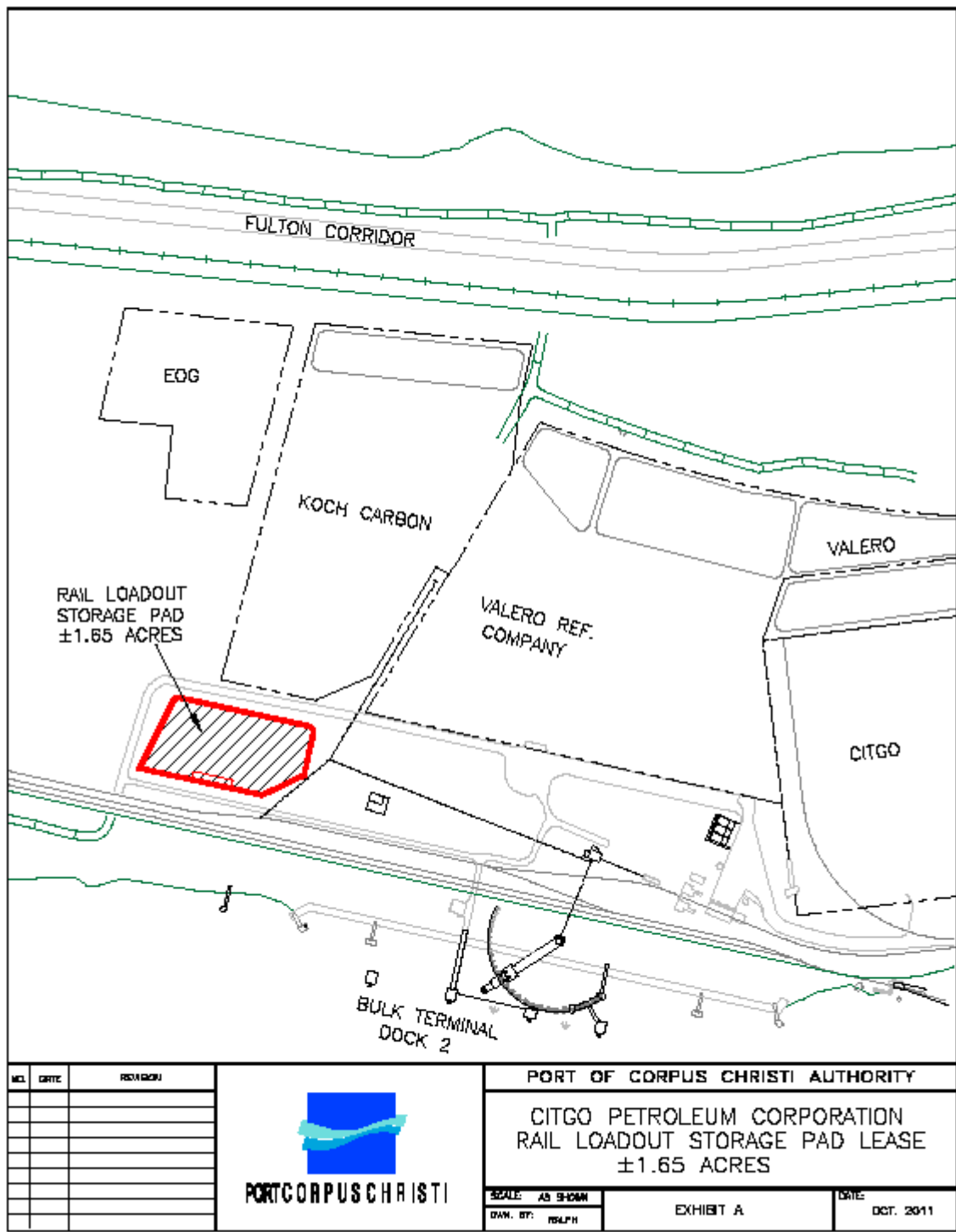
This instrument was acknowledged before me on the 8th day of November, 2011, by JOHN P. LARUE, Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Authority.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of _____, 2011, by _____, _____ of Basic Industries, Ltd., a _____, on behalf of said company.

NOTARY PUBLIC, STATE OF TEXAS_____





John P. LaRue
EXECUTIVE DIRECTOR

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 12-B***
Pipeline Easement Agreement with Nustar Logistics, L.P.

Dear Commissioners:

Nustar Logistics, L.P. has requested a pipeline easement for one 24-inch and two 12-inch pipelines to facilitate their planned movement of oil from the Eagle Ford Shale across Oil Docks 1 and 2. Staff and Nustar have been negotiating the route depicted in the attached Pipeline Easement agreement for the past several weeks. Using our standard pipeline easement agreement, the term of the agreement has been set at thirty years and the annual fee for the first ten years has been fixed at \$885.26.

The route of the pipeline crosses the old Permian tank farm lease which was acquired by Flint Hills Resources (formerly Koch), which subsequently demolished the tanks and vacated the lease. The PCCA has plans to utilize a portion of this property for additional rail improvements and to convert the rest of the land for additional open area cargo storage use.

Flint Hills was required to remediate the property to industrial standards and the property has been deed recorded to this effect. Nustar sampled the proposed route and did not find any soils that exceeded the industrial cleanup thresholds.

Nustar's Board is not schedule to approve the proposed pipeline project until November 7, 2011. Should Nustar's Board not approve the project or if Nustar's staff requests any additional changes to the easement , this agenda item may be pulled from the agenda and rescheduled for a later date.

Staff recommends approval of the pipeline easement agreement as presently drafted. This item is included on the agenda of the November 8, 2011, commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. LaRue". The signature is fluid and cursive, with the first name "John" being more prominent.

John P. LaRue
Executive Director

Attachment

PIPELINE EASEMENT

THE STATE OF TEXAS §
 §
COUNTY OF NUECES §

KNOW ALL MEN BY THESE PRESENTS THAT:

Port of Corpus Christi Authority of Nueces County, Texas, acting herein by and through its Port Commissioners hereunto duly authorized (hereinafter called "Authority") for good and valuable consideration as described below, and including the covenants and conditions herein made and provided to be kept and performed by Grantee, has **GRANTED AND CONVEYED** and by these presents does **GRANT AND CONVEY** to NuStar Logistics, L.P., a Delaware limited partnership, whose principal address is 2330 North Loop 1604 West, San Antonio, Texas 78248, (hereinafter called "Grantee"), a right-of-way and easement (the "Pipeline Easement") on and through the Authority's land located in Nueces County, Texas, for the purpose of constructing, laying, operating, inspecting, maintaining, repairing, replacing and removing three (3) pipeline(s) (the "Pipeline") for the uses herein set out in, upon, over, under, through, and across the Pipeline Easement hereby granted, together with such valves, fittings, meters and other equipment and appurtenances as may be necessary for such purposes. Pipeline as used in this Agreement means one or more pipelines which are described herein by number and size which will be placed in, upon, over, under, through, the Pipeline Easement. The centerline of the Pipeline Easement is described and depicted on Exhibit A attached hereto, which is incorporated herein by reference for all purposes. Grantee shall have additional space during construction, maintenance and removal activities on each side of the Pipeline. Following the period of initial construction of the Pipeline, the width of the Pipeline Easement shall be (a) for the twenty-four inch (24") pipeline, two (2) feet, and (b) for the two twelve (12") inch pipelines, one (1) foot six (6) inches, on either side of the centerline of the Pipeline Easement described and depicted on Exhibits A and B. The period of initial construction of the Pipeline will terminate sixty (60) days after Grantee actually completes construction, or one year from the date hereof, whichever occurs first. In the event construction is not commenced within one year from the date hereof, this Agreement and the Pipeline Easement will terminate, unless the period for commencement of construction is extended beyond one year by Authority.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns, the rights and privileges hereby conveyed together with all and singular the rights and appurtenances thereto in any way belonging for thirty (30) years beginning on the 8th day of November, 2011, and ending at midnight on the 7th day of November, 2041, subject to the exceptions and reservations herein set forth, and upon the following covenants and conditions which are a part of the consideration for this grant, which covenants and conditions are and shall be construed as covenants running with the land, and which covenants and conditions by its acceptance hereof Grantee covenants and agrees to keep and perform.

This Pipeline Easement is granted subject to the following:

A. Number and Size of Pipelines. The Pipeline shall not exceed the following number of pipelines and a nominal inside diameter as follows: Number of pipelines: one (1) twenty-four inch (24") pipeline and two (2) twelve (12") inch pipelines for a total of three (3) pipelines.

B. Fee. For the first ten (10) years of the term of this Agreement, Grantee will pay to the Authority an annual fee in the amount of Eight Hundred Eighty-Five and 26/100 Dollars (\$885.26) based on

Authority's current rate schedule of \$55.00 a rod for the 24" pipeline and \$28.00 a rod for the 12-inch pipelines, payable in one advance. During each succeeding ten (10) year period during the term of this Pipeline Easement, the annual fee will be as set by the Port Commissioners of the Authority based upon Authority's then current rate schedule for pipelines of the said pipeline diameters. Grantee may prepay all annual installments due for each ten (10) year period at the beginning of each such period.

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

D. Construction, Maintenance and Use. Grantee shall construct and maintain the Pipeline in a good and workmanlike manner and in compliance with all applicable governmental and industry standards for construction and maintenance of the same. Warning signs for the existence of the Pipeline that conform to Federal and State laws applicable to such warning signs will be posted at the required locations along the Pipeline Easement.

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

Grantee will immediately, notify the appropriate State and Federal agencies who regulate pipelines of the type in the Pipeline Easement, and no later than twenty-four (24) hours after discovery, notify Authority, of any visible or apparent contamination discovered in the Pipeline Easement during initial construction of the Pipeline.

Following completion of construction of the Pipeline, Grantee will immediately, notify the appropriate State and Federal agencies who regulate pipelines of the type in the Pipeline Easement, and no later than twenty-four (24) hours after discovery, notify Authority, of any visible or apparent contamination discovered in, on, under, or adjacent to the Pipeline Easement.

If, during, or after, completion of construction of the Pipeline, the contamination is coming from the Pipeline, then Grantee will immediately take all steps necessary to shut down the pipeline or pipelines in the Pipeline Easement from which the contamination is coming, repair or replace the

pipeline or pipelines, and restore the Pipeline Easement to the condition it was in prior to the discovery of the contamination. If the contamination is not coming from a pipeline or pipelines in the Pipeline Easement, then Grantee and Authority shall cooperate to determine the source of the contamination and advise the appropriate State and Federal agencies of the occurrence.

Grantee's use of the Pipeline Easement herein granted and its operations in relation to it will at all times comply with all applicable laws, statutes, rules and regulations of federal, state and local government ("Law").

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

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

E. Reservations and Exceptions. The Pipeline Easement herein granted shall be subject to any and all easements heretofore granted by Authority to other parties which is either of record in Nueces County or physically evident on the property. The Authority reserves the right to grant easements upon, over, under and across its property within the Pipeline Easement, and to grant rights of use, leases and easements above, below and on the surface of the Pipeline Easement, provided that such grants shall not unreasonably interfere with the rights granted herein. Notwithstanding the foregoing, the Authority shall not construct or maintain or permit to be constructed or maintained any house, structure, pond, reservoir, or obstruction on, over or under the Pipeline Easement.

F. Indemnity/Waiver.

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

(1) "Claims" means all claims, damages, losses, fines, penalties, liens, causes of action, suits, judgments, settlements and expenses (including court costs, reasonable attorney's fees [including reasonable attorney's fees in defending and/or settling a Claim and reasonable attorney's fees to collect on this Indemnity], costs of investigation, and expert witnesses) of any nature, kind or description by, through or of any person or entity.

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

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

(4) “Indemnified Persons” means the Authority, its Port Commissioners, directors, managers, employees and agents.

(5) “Grantee Parties” means the Grantee, its agents, contractors, employees, owners, invitees, or licensees.

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

(1) Bodily or personal injury, sickness, disease, and/or death to persons;

(2) Damage to property;

(3) Grantee’s breach of the terms and conditions of this Agreement; and

(4) Grantee’s violation of any Laws, now or hereafter existing and applicable to Grantee and its operations under this Agreement.

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

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

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

Indemnified Person, Grantee expressly agrees to reimburse and hold harmless the Indemnified Person for the damages based on such judgment or settlement as provided in this Section F.

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

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

(h) Grantee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance set forth in Section G, including contractually assumed liability coverage.

G. Insurance

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

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

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

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

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

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

The minimum insurance protection amounts set forth in the Policies shall be increased from time to time upon request by Authority to an amount which is commercially reasonable at the time.

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

In addition the Policies shall be endorsed to provide as follows (or an ISO form endorsement containing the equivalent wording may be used): "Underwriters or the company or companies issuing this policy agree that, if the named insured is required, by written contract, to name any other person, firm or organization as an additional insured on this policy for claims arising out of acts, or the failure to act, by the named insured, then such other person, firm or organization shall automatically be deemed to be an additional insured under this policy without any further action, but only to the extent required under said written contract." Grantee shall deliver to Authority certificates of insurance for each of the Policies. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI.

H. Waiver of Subrogation

Grantee agrees that all insurance policies required herein shall include full Waivers of Subrogation in favor of Authority. Grantee agrees to have said insurance policies properly endorsed, if necessary, and Grantee will provide to Authority evidence of said endorsement or endorsements

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

J. Termination. This Agreement and all rights to use and occupy the Pipeline Easement shall terminate if: (a) Grantee provides Authority with ninety (90) day notice to terminate or (b) the pipeline(s) shall cease to be used or maintained for the transmission for any consecutive forty-eight (48) month period during the term of this Pipeline Easement or if Grantee shall at any time expressly abandon this Pipeline Easement for the use of the same for the purposes herein granted. This Pipeline Easement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate upon breach by Grantee of any of the conditions hereof and the failure of Grantee to remedy the same within ninety (90) days after Grantee's receipt of written notice from the Authority so to do. Grantee agrees it will within ninety (90) days after the termination of this Pipeline Easement remove the Pipelines and all other equipment, facilities or appurtenances existing in the Pipeline Easement and restore the land in the Pipeline Easement to substantially the same condition in which same existed prior to the existence of the Pipeline, equipment, facilities and appurtenances. In the event Grantee fails to remove the said Pipeline, equipment, facilities and appurtenances within the above-described time period, Authority may either declare the termination of Grantee's interest in the Pipeline, equipment, facilities and appurtenances and all of Grantee's interest therein shall thereupon terminate, or the Authority may cause the Pipeline, equipment, facilities and appurtenances, or any part thereof, to be removed and disposed of, and the lands of the Authority restored, all at the cost of Grantee. This paragraph is specifically not applicable to any actions required under CERCLA, RCRA, their state or local legal equivalents and common law theories for releases of hazardous materials or substances. In the event of a breach of the requirements of Section L ("Compliance with Authority Security Requirements"), this easement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate in the event Grantee fails to remedy the same within ten (10) days after Grantee's receipt of written notice from the Authority of such breach.

K. Relocation. The Authority may require Grantee to remove, lower or relocate the Pipeline, equipment, facilities and appurtenances situated in the aforesaid Pipeline Easement in the event the same materially interferes with or will materially interfere with: (1) the development of Authority's lands; (2) any facility, facility modification, or proposed facility of Authority, Authority Lessee or Authority Franchisee; (3) any road or proposed road; or (4) any operation or proposed operation of Authority, Authority Lessee or Authority Franchisee; The Authority may also require Grantee to remove, lower or relocate the Pipeline, equipment, facilities and appurtenances situated in the aforesaid Pipeline Easement in the event the same materially interferes with or will materially interfere with any railroad or proposed railroad under which the Pipeline passes. In the event Authority requires Grantee to remove, lower or relocate pursuant to the provisions of this paragraph, the cost of such removal, lowering or relocation shall be paid solely by Grantee; and in such event, Authority will use its best efforts to provide Grantee

with an alternate Pipeline Easement on Authority's land at no additional cost to Grantee; provided, however, Authority shall not be required to provide the alternate easement.

L. Compliance with Authority Security Requirements. Grantee, its employees, agents, representatives and subcontractors shall at all times comply with all Authority mandated security requirements and regulations pertaining to the Pipeline Easement and right of way location and access thereto, regardless of whether now existing or hereinafter imposed, pursuant to Authority's Tariffs (the "Security Measures"). Failure to comply with Authority's Security Measures will be grounds for terminating this Agreement as described in Paragraph J above. Authority's Security Measures applicable to the Pipeline Easement and right of way can be ascertained by contacting the Authority's Police Department.

M. Notice. All notices, demands, or requests from Grantee to Authority shall be given to Authority, Attention: Executive Director, P. O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All notices, demands, or requests from Authority to Grantee shall be given to Grantee at 2330 North Loop 1604 West, San Antonio, TX 78248, Attn: Director, Real Estate & Right of Way, , or at such other address as Grantee shall request in writing.

N. Neither Party shall have any rights or obligations hereunder and this Agreement shall not be effective for any purpose unless and until the Board of Directors of NuStar GP, LLC., the general partner of NuStar Energy L.P., which wholly owns Grantee, has approved and authorized Grantee's execution and delivery of this Agreement, and this Agreement has been properly executed by Grantee prior to or on December 8, 2011, whichever occurs first; otherwise any approval of this Agreement by the Port Commission of Authority prior to December 8, 2011, is void.

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

[signatures contained on next page]

WITNESS this 8th day of November, 2011.

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

By: _____

John P. LaRue
Executive Director

“Authority”

NUSTAR LOGISTICS, L.P.

By: NuStar GP, Inc., its general partner

By: _____

Name: _____

Title: _____

"Grantee"

STATE OF TEXAS §
 §
COUNTY OF NUECES §

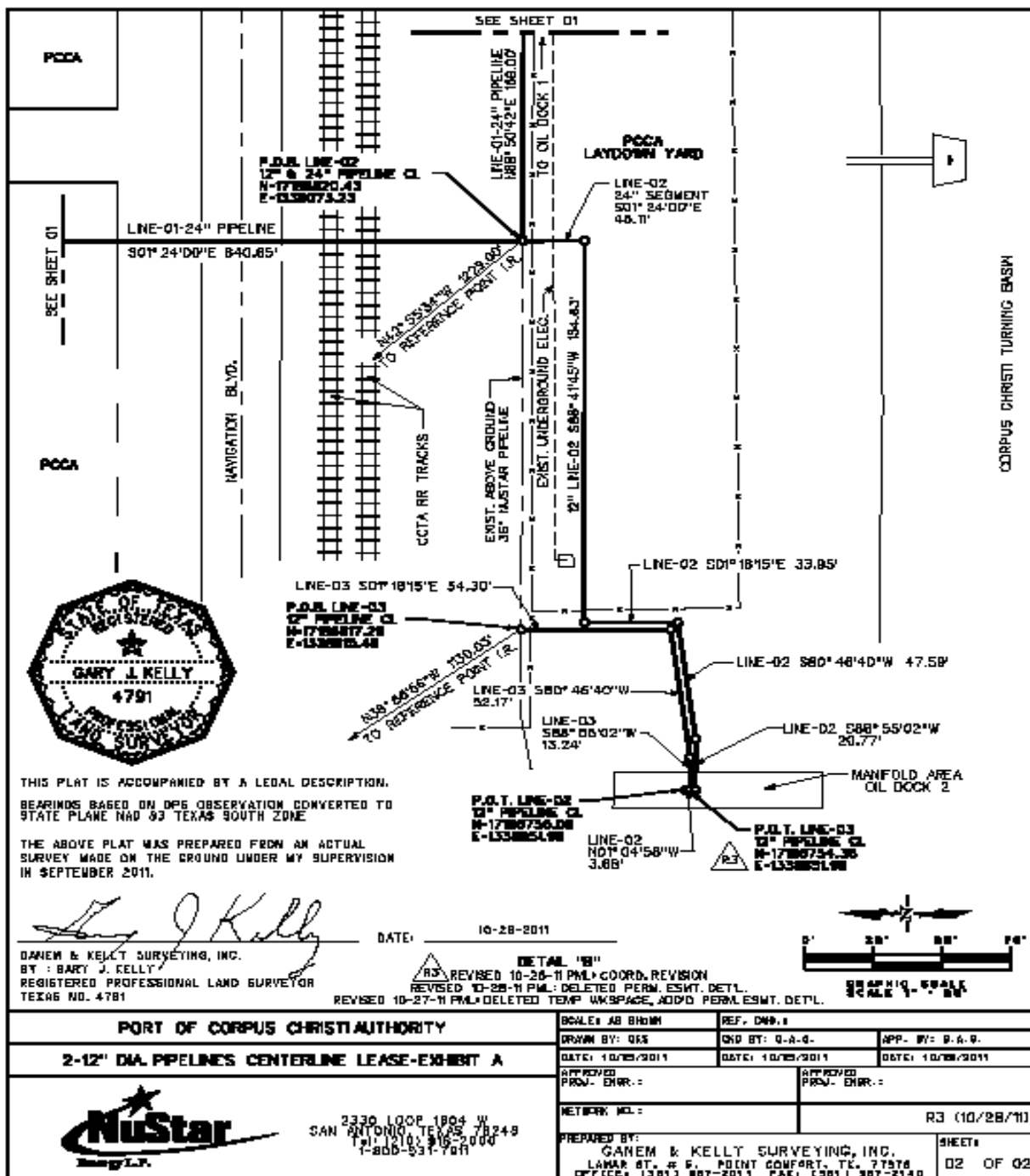
This instrument was acknowledged before me on the 8th day of November, 2011, by JOHN P. LaRUE, Executive Director of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Port.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of _____, 2011, by _____, _____ of NuStar GP, Inc., the general partner of NuStar Logistics, L.P., on behalf of said partnership.

NOTARY PUBLIC, STATE OF TEXAS



Nustar Pipeline Easement Revised as of 11-1-11
 PCCA Pipeline Easement Agreement Form
 07/15/2010
 WL 244654



John P. LaRue
EXECUTIVE DIRECTOR

November 8, 2011

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

Subject: ***AGENDA ITEM NO. 12-C***
Port Development Services Agreement
With the Coastal Bend Bays and Estuaries Program

Dear Commissioners:

The Port of Corpus Christi Authority is one of the government signatories to the Coastal Bend Bays & Estuaries Program Interlocal Agreement dated June 21, 1999. Other parties to the agreement include the Port Industries of Corpus Christi, the City of Corpus Christi, Nueces County, San Patricio County, Aransas County, and Kleberg County. Each party to this agreement agreed to make an annual financial contribution. The Port's annual contribution is set at \$75,000 in the agreement, and we have been paying this contribution since 1999. The Port also provides in-kind services in the form of office space, utilities, and janitorial service.

Staff recommends approval of the \$75,000 annual contribution for calendar year 2012 in accordance with the attached Port Development Services Agreement. This item is included on the agenda of the November 8, 2011 commission meeting for your consideration and action. If you have any questions, please contact me.

Sincerely,

John P. Baker

John P. LaRue
Executive Director

Attachment

PORT DEVELOPMENT SERVICES AGREEMENT

This agreement is between Port of Corpus Christi Authority of Nueces County, Texas (Authority), whose address is 222 Power Street, Corpus Christi, Texas 78403, and Coastal Bend Bays & Estuaries Program (Service Provider), whose address is 1305 Shoreline Blvd, Suite 210, Corpus Christi, Texas 78401, as follows:

1. PURPOSE: The Service Provider will provide to Authority the services described on Exhibit A attached hereto and incorporated herein by reference which are for the purpose of providing Authority services that are incidental to the development, promotion or advertising of Authority and its port, waterways, harbors and terminals or that are for the betterment of Authority's relations with steamship and rail lines, shippers, consignees of freight, governmental officials or others interested in Authority's port, waterways, harbors or terminals and which the Port Commission of Authority, by authorizing this agreement, has found to be for the benefit of the Authority or the public welfare of the citizens of Nueces County, Texas.

2. TERM AND CONSIDERATION: The term of this agreement is from the 1st day of January 2012, to the 31st day of December 2012. In consideration of Service Provider providing the services described below, Authority will pay to Service Provider the sum of Seventy-Five Thousand Dollars (\$75,000.00), which sum will be paid as follows: \$18,750.00 per quarter to be paid during January, April, July, and October of 2012, upon submission of an invoice from the Service Provider for services to be performed. All payments to the Service Provider by the Authority pursuant to this agreement shall be made with funds in the Authority's Development Fund.

3. COSTS AND EXPENSES: Service Provider will be responsible for all costs and expenses associated with providing its services to Authority. In addition to the consideration outlined above, Authority shall be under no obligation to provide any additional funding or incur any other costs or expenses in connection with the services to be provided other than the fixed sum provided in this agreement and the use of office space on the second floor in Authority's Annex Building at no cost. Service Provider has no authority to bind the Authority to any contract, obligation or any other liability absent the Authority's written consent.

4. OBLIGATION LIMITED: This agreement shall be limited solely to the services described in Exhibit A. No obligation of Authority, expressed or implied, shall exist for funding any additional or different services by Service Provider not described in Exhibit A.

5. BOARD OF DIRECTORS: The Port will be entitled to appoint one (1) person to be a voting director of the board of directors of Service Provider, which person may be a Port Commissioner.

6. INDEPENDENT CONTRACTOR RELATIONSHIP: At all times during the term of this agreement, Service Provider shall be an independent contractor to the Authority, and Service Provider shall not in any event be deemed an employee, partner, joint venturer or other representative of the Authority. Any persons employed by the Service Provider shall at all times

hereunder be deemed to be the employees of the Service Provider, and the Service Provider shall be solely liable for the payment of all wages, employment taxes or other benefits made available to such employees in connection with their employment by Service Provider. If required by law or statute, Service Provider will provide workers' compensation insurance for all of its employees engaged in providing services to Authority. Service Provider shall remain solely responsible for the supervision and performance of any such employees and of its volunteers in completing its obligations under this agreement.

7. RECORDS: Service Provider agrees to maintain proper accounting records reflecting the receipt and expenditure of the funds paid to it by Authority in sufficient detail that a reasonable person could from a review of the said records determine the source and application of all funds paid Service Provider by Authority. In addition, if required to do so by Authority, Service Provider will provide Authority a written report or reports which set forth the source and application of all funds paid Service Provider by Authority. Service Provider will also make all reports to government or other entities necessary because of the nature of the services provided by Service Provider.

8. COMPLIANCE: During the performance of this agreement, Service Provider agrees to comply with all applicable Federal, State or Local laws or regulations, including but not limited to those Federal, State or Local laws or regulations on file in the office of the Director of Finance of Authority. Authority will make the laws or regulations it has on file available for inspection by Service Provider during Authority's usual working hours on Monday through Friday, upon a reasonable request to do so by Service Provider.

9. NOTICE: All notices or other communications relating to this agreement will be made in writing and may be given by telefax addressed to the person to receive same, delivering the same to the person to be notified, or depositing the same in the United States mail, postage prepaid, certified return receipt requested, addressed as set forth in this paragraph. The notice addresses that parties hereto shall, until changed in writing, be as follows:

Authority: Port of Corpus Christi Authority
P. O. Box 1541
Corpus Christi, Texas 78403
Attn.: Executive Director

Service Provider: Coastal Bend Bays & Estuaries Program
1305 Shoreline Blvd., Suite 210
Corpus Christi, Texas 78401
Attn.: Executive Director

10. DEFAULT: This agreement may be terminated upon default by either party upon thirty (30) days written notice to the other party. No waiver of performance by either party shall be construed or operate as a waiver of any subsequent default in any terms, covenants, and conditions of this agreement.

11. GOVERNING LAW: This agreement shall be governed by and construed in accordance with the laws of the state of Texas, and it shall be performable in Nueces County, Texas.

12. SEVERABILITY: If for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this agreement shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this agreement, for it is the definite intent of the parties that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

13. SUCCESSORS: This agreement shall be binding upon and shall insure to the benefit of the Authority and its successors and assigns and the Service Provider and its successors and assigns.

14. AMENDMENTS AND COUNTERPARTS: No amendments, modifications or other changes to this agreement shall be valid or effective without the written consent of the parties hereto. This agreement may be executed in one or more counterparts, each of which shall be deemed as original and all of which shall constitute but one and the same instrument.

EXECUTED in duplicate originals effective the 8th day of November 2011.

AUTHORITY:

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

By: _____
John P. LaRue
Executive Director

SERVICE PROVIDER:

COASTAL BEND BAYS & ESTUARIES
PROGRAM

By: _____
Ray Allen
Executive Director

EXHIBIT A TO SERVICES AGREEMENT

The professional services and benefits to be provided to the Authority by Service Provider consist of the environmental protection of the Coastal Bend bays and estuaries through various projects which would be advantageous to the future growth and vitality of the Port of Corpus Christi Authority and benefit the public welfare in Nueces and San Patricio Counties shall include the following:

1. conducting research and development of information regarding the environmental conditions of the Coastal Bend bays and estuaries;
2. disseminate above information to the public through various and diverse educational processes such as the publication of the results of such research and development, conducting seminars, forums, discussion groups and participating in expositions, trade shows, conventions and other meetings;
3. advising the Authority Port Commissioners quarterly on environmental matters impacting port operations;
4. annual meeting sponsor status;
5. newsletter articles on community involvement, support, and initiatives in collaboration with port staff;
6. recognition as member on the Coastal Bend Bays & Estuaries Website and maintain hyperlink to Authority site;
7. support the Authority's legislative issues in Washington, D.C. through letters of support and testimonies for community grants, infrastructure funds such as the I-69 Highway, La Quinta Gateway and Corpus Christi Ship Channel Improvement projects/issues;
8. any and all other lawful activities, which tend to aid, assist, or otherwise encourage the economic development of the Authority.

End of Exhibit

WELDER | LESHIN

WELDER LESHIN LORENZ MCNIFF BUCHANAN HAWN, LLP
ATTORNEYS AT LAW

800 North Shoreline Blvd., Suite 300 North
Corpus Christi, Texas 78401
Phone 361-561-8000
Fax 361-561-8001

November 3, 2011

Port Commission
Port of Corpus Christi Authority
PO Box 1541
Corpus Christi, Texas 78403

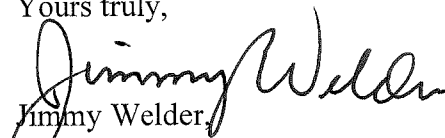
Dear Commissioners:

The law firm of Welder Leshin LLP would be pleased to continue its representation of the Port of Corpus Christi Authority on the terms set forth in this letter. The firm agrees to provide legal services to the Port at the following hourly rates beginning January 1, 2012: \$325 for partners and attorneys of counsel to the firm; \$250 for senior associates; \$175 for junior associates and \$75 for legal assistants.

The firm will not bill the Port for our routine internal costs, such as long distance charges, faxes, photocopies, and postage. We will, however, invoice the Port without markup for all other expenses we incur in performing legal services for the Port.

If these terms of our engagement are acceptable, we request that you authorize the Executive Director to execute this letter on behalf of the Port in the space provided below. Thank you.

Yours truly,


Jimmy Welder,
For the Firm

AGREED and ACCEPTED this ____ day of November, 2011.

PORT OF CORPUS CHRISTI AUTHORITY

By: _____
John P. LaRue,
Executive Director



CONSULTANT AGREEMENT

MOREHEAD, DOTTS, RYBAK

This agreement dated as of January 1, 2012, is made between the PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, whose address is P.O. Box 1541, Corpus Christi, Texas, 78403, referred to as "Authority," and MOREHEAD, DOTTS, RYBAK, whose address is 2667 Santa Fe, Corpus Christi, Texas 78404 referred to as "Consultant."

1. Consultation Services. The Authority hereby employs the Consultant to perform the following services in accordance with the terms and conditions set forth in this agreement:

- Creative account services such as ideas for advertisements, direct mail campaign, and unique approaches to awareness campaigns;
- Consultation on advertising, public and media relations;
- Copywriting, art direction, design, illustration, photography art direction, and mechanical artwork pertaining to campaigns;
- Estimating and budgeting costs, proofing, press checks, media buying and delivery services; and
- Auditing invoices for goods and services purchased on behalf of the Authority.

Consultant will make oral and written reports as necessary or when requested by the Executive Director, or Deputy Port Director. Authority, through its Executive Director or, may direct Consultant in writing to perform other services for Authority than those described in this paragraph 1., and if Consultant agrees to do so, Consultant will be paid for services at a mutually agreed rate.

2. Term of Agreement. This agreement will begin January 1, 2012, and unless terminated sooner in accordance with this agreement, will end December 31, 2012. During the term of this agreement the Consultant will be the Authority's advertising agency of record. Either party may cancel this agreement for any reason on a (30) days notice to the other party in writing sent to the address set forth hereinabove, or by personal delivery. Upon termination hereof, Authority shall have no obligation to Consultant except to pay Consultant for any of Consultant's fees due Consultant on the date of termination. In the event this agreement is terminated before its term expires payment due Consultant on the date of termination will include an amount for any part of a month for which Consultant has not been paid pro rated to a daily rate using the monthly payment divided by the number of days in the partial month involved.
3. Time Devoted by Consultant. The Consultant will spend as much time as necessary to accomplish the tasks described in this agreement.
4. Payment to Consultant. The Consultant will be paid for its services and expenses the sum of Six Thousand Eight Hundred Seventy Nine and no/100 Dollars (\$ 6,879.00) per month such payment beginning on or before the 1st day of February, 2012, and continuing on or before the same day of each month thereafter so long as this agreement is in effect. The Consultant's costs of advertising and media placements, photography, printing, video shoots, materials for production, and delivery services are considered expenses of performing the Consultants services and shall be an obligation of the Authority. The Consultant's cost of travel for

Authority outside of Corpus Christi, Texas for mileage, airfare, hotel, car rental, and meals in the performance of its services will be reimbursed by Authority, however, such cost must be approved in writing by the Executive Director, or Deputy Port Director of Authority in advance of such cost being incurred by Consultant. The Consultant is also entitled to the customary markup on media placements, electronic production, and printing.

5. Independent Contractor. Consultant is an independent contractor for the performance of its duties under this agreement. Accordingly, the Consultant shall be responsible for payment of its cost of operation except for any state sales tax covered by exemption certificate provided to the Consultant by the Authority, expenses described in Paragraph 4, and all taxes including federal, state and local taxes arising out of the Consultant's activities in accordance with this agreement, including by way of illustration but not limitation, federal and state income tax, social security tax, unemployment insurance taxes, and any other taxes or business license fees as required.
6. Insurance. Consultant has in force, and will maintain so long as this agreement is in effect, a policy or policies of liability insurance in the minimum limit amount of \$1,000,000 to cover claims arising out of the performance of its services under this agreement, which insurance policy will contain an endorsement providing coverage for contractual obligations under this agreement naming Authority as an additional insured under such policy or policies, and further providing that Authority

will be given not less than thirty (30) days written notice of cancellation of the insurance policy or policies. Consultant will provide Authority a certificate on a form acceptable to Authority by an insurance company or companies stating that it has the insurance required by this agreement in force at the commencement of the term of this agreement.

7. Registrations or Licenses. Consultant represents and warrants that it possesses, and will possess at all times this agreement is in effect, all necessary registrations, permits or licenses, state or federal, to perform its services pursuant to this agreement. Consultant will perform this agreement in accordance with, and will comply with, all applicable federal, state and local laws, statutes, rules or regulations. Consultant will defend, indemnify and hold harmless Authority, its Port Commissioners, employees and representatives for any claims or losses of any kind incurred by Authority, its Port Commissioners, employees or representatives because of or arising out of the services performed by Consultant pursuant to this agreement.
8. Confidential Information. The Consultant agrees that any information received by the Consultant during any furtherance of the Consultant's obligations in accordance with this agreement, which concerns financial or other affairs of the Authority, will be treated by the Consultant in full confidence and will not be revealed to any other persons, firms or organizations.
9. Texas Law to Apply. This agreement shall be construed under and in accordance with the laws of the State of Texas.
10. Parties Bound. This

agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, successors, and assigns when permitted by this agreement.

11. Legal Construction. In the event any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions, and the agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.
12. Time of Essence. Time is of the essence with respect to each date or time specified in this agreement by which an event is to occur.
13. Rights and Remedies Cumulative. The rights and remedies provided by this agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.
14. Captions. All captions in this agreement are for reference and convenience only and shall not modify or affect the provisions of this agreement in any manner.
15. Interpretation. Both Authority and Consultant and their respective legal counsel have reviewed and have participated in the preparation of this agreement. Accordingly, no presumption will apply in favor of either Authority or Consultant in the interpretation of this agreement or in the resolution of the ambiguity of any provision hereof.

- 16 Entire Agreement. This agreement constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this agreement. No change, waiver or discharge is valid unless in writing that is signed by the party against whom it is sought to be enforced.

Executed effective the date first stated hereinabove by and between the parties hereto.

Authority:

PORT OF CORPUS CHRISTI AUTHORITY OF
NUECES COUNTY, TEXAS

By: _____
John P. LaRue
Executive Director

Consultant:

By: _____
Fred Dotts
MOREHEAD DOTTS RYBAK



MATHIESEN MARITIME SERVICES
PROFESSIONAL SERVICES AGREEMENT

This agreement dated January 1, 2012 is made between Port of Corpus Christi Authority of Nueces County, Texas, P.O. Box 1541, Corpus Christi, Texas 78403, referred to as “Authority”, and Palle Mathiesen d/b/a Mathiesen Maritime Services, whose address is 220, Newport Center Drive #11-606, Newport Beach, CA 92660 referred to as “Consultant”.

1. **Focus.** The primary focus of the Consultant’s effort will be to assist in the development of business (importer, exporter, steamship line, and other users) for the wind turbine industry and Port of Corpus Christi Cold Storage Facility.
2. **Services.** The Authority hereby employs the Consultant to perform the following professional or personal services in accordance with the terms and conditions set forth in this agreement:
 - a. Develop regular, year-round liner services,
 - b. Develop seasonal parcel services,
 - c. Developing a key account base with foreign and domestic cargo owners,
 - d. Assist in making the Port of Corpus Christi known to the top decision makers of the major refrigerated vessel owners,
 - e. Assist in developing solutions to customers’ logistical problems,
 - f. Assist in creating adequate supporting infrastructure for handling international trade in refrigerated products,
 - g. Assist with other assignments and situations as necessary,
 - h. Assist with the development of wind turbine industry.

The Consultant will make oral and written reports as necessary or when requested by the Executive Director or Deputy Port Director.

3. **Terms of Agreement.** The initial term of this agreement will be from **January 1, 2012 through December 31, 2012**. Either party may cancel this Agreement on thirty (30) days notice to the other party in writing, by certified mail to the address set forth hereinabove, or personal delivery. Upon termination, hereof, Authority shall have no obligation to Consultant except to pay Consultant for any of Consultant’s time and expenses which are due Consultant pursuant to this agreement.

4. **Payment to Consultant.** The Consultant will be paid the sum of Five Thousand and No/100 (\$5,000) per month such payment beginning on or before the 10th day of February, 2012 and continuing on or before the same day of each month thereafter so long as this Agreement is in effect. In addition to payment for his service, Authority will pay Consultant for his travel and other substantial expenses reasonably and necessarily related to providing Consultant’s services, provided, however, that such expenses are approved in writing by the Executive Director, or Deputy Port Director of the Authority. Expenses will be supported with original receipts.

5. **Independent Contractor.** Both the Authority and the Consultant agree that the Consultant will act as an independent contractor in the performance of his duties under this agreement. Accordingly, the Consultant shall be responsible for payment of all taxes including federal, state and local taxes arising out

of the Consultant's activities in accordance with this agreement, and any other taxes or business license fees incurred by Consultant in performing his services pursuant to this agreement.

6. **Confidential Information.** The Consultant agrees that any information received by the Consultant during any furtherance of the Consultant's obligations, which concerns personal, financial or other affairs of the Authority, will be confidential and will not be revealed to any other person, firm, or organization outside the Authority.

7. **Texas Law to Apply.** This agreement shall be construed under and in accordance with the laws of the State of Texas.

8. **Parties Bound.** This agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, successors, and assigns when permitted by this Agreement.

9. **Legal Construction.** In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

10. **Time of Essence.** Time is of the essence with respect to each date or time specified in this Agreement by which an event is to occur.

11. **Rights and Remedies Cumulative.** The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

12. **Entire Agreement.** This Agreement constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this Agreement. No change, waiver, or discharge is valid unless in writing that is signed by the party against whom it is sought to be enforced.

Executed effective the date first stated hereinabove by and between the parties hereto.

Authority:

PORT OF CORPUS CHRISTI AUTHORITY OF
NUECES COUNTY, TEXAS

By _____
John P. LaRue
Executive Director

Consultant:

MATHIESEN MARITIME SERVICES

By _____
Palle Mathiesen



SIMON HSING
PROFESSIONAL/PERSONAL SERVICES AGREEMENT

This agreement dated January 1, 2012, is made between PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, P.O. Box 1541, Corpus Christi, Texas, 78403, referred to as "Authority," and Simon C.P. Hsing, whose address is 13F, 30, Lane 21, Kuo Shing St., His Chin City, Taipei, Taiwan ROC, referred to as "Consultant."

1. Services. The Authority hereby employs the Consultant to perform the following professional or personal services in accordance with the terms and conditions set forth in this agreement: To act as Authority's consultant in Asia including Greater China Region, to develop Business relations with respect to Trade Development for the Port of Corpus Christi. In addition, to facilitate Authority's development of trade and investment, and to provide Authority analysis of the economic and trade related issues.

2. Term of Agreement. The term of this agreement is January 1, 2012, to December 31, 2012. Either party may cancel this agreement on sixty (60) days notice to the other party in writing, by certified mail to the address set forth hereinabove, or by telefax, or by personal delivery. Upon termination hereof, Authority shall have no obligation to Consultant except to pay Consultant for any of Consultant's time and expenses which are due Consultant pursuant to this agreement.

3. Time Devoted by Consultant. It is anticipated that the Consultant will spend approximately twenty-five (25) hours per week to fulfilling all of his obligations to the Authority pursuant to this agreement. The particular amount of time may vary from day to day or week to week; however, the Consultant shall devote a minimum of one hundred hours per month to fulfilling all of his obligations to the Authority pursuant to this agreement.

The Consultant will provide Authority with periodic verbal and written reports relative to his services, analysis of issues, and recommendations for a course of action by the Authority.

4. Place Where Services Will Be Rendered. The Consultant will perform his services in accordance with this agreement in Central America, Southeast Asian countries and Greater China region, and in the United States.

5. Payment to Consultant. The Consultant will be paid the sum of \$44,000 per year to be paid in monthly installments for services performed in accordance with this agreement. In addition to payment for his services, Authority will pay Consultant up to \$12,000 per year for his travel and other administrative expenses reasonably and necessarily related to providing Consultant's services, provided, however, that such expenses are approved in writing by the Executive Director or Deputy Director of the Authority in advance of their being incurred. The Consultant will be paid an incentive bonus of up to \$10,000 if the Port of Corpus Christi agrees the pre-determined objectives come to fruition. The

G:\net\maria\word\2012simonhsingprofservagree

Consultant will submit an itemized statement setting forth the time spent, services rendered and expenses on a monthly basis; the Authority will pay the Consultant the amounts due for expenses as stated on Consultant's statements unless Authority disputes any expense stated on the statement in which event the undisputed expenses will be paid and Consultant notified which expenses Authority disputes and why. Authority may withhold payment of any disputed expenses until the dispute is resolved.

6. Independent Contractor. Both the Authority and the Consultant agree that the Consultant will act as an independent contractor in the performance of his duties under this agreement. Accordingly, the Consultant shall be responsible for payment of all taxes including federal, state and local taxes arising out of the Consultant's activities in accordance with this agreement, and any other taxes or business license fees incurred by Consultant in performing his services pursuant to this agreement.

7. Confidential Information. The Consultant agrees that any information received by the Consultant during any furtherance of the Consultant's obligations in accordance with this agreement, which concerns personal, financial or other affairs of the Authority, will be confidential and will not be revealed to any other person, firm or organization outside the Authority.

8. Employment of Others. The Authority may from time to time request that the Consultant arrange for the services of others. All costs to the Consultant for those services will be paid by the Authority but in no event shall the Consultant employ others without the prior written authority of the Executive Director of the Authority.

9. Texas Law to Apply. This agreement shall be construed under and in accordance with the laws of the State of Texas.

10. Parties Bound. This agreement shall be binding on and inure to the benefit of the parties to it and their respective heirs, executors, administrators, successors, and assigns when permitted by this agreement.

11. Legal Construction. In the event any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions, and the agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

12. Time of Essence. Time is of the essence with respect to each date or time specified in this agreement by which an event is to occur.

13. Rights and Remedies Cumulative. The rights and remedies provided by this agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

14. Captions. All captions in this agreement are for reference and convenience only and shall not modify or affect the provisions of this agreement in any manner.

15. Interpretation. Both Authority and Consultant and their respective legal counsel have reviewed and have participated in the preparation of this agreement. Accordingly, no presumption will apply in favor of neither Authority nor Consultant in the interpretation of this agreement or in the resolution of the ambiguity of any provision hereof.

16. Entire Agreement. This agreement constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this agreement. No change, waiver or discharge is valid unless in writing that is signed by the party against whom it is sought to be enforced.

Executed effective the date first stated herein above by and between the parties hereto.

Authority:

PORT OF CORPUS CHRISTI AUTHORITY OF
NUECES COUNTY, TEXAS

By: _____
John P. LaRue
Executive Director

By: _____
Simon C.P. Hsing
Consultant



Department of Operations

**REQUEST FOR
PROFESSIONAL SERVICES**

DATE: January 1, 2012

TO: John P. LaRue

FROM: Tony Alejandro

REQUEST FOR: Fire Vessel "*Port of Corpus Christi*"

PURPOSE: Provide Captain for firefighting response vessel

COMPANY NAME: N/A

COMPANY ADDRESS: 802 N. Live Oak Street
Rockport, Texas 78382

TELEPHONE: (361) 729-9602
(361) 813-0095 Cell
(361) 224-4039 Pager

CONTACT: Captain Joe Harrington

APPROXIMATE COST: \$40,000/year

TERM OF SERVICE: One (1) year

COMMENTS: Contract expires December 31, 2012. Contract may be terminated on 30 days written notice given by either party.

SUBMITTED BY: *A.C. Alejandro*
A.C. Alejandro, P.E.
Deputy Director of Operations

APPROVED BY: _____
John P. LaRue
Executive Director



PROFESSIONAL SERVICES AGREEMENT

For

**(Port of Corpus Christi Authority)
(Professional Services/Transportation)**

Mr. John LaRue
Executive Director
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401
Phone: 361-885-6189

HR Green Project Number: 86110194

January 1, 2012

HRGreen.com

Phone 713.965.9996 Fax 713.965.0044 Toll Free 800.593.2339
11011 Richmond Avenue, Suite 375, Houston , Texas 77042

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THIS AGREEMENT is between **Port of Corpus Christi Authority** (hereafter "CLIENT") and **HR Green, Inc.** (hereafter "COMPANY").

1.0 Scope of Services

The CLIENT agrees to employ COMPANY to generally perform the following services:

1. Provide consulting services for Rail Transportation, coordination with the Corpus Christi Railway Association and Strategic Planning for long term rail needs
2. Provide consulting services to finalize Nueces River Rail Yard expansion; including assisting with negotiating a Capital Surcharge agreement with BNSF, KCS, Genesee & Wyoming and Union Pacific.
3. Work with CLIENT staff to complete the design and develop options for the construction by a 3rd party to complete the expansion of the bulk terminal for export coal.
4. Assist in completing the CLIENT's Crude Oil Study currently underway.
5. Provide representation and expertise in the Agricultural export market including representing CLIENT at agricultural conferences such as TEGMA

The CLIENT reserves the right to expand these Services at a future date.

2.0 Deliverables and Schedules Included in this Contract

Deliverables and Schedules will be mutually determined and agreed to for each work task requested.

3.0 Items not included in Agreement/Supplemental Services

The following items are not included as part of this agreement:

1. Engineering Services
2. Resolution of day-to-day of operational issues

Supplemental services not included in the agreement can be provided by COMPANY under separate agreement, if desired.

4.0 Services by Others

None.

5.0 Client Responsibilities

Provide clear direction of desired outcomes and schedules and provide information necessary to adequately perform the work agreed to under Section 3.0.

6.0 Professional Services Fee

6.1 Fees

The fee for services will be based on an hourly rate of \$175.00. This rate will remain fixed for one year from execution of this agreement. Future rates will be mutually agreed to between the COMPANY and CLIENT. Non salary expenses directly attributable to the project such as: (1) living and traveling expenses of employees when away from the home office on business as requested by the CLIENT; (2) identifiable communication expenses; (3) identifiable reproduction costs applicable to the work; and (4) outside services will be charged in accordance with the rates current at the time the work is done.

6.2 Invoices

Invoices for COMPANY's services shall be submitted, on a monthly basis. Invoices shall be due and payable upon receipt. If any invoice is not paid within 15 days, COMPANY may, without waiving any claim or right against the CLIENT, and without liability whatsoever to the CLIENT, suspend or terminate the performance of services. The retainer shall be credited on the final invoice. Accounts unpaid 30 days after the invoice date may be subject to a monthly service charge of 1.5% (or the maximum legal rate) on the unpaid balance. In the event any portion of an account remains unpaid 60 days after the billing, COMPANY may institute collection action and the CLIENT shall pay all costs of collection, including reasonable attorney's fees.

6.3 Extra Work

Any work required but not included as part of this contract shall be considered extra work. Before any Extra Work is performed, agreement for the Extra Work will be obtained from the CLIENT in writing. Extra Work will be billed on a Time and Material basis at COMPANY Standard Hourly Rates with prior approval of the CLIENT.

6.4 Exclusion

This fee does not include attendance at any meetings or public hearings other than those specifically listed in the Scope of Services. These work items are considered extra and are billed separately on an hourly basis.

6.5 Retainer

The CLIENT shall make an initial payment of \$3,500 upon execution of this AGREEMENT. This retainer shall be held by COMPANY and applied against the final invoice.

6.6 Payment

The CLIENT AGREES to pay COMPANY on the following basis:

At an hourly rate of \$175.00 for a minimum of 20 hours per month.

7.0 Terms and Conditions

The following Terms and Conditions are incorporated into this AGREEMENT and made a part of it.

7.1 Standard of Care

Services provided by COMPANY under this AGREEMENT will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing at the same time and in the same or similar locality.

7.2 Entire Agreement

This Agreement, and its attachments, constitutes the entire understanding between CLIENT and COMPANY relating to professional engineering services. Any prior or contemporaneous agreements, promises, negotiations, or representations not expressly set forth herein are of no effect. Subsequent modifications or amendments to this Agreement shall be in writing and signed by the parties to this Agreement. If the CLIENT, its officers, agents, or employees request COMPANY to perform extra work or services pursuant to this Agreement, CLIENT will pay for the additional services even though an additional written Agreement is not issued or signed.

7.3 Time Limit and Commencement of Work

This AGREEMENT must be executed within ninety (90) days to be accepted under the terms set forth herein. The work will be commenced immediately upon receipt of this signed Agreement.

7.4 Suspension of Services

If the Project or the COMPANY'S services are suspended by the CLIENT for more than thirty (30) calendar days, consecutive or in the aggregate, over the term of this Agreement, the COMPANY shall be compensated for all services performed and reimbursable expenses incurred prior to the receipt of notice of suspension. In addition, upon resumption of services, the CLIENT shall compensate the COMPANY for expenses incurred as a result of the suspension and resumption of its services, and the COMPANY'S schedule and fees for the remainder of the Project shall be equitably adjusted.

If the COMPANY'S services are suspended for more than ninety (90) days, consecutive or in the aggregate, the COMPANY may terminate this Agreement upon giving not less than five (5) calendar days' written notice to the CLIENT.

If the CLIENT is in breach of this Agreement, the COMPANY may suspend performance of services upon five (5) calendar days' notice to the CLIENT. The COMPANY shall have no liability to the CLIENT, and the CLIENT agrees to make no claim for any delay or damage as a result of such suspension caused by any breach of this Agreement by the CLIENT. Upon receipt of payment in full of all outstanding sums due from the CLIENT, or curing of such other breach which caused the COMPANY to suspend services, the COMPANY shall resume services and there shall be an equitable adjustment to the remaining project schedule and fees as a result of the suspension.

7.5 Book of Account

COMPANY will maintain books and accounts of payroll costs, travel, subsistence, field, and incidental expenses for a period of five (5) years. Said books and accounts will be available at all reasonable times for examination by CLIENT at the corporate office of COMPANY during that time.

7.6 Insurance

COMPANY will maintain insurance for claims under the Worker's Compensation Laws, and from General Liability and Automobile claims for bodily injury, death, or property damage arising from the negligent performance by COMPANY's employees of the functions and services required under this Agreement.

7.7 Termination or Abandonment

Either party has the option to terminate this Agreement. In the event of failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party, then the obligation to provide further services under this Agreement may be terminated upon seven days written notice. If any portion of the work is terminated or abandoned by CLIENT, the provisions of this Schedule of Fees and Conditions in regard

to compensation and payment shall apply insofar as possible to that portion of the work not terminated or abandoned. If said termination occurs prior to completion of any phase of the project, the fee for services performed during such phase shall be based on COMPANY's reasonable estimate of the portion of such phase completed prior to said termination, plus a reasonable amount to reimburse COMPANY for termination costs.

7.8 Waiver

COMPANY's waiver of any term, condition, or covenant or breach of any term, condition, or covenant, shall not constitute a waiver of any other term, condition, or covenant, or the breach thereof.

7.9 Severability

If any provision of this Agreement is declared invalid, illegal, or incapable of being enforced by any Court of competent jurisdiction, all of the remaining provisions of this Agreement shall nevertheless continue in full force and effect, and no provision shall be deemed dependent upon any other provision unless so expressed herein.

7.10 Successors and Assigns

All of the terms, conditions, and provisions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns, provided, however, that no assignment of this Agreement shall be made without written consent of the parties to this Agreement.

7.11 Third-Party Beneficiaries

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the CLIENT or the COMPANY. The COMPANY's services under this Agreement are being performed solely for the CLIENT's benefit, and no other party or entity shall have any claim against the COMPANY because of this Agreement or the performance or nonperformance of services hereunder. The CLIENT and COMPANY agree to require a similar provision in all contracts with contractors, subcontractors, subconsultants, vendors and other entities involved in this project to carry out the intent of this provision.

7.12 Governing Law and Jurisdiction

The CLIENT and the COMPANY agree that this Agreement and any legal actions concerning its validity, interpretation and performance shall be governed by the laws of the State of Texas without regard to any conflict of laws provisions, which may apply the laws of other jurisdictions.

It is further agreed that any legal action between the CLIENT and the COMPANY arising out of this Agreement or the performance of the services shall be brought in a court of competent jurisdiction in the State of Texas.

7.13 Dispute Resolution

Mediation. In an effort to resolve any conflicts that arise during the design or construction of the project or following the completion of the project, the CLIENT and COMPANY agree that all disputes between them arising out of or relating to this Agreement shall be submitted to non-binding mediation unless the parties mutually agree otherwise.

Arbitration. In the event the parties to this Agreement are unable to reach a settlement of any dispute arising out of the services under this Agreement, involving an amount of less than \$50,000, in Mediation, then such disputes shall be settled by binding arbitration by an arbitrator to be mutually agreed upon by the parties, and shall proceed in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect. If the parties cannot agree on a single arbitrator, then the arbitrator(s) shall be selected in accordance with the above-referenced rules.

7.14 Attorney's Fees

If litigation arises for purposes of collecting fees or expenses due under this Agreement, the Court in such litigation shall award reasonable costs and expenses, including attorney fees, to the party justly entitled thereto. In awarding attorney fees, the Court shall not be bound by any Court fee schedule, but shall, in the interest of justice, award the full amount of costs, expenses, and attorney fees paid or incurred in good faith.

7.15 Ownership of Instruments of Service

All reports, plans, specifications, field data, field notes, laboratory test data, calculations, estimates and other documents including all documents on electronic media prepared by COMPANY as instruments of service shall remain the property of COMPANY. COMPANY shall retain these records for a period of five (5) years following completion/submission of the records, during which period they will be made available to the CLIENT at all reasonable times.

7.16 Reuse of Documents

All project documents including, but not limited to, plans and specifications furnished by COMPANY under this project are intended for use on this project only. Any reuse, without specific written verification or adoption by COMPANY, shall be at the CLIENT's sole risk, and CLIENT shall defend, indemnify and hold harmless COMPANY from all claims, damages and expenses including attorney's fees arising out of or resulting therefrom.

Under no circumstances shall delivery of electronic files for use by the CLIENT be deemed a sale by the COMPANY, and the COMPANY makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall the COMPANY be liable for indirect or consequential damages as a result of the CLIENT's use or reuse of the electronic files.

7.17 Failure to Abide by Design Documents or To Obtain Guidance

The CLIENT agrees that it would be unfair to hold COMPANY liable for problems that might occur should COMPANY'S plans, specifications or design intents not be followed, or for problems resulting from others' failure to obtain and/or follow COMPANY'S guidance with respect to any errors, omissions, inconsistencies, ambiguities or conflicts which are detected or alleged to exist in or as a consequence of implementing COMPANY'S plans, specifications or other instruments of service. Accordingly, the CLIENT waives any claim against COMPANY, and agrees to defend, indemnify and hold COMPANY harmless from any claim for injury or losses that results from failure to follow COMPANY'S plans, specifications or design intent, or for failure to obtain and/or follow COMPANY'S guidance with respect to any alleged errors, omissions, inconsistencies, ambiguities or conflicts contained within or arising as a result of implementing COMPANY'S plans, specifications or other instruments of services. The CLIENT also agrees to compensate COMPANY for any time spent and expenses incurred remedying CLIENT's failures according to COMPANY'S prevailing fee schedule and expense reimbursement policy.

7.18 Opinion of Probable Construction Cost

COMPANY shall submit to the CLIENT an opinion of probable cost required to construct work recommended, designed, or specified by COMPANY, if required by CLIENT. COMPANY is not a construction cost estimator or construction contractor, nor should COMPANY'S rendering an opinion of probable construction costs be considered equivalent to the nature and extent of service a construction cost estimator or construction contractor would provide. This requires COMPANY to make a number of assumptions as to actual conditions that will be encountered on site; the specific decisions of other design professionals engaged; the means and methods of construction the contractor will employ; the cost and extent of labor, equipment and materials the contractor will employ; contractor's techniques in determining prices and market conditions at the time, and other factors over which COMPANY has no control. Given the assumptions which must be made, COMPANY cannot guarantee the accuracy of his or her opinions of cost, and in recognition of that fact, the CLIENT waives any claim against COMPANY relative to the accuracy of COMPANY'S opinion of probable construction cost.

7.19 Design Information in Electronic Form

Because electronic file information can be easily altered, corrupted, or modified by other parties, either intentionally or inadvertently, without notice or indication, COMPANY reserves the right to remove itself from ownership and/or involvement in the material from each electronic medium not held in its possession. CLIENT shall retain copies of the work performed by COMPANY in electronic form only for information and use by CLIENT for the specific purpose for which COMPANY was engaged. Said material shall not be used by CLIENT or transferred to any other party, for use in other projects, additions to this project, or any other purpose for which the material was not strictly intended by COMPANY without COMPANY's expressed written permission. Any unauthorized use or reuse or modifications of this material shall be at CLIENT'S sole risk. Furthermore, the CLIENT agrees to defend, indemnify, and hold COMPANY harmless from all claims, injuries, damages, losses, expenses, and attorney's fees arising out of the modification or reuse of these materials.

The CLIENT recognizes that designs, plans, and data stored on electronic media including, but not limited to computer disk, magnetic tape, or files transferred via email, may be subject to undetectable alteration and/or uncontrollable deterioration. The CLIENT, therefore, agrees that COMPANY shall not be liable for the completeness or accuracy of any materials provided on electronic media after a 30 day inspection period, during which time COMPANY shall correct any errors detected by the CLIENT to complete the design in accordance with the intent of the contract and specifications. After 40 days, at the request of the CLIENT, COMPANY shall submit a final set of sealed drawings, and any additional services to be performed by COMPANY relative to the submitted electronic materials shall be subject to separate AGREEMENT. The CLIENT is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by the COMPANY and electronic files, the signed or sealed hard-copy construction documents shall govern.

7.20 Information Provided by Others

The CLIENT shall furnish, at the CLIENT's expense, all information, requirements, reports, data, surveys and instructions required by this AGREEMENT. The COMPANY may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof. The COMPANY shall not be held responsible for any errors or omissions that may arise as a result of erroneous or incomplete information provided by the CLIENT and/or the CLIENT's consultants and contractors.

COMPANY is not responsible for accuracy of any plans, surveys or information of any type including electronic media prepared by any other consultants, etc. provided to COMPANY for use in preparation of plans. The CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless the COMPANY from any damages, liabilities, or costs, including reasonable attorneys' fees and defense costs, arising out of or connected in any way with the services performed by other consultants engaged by the CLIENT.

COMPANY is not responsible for accuracy of topographic surveys provided by others. A field check of a topographic survey provided by others will not be done under this contract unless indicated in the Scope of Work.

7.21 Force Majeure

The CLIENT agrees that the COMPANY is not responsible for damages arising directly or indirectly from any delays for causes beyond the COMPANY's control. CLIENT agrees to defend, indemnify, and hold COMPANY, its consultants, agents, and employees harmless from any and all liability, other than that caused by the negligent acts, errors, or omissions of COMPANY, arising out of or resulting from the same. For purposes of this Agreement, such causes include, but are not limited to, strikes or other labor disputes; severe weather disruptions or other natural disasters or acts of God; fires, riots, war or other emergencies; failure of any government agency to act in timely manner; failure of performance by the CLIENT or the CLIENT'S contractors or consultants; or discovery of any hazardous substances or differing site conditions. Severe weather disruptions include but are not limited to extensive rain, high winds, snow greater than two (2) inches and ice. In addition, if the delays resulting from any such causes increase the cost or time required by the COMPANY to perform its services in an orderly and efficient manner, the COMPANY shall be entitled to a reasonable adjustment in schedule and compensation.

7.22 Job Site Visits and Safety

Neither the professional activities of COMPANY, nor the presence of COMPANY'S employees and subconsultants at a construction site, shall relieve the General Contractor and any other entity of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending or coordinating all portions of the work of construction in accordance with the contract documents and any health or safety precautions required by any regulatory agencies. COMPANY and its personnel have no authority to exercise any control over any construction contractor or other entity or their employees in connection with their work or any health or safety precautions. The CLIENT agrees that the General Contractor is solely responsible for job site safety, and warrants that this intent shall be made evident in the CLIENT's AGREEMENT with the General Contractor. The CLIENT also agrees that the CLIENT, COMPANY and COMPANY'S consultants shall be indemnified and shall be made additional insureds on the General Contractor's and all subcontractor's general liability policies on a primary and non-contributory basis.

7.23 Hazardous Materials

CLIENT hereby understands and agrees that COMPANY has not created nor contributed to the creation or existence of any or all types of hazardous or toxic wastes, materials, chemical compounds, or substances, or any other type of environmental hazard or pollution, whether latent or patent, at CLIENT's premises, or in connection with or related to this project with respect to which COMPANY has been retained to provide professional engineering services. The compensation to be paid COMPANY for said professional engineering services is in no way commensurate with, and has not been calculated with reference to, the potential risk of injury or loss which may be caused by the exposure of persons or property to such substances or conditions. Therefore, to the fullest extent permitted by law, CLIENT agrees to defend, indemnify, and hold COMPANY, its officers, directors, employees, and consultants, harmless from and against any and all claims, damages, and expenses, whether direct, indirect, or consequential, including, but not limited to, attorney fees and Court costs, arising out of, or resulting from any environmentally hazardous activity at the Client's premises or in connection with or related to this projects, including the discharge, escape, release, or saturation of smoke, vapors, soot, fumes, acid, alkalies, toxic chemicals, liquids gases, or any other materials, irritants, contaminants, or pollutants in or into the atmosphere, or on, onto, upon, in, or into the surface or subsurface of soil, water, or watercourses, objects, or any tangible or intangible matter, whether sudden or not.

It is acknowledged by both parties that COMPANY'S scope of services does not include any services related to asbestos or hazardous or toxic materials. In the event COMPANY or any other party encounters asbestos or hazardous or toxic materials at the job site, or should it become known in any way that such materials may be present at the job site or any adjacent areas that may affect the performance of COMPANY'S services, COMPANY may, at its option and without liability for consequential or any other damages, suspend performance of services on the project until the CLIENT retains appropriate specialist consultant(s) or contractor(s) to identify, abate and/or remove the asbestos or hazardous or toxic materials, and warrants that the job site is in full compliance with applicable laws and regulations.

Nothing contained within this Agreement shall be construed or interpreted as requiring COMPANY to assume the status of a generator, storer, transporter, treater, or disposal facility as those terms appear within the Resource Conservation and Recovery Act, 42 U.S.C.A., §6901 et seq., as amended, or within any State statute governing the generation, treatment, storage, and disposal of waste.

7.24 Certificate of Merit

The CLIENT shall make no claim for professional negligence, either directly or in a third party claim, against COMPANY unless the CLIENT has first provided COMPANY with a written certification executed by an independent design professional currently practicing in the same discipline as COMPANY and licensed in the State in which the claim arises. This certification shall: a) contain the name and license number of the certifier; b) specify each and every act or omission that the certifier contends is a violation of the standard of care expected of a Design Professional performing professional services under similar circumstances; and c) state in complete detail the basis for the certifier's opinion that each such act or omission constitutes such a violation. This certificate shall be provided to COMPANY not less than thirty (30) calendar days prior to the presentation of any claim or the institution of any judicial proceeding.

7.25 Limitation of Liability

The CLIENT agrees, to the fullest extent permitted by law, to limit the liability of COMPANY and COMPANY's officers, directors, partners, employees, shareholders, owners and subconsultants to the CLIENT for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert witness fees and costs, so that the total aggregate liability of COMPANY and its officers, directors, partners, employees, shareholders, owners and subconsultants to all those named shall not exceed COMPANY'S total fee received for services rendered on this project or \$50,000.00, whichever is less. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law.

This AGREEMENT is approved and accepted by the CLIENT and COMPANY upon both parties signing and dating the AGREEMENT. Work cannot begin until COMPANY receives a signed agreement. The effective date of the AGREEMENT shall be the last date entered below.

Sincerely,

HR GREEN, INC.



David Thomson, P.E.
Practice Leader –Transportation/Rail

PORT OF CORPUS CHRIST AUTHORITY

Accepted by: _____

Printed/Typed Name: _____ John P. LaRue _____

Title: _____ Executive Director _____ Date: _____

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November, 8 2011

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

Subject: *AGENDA ITEM NO. 12-J*
PCCA Assessment for 2012 RTFC Capital & Operating Budget

Dear Commissioners:

The Refinery Terminal Fire Company (RTFC), funded entirely by its members, has a 2012 operating and capital budget for emergency response services that totals \$4,031,302. The Port's 2012 assessment of \$157,777 represents 3.91% of that total, compared to 3.92% in 2011.

Staff recommends that the Port's share of RTFC's 2012 operating and capital budgets, in the amount of \$157,777 be approved and payment authorized in quarterly installments.

Sincerely,



John P. LaRue
Executive Director

Attachment

2012 CAPITAL AND OPERATIONS ALLOCATIONS

COMPANIES	ERS+CAP+TAS 2011	ERS OPERATIONS ASSESSMENT 2012	ERS CAPITAL ASSESSMENT 2012	TAS ASSESSMENT 2012	TOTAL ANNUAL 2012
Lyondell Corpus Christi	\$ 450,698.64	\$ 370,031.06	\$ 59,352.12	\$ 49,500.00	\$ 478,883.18
Calpine	\$ 64,116.89	\$ 59,569.54	\$ 8,971.59		\$ 68,541.13
Port of Corpus Christi	147,421.08	135,970.86	21,806.17		*157,777.02
Elementis Chromium	40,707.99	37,554.36	6,011.73		43,566.09
Mark West - Javelina, Inc.	113,313.00	102,496.41	20,603.82		123,100.24
Citigo - CC Refinery	709,633.50	600,528.61	96,351.56		755,380.17
NuStar Logistics, L.P.	163,932.88	151,185.89	24,265.51	58,500.00	175,451.40
Flint Hills Resources	736,555.48	611,536.90	98,100.43	73,500.00	783,137.32
Koch Pipeline	151,305.85	139,531.50	22,407.34		161,938.84
Valero Marketing & Supply	82,123.21	75,757.02	12,132.75		87,889.77
Valero Refining	914,878.81	770,494.18	123,568.28	79,500.00	973,562.46
Martin Midstream Partners	20,696.00	19,537.29	2,550.00		22,087.29
Air Products	-	\$25,429.99	3,900.00		29,329.99
Valero - Three Rivers *	\$ 149,592.40	\$ 156,657.42	\$ -		\$ 156,657.42
RTFC (TAS Assessment)	\$ 14,000.00			14,000.00	\$ 14,000.00
TOTALS	\$ 3,758,975.73	\$ 3,256,281.03	\$ 500,021.30	\$ 275,000.00	\$ 4,031,302.33

* The calculations are with a \$500K capital assessment for 2012

1990 - 2012

19

REFINERY TET VAL FIRE COMPANY
MAIL STATION
EMERGENCY RESPONSE ASSESSMENTS
1990 - 2012

	2009		2008		2007		2006	
MEMBERS	OPERATING	CAPITAL	OPERATING	CAPITAL	OPERATING	CAPITAL	OPERATING	CAPITAL
Calpine	48,339	7,234	43,996	7,271	41,546	7,200	39,693	6,300
Lyondell Corpus Christi	300,280	47,855	273,025	48,101	257,824	47,632	246,326	41,678
Port of Corpus Christi	110,339	17,582	100,310	17,672	94,725	17,500	90,501	15,313
Elementis Chromium	30,475	4,847	27,654	4,872	26,115	4,825	24,950	4,222
Mark West - Javelina, Inc.	104,297	16,613	94,779	16,698	89,503	16,535	85,511	14,468
Celanese Corp.	-	-	-	-	21,129	3,904	20,187	3,416
CITGO - CC Refinery	487,331	77,688	443,225	78,086	418,549	77,325	399,884	67,659
NuStar Logistics, L.P.	122,687	19,565	111,623	19,666	105,409	19,474	100,708	17,039
Flint Hills Resources	496,263	79,098	451,270	79,504	426,146	78,729	407,142	68,888
Koch Pipeline	113,229	18,067	103,076	18,160	97,337	17,983	92,996	15,735
Valero (Eagle) Asphalt	61,475	9,783	55,812	9,833	52,704	9,737	50,354	8,520
Valero Refining	625,255	99,633	568,425	100,143	536,778	99,168	512,840	86,771
Martin Midstream Partners	15,858	2,040						
Subtotal	2,515,825	400,005	2,273,196	400,005	2,167,765	400,011	2,071,093	350,009
ANNUAL MEMBERS								
Valero - Three Rivers *	127,153		115,646		109,207		104,337	
Lyondell Annual Assessment	150,000		150,000		150,000		150,000	
FHR Port Arthur	50,000							
TOTAL	2,842,978	400,005	2,538,842	400,005	2,426,972	400,011	2,325,430	350,009

2007 Celanese Corp drops

EXECUTIVE DIRECTOR'S REPORT

For the Month of November 2011

BUSINESS DEVELOPMENT

- Participated and presented the Port's latest wind plans at Texas off-shore wind in Houston.
- Worked on latest meeting items for the upcoming Texas Renewables 2011 Conference to be hosted in Corpus Christi in early November.
- Attended wind power event in Asia seeking future clients to handle their equipments via PCCA.
- Proppent cargo in super-sacks continues to arrive in larger tonnages from Asia.
- Attended largest off-shore wind event in the East Coast and presented the Port's ample opportunities for these types of projects.
- Pipe transloading operations, from rail to truck, continue and volumes are expected to increase.
- Attended and presented the Port at the yearly Break Bulk Conference. The Port's booth was visited by over 300 persons.
- Attended an Eagle Ford Shale conference and major tonnages of frac sand are expected to continue coming through our rail/port infrastructure.
- Heavy Permit project, in conjunction with the City of CC, a computerized prototype for administration and control being developed.
- Started to receive pipe shipments from the Far East.
- Continue monitoring the Port Tariff 100-A and working on amendments to apply from 2012.
- Received news on the agreement from a new wind manufacturer to start using PCC from next month.

COMMUNICATIONS

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

- American Diabetes Board Meeting
- Volunteer of the Coastal Bend Boart Meeting
- Wellness Committee Meeting
- Mastermind Group Meetings
- Lessons Learned Luncheon
- American Diabetes Walk
- American Diabetes Gala
- American Diabetes Health Fare
- American Cancer Society Walk
- American Heart Walk
- USO Board meeting
- Public Information Officer/Media Partners Meeting
- State of The District Luncheon
- Saint Mary's University Presentation
- Paddle Prix & Rally Meeting
- Paddle Prix & Rally Race
- TXDOT / Bridge Joe Fulton Ribbon Cutting
- Portland Chamber Presentation Luncheon
- CCHC State of the Port Luncheon
- Port Wellness Health Fare
- Breakbulk Conference and Expo
- Signing of Cooperation Agreement with Tianjin Port, China
- Moon Light at the Botanical Gardens

In October Communications Dept worked on:

- Budget 2012 preparations
- Planning of Breakbulk 2011 Expo participation
- Planning of MOU signing with Port of Tianjin
- Preparation for visit to Panama Canal

- Up-Coming Newsletters
- American Diabetes Volunteer Search, October 8th
- American Diabetes Gala, October 22nd
- St. Mary's University Presentation, October 12th
- Hispanic Chamber State of the Port Presentation (Mike Carrell), October 26th
- Portland Chamber Presentation, October 27th
- Port Golf Tournament, November 4th
- PCS, Alzheimer's 2 Mile Walk Volunteers, November 5th
- Tx. Renewable Energy Convention, Nov 7th
- Tx. State Youth Commission Presentation, Nov 10th
- National Carriers Presentation, November 11th
- Waco Community College Presentation, November 30th
- Upcoming Newsletter articles, November 8th
- A Tree For All, December 1st
- Adopted School Winter Holiday Visit with Santa, December 7th & 8th
- A World for Children Winter Holiday Sponsorship
- Food Bank Can Drive Kick Off Event
- Toys For Tots Kick Off Event
- Adopt An Angel (State School Event)

Community Relations events with port's participation:

- Valero 1st Annual Dove Hunt
- Ingleside Chamber Commerce Banquet
- LULAC Banquet
- Botanical Gardens / Moonlight Event
- Cultura Hispanica de Corpus Christi
- American Diabetes Association
- CCISD State of the District
- Lyondell Golf Tournament
- Stripes Golf Tournament
- American Cancer Society
- City Paddle Prix Rally
- W.C. Andrews Golf Tournament
- CC Hispanic Chamber
- United Way Golf Tournament
- American Heart Association

Upcoming Port Tours/Presentations:

- TX. State Youth Group, November 10th
- National Carriers Association, November 11th
- Waco Community College, November 30th
- TX Renewable Energy Conference Tour, Nov 8

Communications - Multimedia Specialist worked on:

- Social Media
 - Continuing research for the launch of the Port Corpus Christi Social Media Campaign
 - Drafting of a policy for the use of social media
- Photography
 - Ongoing documentation of the Revolution Energy wind farm project
 - Cargo dock 8 steel pipe offload from Korea with Eddie Martinez
 - North Bank Clipper (wind turbine) blades for Maggie Iglesias-Turner
 - Ongoing organization of marketing photo database
 - PCC Health/Safety Fair
 - TXDOT Joe Fulton Corridor Bridge Opening
 - Corpus Christi Hispanic Chamber – State of the Port
- Public Relations
 - Design and distribution of thank you posters/photographs for key participants of La Quinta Event
- Press Releases
 - Coordinated distribution of Press Release for Tianjin MOU
 - Distributed Press Release for opening of the Joe Fulton bridge
 - Distribution of Port Wind Farm Press Release
 - Ongoing update of distribution list database
 - Distributed Press Release for the upcoming TREIA conference
- Media Relations
 - Worked with Sandy Sanders for Ch. 3 Tianjin MOU interview, and Ch 6 Free Trade interview
 - Toured Revolution wind farm with Caller Times photographer/reporter
 - Assisted Caller Times photographer in warehouse's 14/15 to see Frac Sand bound for the Eagleford Shale
- Marketing
 - Sent to Ruben Medina's contact, the Commercial Attaché of the Republic of Turkey in Houston, Port Corpus Christi info via PowerPoint and also mailed a packet of Port Corpus Christi brochures
 - Compiled a collection of Port photos and sent to the Italian Consul in Houston, also a contact of Ruben

- Research and compilation of keywords for SEO Search Engine Optimization for <http://portofcorpuschristi.com>

Communications Dept. - Marketing Update:

After a month full of 85th anniversary activity, October put us back to conferences and set in motion planning for 2012. The staff attended the Breakbulk Conference in New Orleans and traveled to China for a signing of an MOU. With our new partnership agreement with the Tianjin Port Group, we are looking at new cooperative marketing initiatives. We are also planning our media for 2012, continuing to focus on new cargos, Latin America and our strength in wind components.

Jobs Working:

- Port 2012 Media Planning
- MyPort October Newsletter
- FTZ Brochure Updates
- Wind Brochure – Chinese Version
- Safety Poster
- Holiday Season Card for Customers and Partners.

Ad Placements - October 2011

Publication/Media Editorial/ Ad

- *Fairplay Magazine*- Latin America - 85th Anniversary Special Ad
- *Inbound Logistics* - Maritime/Intermodal/Rail - 85th Anniversary Special Ad
- *Inbound Logistics Mexico* - Latin Am/Vera Cruz Supplement - 85th Anniversary Special Ad
- *Journal of Commerce* - US Gulf Report/TPM Asia - 85th Anniversary Special Ad
- *Journal of Commerce* - Latin Am. Trade Forecast - 85th Anniversary Special Ad
- *T21 Revista* - AMANAC Congress - 85th Anniversary Special Ad
- *Wind Power Monthly* - China Windpower Conf. - Special Wind Ad
- *Breakbulk.com* - Rotating Banner - Big Port. Big Service.
- *Central America Data* - Rotating Banner - Desde aqui
- *Joc.com* - Rotating Banner Big Port. Big Service.
- T21.com Rotating Banner- Desde aqui
- *La Tene Maps* - US Windfarm Map - Port of the Lone Star State

Ad Placements – November 2011

- *American Journal of Trans.* NITL Conference Port of the Lone Star State
- *Wind Systems Magazine* Buyer's Guide Big Components? No problem.
- *Wind Today* 4th Quarter Big Components? No problem.
- Central America Data Rotating Banner Desde aqui

Latest Collateral Developments

We recently updated our wind brochure, translating it to Chinese, as we prepare for a new partnership. We also designed a special invitation for the Breakbulk Americas Conference, inviting participants to visit our booth. Representing the great State of Texas!



GOVERNMENT AFFAIRS

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

LOCAL

- Attended Chamber of Commerce government affairs committee meeting.
- Attended PICC monthly committee meeting.

STATE

- The Texas House of Representatives released their interim study charges for the upcoming year; there are several committees and topics of interest to the Port that I will monitor.

FEDERAL

- Scheduled and participated in a conference call with USDOT, port staff and port consultants to discuss strengths and weaknesses on previous TIGER 2 grant application; valuable feedback was provided that will help with TIGER 3 grant preparation.
- Worked with port staff and consultants to prepare USDOT TIGER grant application requesting \$21 million due Oct 31st. TXDOT has selected our rail project as 1 of 3 priority projects they will sponsor.
- Attended CC to DC congressional trip with Chairman Mike Carrell and Commissioner Judy Hawley and community leaders, met with various congressional offices and agencies, held meeting with port consultants to discuss 2012 legislative priorities.
- Working with congressional offices and consultants to monitor FY 2012 appropriations, WRDA, transportation reauthorization bill, homeland security, rail legislation, Harbor Maintenance Trust Fund, US Coast Guard Reauthorization Act, RAMP Act, Diesel Emission Reduction Act (DERA), etc.

Memorandum for Nelda Olivo, Manager of Government Affairs, Port of Corpus Christi
Authority
From Randy Erben
Date: October 31, 2011
Re: Activities on behalf of Port of Corpus Christi during October 2011

October 3: Preparation and transmission of memoranda to POCCA representatives regarding meeting of TXDOT board.

October 4: Attendance at Senate Business and Commerce Committee meeting; conferences with members and staff regarding same; preparation and transmission of memoranda to POCCA representatives regarding congressional activities, interim state legislative hearings, and Nueces County delegation newsletters.

October 5: Attendance at House Ways & Means Committee meeting; conferences with members and staff regarding same; preparation and transmission of memoranda to POCCA representatives regarding interim state legislative hearings and Nueces County delegation newsletters.

October 6: Preparation and transmission of memoranda to POCCA representatives regarding GAO reports, congressional activities, and interim state legislative hearings.

October 11: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities.

October 17: Preparation and transmission of memoranda to POCCA representatives regarding congressional activities and Nueces County delegation newsletters.

October 18: Attendance at House Defense and Veterans' Affairs Committee interim hearing; conferences with members and staff regarding same; preparation and transmission of memoranda to POCCA representatives regarding congressional activities and Senate interim study charges.

October 19: Preparation and transmission of memoranda to POCCA representatives regarding interim state legislative hearings.

October 20: Preparation and transmission of memoranda to POCCA representatives regarding Texas House interim study charges, congressional activities and Nueces County delegation newsletters.

October 21: Preparation and transmission of memoranda to POCCA representatives regarding Texas Water Development Board meeting, congressional activities and Nueces County delegation newsletters.

October 24: Preparation and transmission of memoranda to POCCA representatives regarding Texas interim committee hearings, congressional activities and Nueces County delegation newsletters.

October 27: Preparation and transmission of memoranda to POCCA representatives regarding House interim study charges.

October 28: Preparation and transmission of memoranda to POCCA representatives regarding political activities, interim state legislative hearings and Nueces County delegation newsletters.

October 31: Conferences with Martha Bell of St. Rep. Torres' office and Anne Billingsley of St. Rep. Scott's office regarding port interim issues; preparation and transmission of memorandum to POCCA representatives regarding Texas Register state agency rules.

October 1-31: Conferences with Sen. Hinojosa and Reps. Hunter, Scott, and Torres, and staffs, regarding port issues.

Review of, and legal research on, legislation affecting Port of Corpus Christi.

Review of homeland security legislation and appropriations on federal level and interim studies relating to homeland security on state level.

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MEMO

To: Port of Corpus Christi
From: Borski Associates
Date: November 1, 2011
Re: Monthly Report

TIGER III

We convened a conference call with the USDOT to review POCCA's previous TIGER applications to discern their strengths and weaknesses as POCCA prepares a new application for TIGER III funding. The USDOT analyst noted that POCCA's TIGER II application was rated "recommended" and thus did not receive further review by senior policy officials (only those applications rated "highly recommended" are reviewed further). The analyst further noted that the lack of significant private, non-federal funding for the project was considered a drawback by USDOT.

Transportation Markup

The Senate Environment and Public Works Committee plans on marking up a surface transportation reauthorization bill on November 9th. Early reports indicate that the two-year bill will provide level funding for roads and highways and will propose several reforms. A key provision includes a National Freight Program which will provide an undisclosed amount of funding for freight corridors (to be determined by USDOT and state DOTs). Early reports indicate that states will be allowed to obligate up to 10 percent of their freight allocation for maritime and/or rail projects.

The bill also proposes to expand the TIFIA credit program. It does not include any elements of the President's jobs bill, nor does it propose a national infrastructure bank.

Supercommittee

Given the private deliberations of the so called "supercommittee," rumors have swirled in the absence of concrete information, including last week's reports that committee Democrats offered a package of cuts totaling approximately \$3 trillion, coupled with \$1.3 trillion in tax increases over the next 10 years. Republican committee members rejected the proposal, instead offering \$2 trillion in cuts with no tax increases. The committee is required by law to develop a package by November 23rd. If Congress fails to pass this package, automatic cuts to Medicare and the defense budget will be enacted.

FY12 Appropriations

The Senate passed a package of FY12 appropriations bills today by a vote of 60-39. Included in this legislation was \$550 million for TIGER grants. The endgame for FY12 appropriations is still unclear, as the House and Senate are far apart on many spending and policy issues.

OPERATIONS

PORT POLICE

- Nothing to report this month.

HARBORMASTER

Ship Arrivals

<u>October 2011</u>			<u>October 2010</u>		
<u>Tankers</u>	<u>Freighters</u>	<u>YTD ships</u>	<u>Tankers</u>	<u>Freighters</u>	<u>2010 YTD</u>
69	30	1175	82	35	1152

Barge Arrivals

<u>October 2011</u>			<u>October 2010</u>		
<u>Tank barges</u>	<u>Freight barges</u>	<u>YTD Barges</u>	<u>Tank barges</u>	<u>Freight barges</u>	<u>2010 YTD</u>
311	45	3070	376	22	3661

Shifting

<u>October 2011</u>		<u>October 2010</u>	
<u>Tankers</u>	<u>Freighters</u>	<u>Tankers</u>	<u>Freighters</u>
13	2	10	3
<u>Tank barges</u>	<u>Freight Barges</u>	<u>Tank barges</u>	<u>Freight Barges</u>
859	39	992	16

	<u>October 2011</u>	<u>October 2010</u>
Average daily ship arrivals	3.19	3.77
Average daily Barge arrivals	11.48	12.84

Channel Disruptions

October 2011

There were 4.17 hours of channel disruption. 4.17 hours for one way traffic for rig movements. No vessels were delayed due to these disruptions.

October 2010

In October 2010 there were 85.4 hours of channel disruption. 62 hours due to restriction between ADM and Citgo 1 and 23.42 hours one way traffic for offshore rig movements. A total of 6 inbound and 7 out bounds were delayed during these disruptions.

BULK TERMINAL

- Projects BT currently working on:
 - Bulk Terminal rail improvements
 - Gantry upgrade
 - Working with Wood Chip and Bio Mass exporters
 - Ship loader changes and or additional ship loader
- Current Activity
 - Railcars:
 - Loaded rail cars: 343 cars – 35,644.30 Short Ton pet coke
 - Unloaded rail cars: 121 cars – 10,935.10 Short Ton Pet Coke
 - Bulk Dock #1:
 - 1,569.98 Short Tons Corn unloaded
 - 11,717.27 Short Tons Rutile unloaded
 - Bulk Dock #2:
 - 147,687.75 Short Tons Pet Coke loaded
 - Pads
 - Short Tons pet coke

SAFETY & TRAINING

Safety Committee:

- Discussed the recent Port vehicle accidents. One of the employees has attended a Driver's Safety class in accordance with Port policy.

Safety:

- Railroad crossing safety training was completed during the month.
- Have scheduled CPR/AED training for the beginning of November for Port employees.
- Service and replacement of Fire extinguishers at the Bulk Terminal is complete.

Insurance:

- Worked with the Port's brokers on the marine liability renewal/continuation of coverage for the September Commission meeting.
- Beginning work on the upcoming property insurance renewals. Reviewing the Statement of Values (SOV).
- Completed insurance application for the Port's Crime and Business Travel policies.
- Worked on various insurance issues throughout the month.

EMS

- Conducted the fifth Internal Auditor's study session on 19 October in accordance with our Corrective Action Plan.
- Training for the new Lead Auditor will continue through the end of the year

Port Damage Claims:

- Have billed out \$4624 for repairs to Port property.

MAINTENANCE

- Assisted in rebuilding and decorating the 3rd floor conference room at Admin Bldg.
- Installed a new hot water heater in the 2nd floor ladies room in Admin.
- Repaired the main hot water heater for the Ortiz Center.
- Completed installation and testing for the fire alarm system at the Ortiz Center to the Police department.
- Inspected and developed a punch list for acceptance of the new guard station at Viola Turning Basin (OD 8/9/10.)
- Commenced repairs and painting to the Fire Barge by Gulf Copper Ship Repair company.
- Procured, installed and started testing of the new herbicide sprayer for weed control.
- Completed repairs to the Admin Bldg A/C chillers.

FOREIGN TRADE ZONE

- A meeting with Customs and zone Operators was held on Thursday, October 20, 2011 at the Port Administration Building. Customs updated all operators on zone operation procedures and advised them of recent penalty issues. All zone operators were updated on the status of potential changes to FTZ and Customs regulations.
- FTZ Manager began training Operators on the new online program for the reporting annual FTZ activity on FTZ Information system. This will be an on-going process as needed throughout the report preparation period.
- FTZ Manager has provided information to several companies interested in FTZ and continues to work with an existing client scheduled to bring additional cargo into FTZ.

ORTIZ CENTER

2011	Guest Attendance	Number of Events	% of Monthly Budgeted Sales	Status
January	1,842	23	64%	Actual
February	4,822	29	81%	Actual
March	5,949	41	92%	Actual
1st Quarter	12,613	93	81.9%	Actual
April	14,695	35	130%	Actual
May	6,576	51	94%	Actual
June	6,290	32	112%	Actual
2nd Quarter	27,561	118	111%	Actual
July	6,499	25	116%	Actual
August	3,989	39	101%	Actual
September	6,310	22	112%	Actual
3rd Quarter	16,798	86	109%	Actual
October	5,447	27	78%	Actual
November	3,962	22	158%	Forecast
December	3,178	16	97%	Forecast
4th Quarter	12,587	65	104%	Forecast
2011	69,559	362	102%	Forecast

October Close

October hosted two large political events: first event being Bay Area Citizens Against Lawsuit Abuse with Mike Huckabee, former governor of Arkansas and host of *Huckabee Report* on Fox, with 500 people in attendance and the second event was Republican Women of Nueces County hosting Herman Cain, 2012 presidential candidate with 900 people in attendance. We are looking forward to the continued events throughout the next year as the election year will surely provide additional revenue for the Ortiz Center.

We also welcomed Helmerich & Payne as a new client. It is an energy exploration and production company new to the area. The Ortiz Center will be hosting their two day annual meeting. We continue to look for other new businesses coming to the area & build relationships.

ENGINEERING SERVICES

As of September 30, 2011, the Port of Corpus Christi Authority Department of Engineering Services had completed 18 projects and has 77 projects in progress. These projects consist of 43 Capital, 29 Maintenance, and 23 Professional Service projects. During September, \$419,000 was invoiced for on-going projects. To date this year approximately \$29,970,000 has been invoiced for work performed, most notably the unbudgeted La Quinta Channel cost share contribution. Below is a table detailing the budget amount of the “to date” cost, for the capital, maintenance and professional services projects and a forecast for year-end expenditures.

Engineering Services September 2011 Report				
Project Type	No. of Projects	2011 Budget Amount	Expended To Date	End of Year Forecast
Capital	87	\$23,787,210	\$25,630,000	\$28,700,000
Maintenance	35	\$2,580,000	\$2,849,000	\$3,652,000
Professional Services	36	\$800,000	\$1,491,000	\$1,639,000
Total	158	\$27,167,210	\$29,970,000	\$34,991,000

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

CAPITAL PROJECTS

Security Grant Improvements

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

Grant Seven – Supplemental: This project is substantially complete. The Contractor is working on punch-list items.

Grant Eight: The design work is underway on the individual projects. The first bids will be ready in January 2012.

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 justifications have been submitted to the local AMSC for consideration.

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. Govind Development continue to work developing design drawings and specifications with users input. Staff has combined this project with project (11-028A), Avery Point Oil Dock Platform Extensions & Evacuation Catwalk. Review plans and specifications are expected in early November.

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

Orion Construction has been awarded the construction. Due to a Flint Hills Resources turnaround, Orion will not be able to access site until November 14, 2011.

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 16" waterline is now in service. The drainage structures and paving on the north half of the road can now proceed.

Fire Pressurization on Oil Docks (08-046A)

Project is scheduled to bid the middle of November. The bid date was extended by two weeks.

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

The rail track design is 95% complete. Project on hold.

Nueces River 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. A Tiger Grant application has been prepared and is one of three projects submitted to the Federal Department of Transportation by TxDOT.

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 underwater 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 on hold.

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

Notice to Proceed issued 1st week of July 2011. Material fabrication is in progress. The new cable drums will arrive the 2nd week in December.

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

Contractor has erected dock house precast walls of roof and installed windows. Currently, working on electrical and plumbing in and around dockhouse.

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

The design work is underway. This project will bid in December.

Bulk Terminal Expansion Master Plan (11-047A)

The design team has been meeting with the customers and consultants to develop the rail, conveyor, pad and material handling system improvements.

Provide Dock Space for Gangway at Oil Dock 1 (11-013A)

Design work is underway.

Marine Fuel Station (11-015C)

A new marine fuel station located at the boat ramp behind Oil Dock 1 is nearly complete with construction.

MAINTENANCE PROJECTS

Bulk Terminal Paint Building Foundation (10-015B)

The building is being erected and the air filtration equipment has been installed.

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

LNV, Inc. has recently provided staff with 95% design drawings and specifications for review and comment.

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

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

Replace Stairs on Gantry Crane (11-035A)

The design is approximately 80% complete.

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

Cardinal Construction is mobilizing on site to begin work at the beginning of November.

Savage Lane Railroad Drainage Improvements (11-031A)

Contract awarded to RAM-BRO Contracting, Notice to Proceed to be issued the first week of November 2011.

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. Exxon Mobil has installed five monitor wells at the site in September 2011. A report documenting all of ExxonMobil's soil remediation activities and well installations onsite is being prepared and will be submitted to RRC in January 2012. 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.

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 has been reissued with minor address changes.

On August 24, 25, and 26th, Port of Corpus Christi hosted the first Gulf Ports Environmental Summit. The summit was meant to begin corroboration and communication on important environmental issues between Gulf Port of America Association members. The event was a success with lots of discussion among port members and action items to present to the membership in November 2011.

Martin Middle School Science and Spanish Club has partnered with PCCA and ADM and adopted the portion of Joe Fulton Corridor that is heavily littered due to trucks lining up for the grain elevator. They cleaned a ½ mile stretch on September 24 (100 bags of trash) and will return on October 8 to complete the cleanup.

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, 04-027A, 09-048B/C)

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

Fire Pressurization on Oil Docks (08-046A)

November 15, 2011

Removal of Pipelines on Navigation Blvd (09-026B)

December 1, 2011

**Port of Corpus Christi Authority
Organizational Chart
October 31, 2011**

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	0	11
Finance & Admin.	1	1	0	2
Accounting	2	6	0	8
Information Tech	6	0	0	6
Deputy Port Director of BD & Ops	1	1	0	2
Business Development	2	0	0	2
Communications	2	0	1	3
Operations	4	1	0	5
Maintenance	5	41	2	48
Harbormaster's Office	1	8	0	9
Bulk Handling Facility	2	15	0	17
Security/Police Dept.	4	42	0	46
TOTAL	46	122	3	171

E - EXEMPT

NE - NON-EXEMPT

H - HOURLY

T - TEMPORARIES



PORTCORPUSCHRISTI

Port of Corpus Christi Authority

Monthly Financial Summary

September 30, 2011

**Port of Corpus Christi Authority
Monthly Financial Summary
September 30, 2011**

STATEMENT OF NET ASSETS HIGHLIGHTS:

Unrestricted Cash:

Cash in Bank	\$	2,763,009
Investments		25,456,056
Total	\$	28,219,065

Accounts Receivable:

\$ 6,432,404

Note Receivable:

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

Accounts Payable:

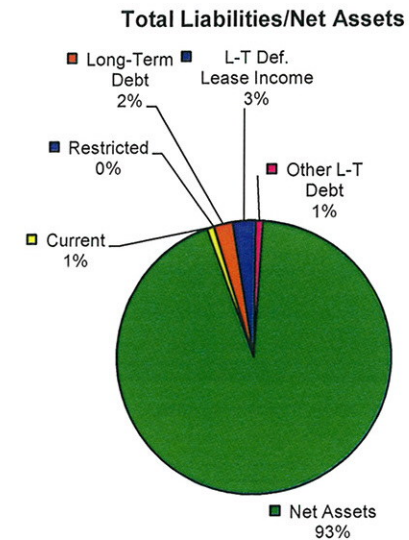
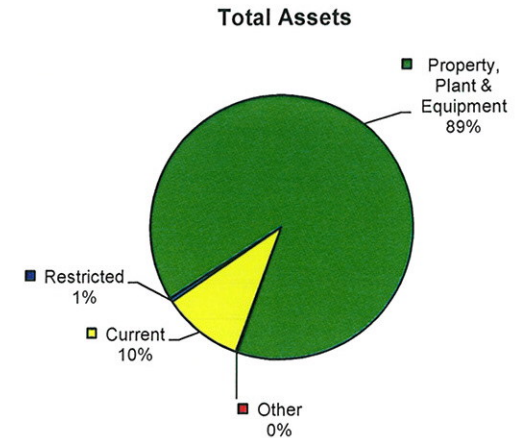
\$ 2,104,141

Long-term Debt:

	Balance	Principal Payment	Due
General Revenue Bonds			
Series 2002-A	\$ 4,903,431	\$ 720,000	12/1/2011
Series 2002-B	3,682,857	545,000	12/1/2011
Total	\$ 8,586,288		

Statement of Net Assets Summary:

Total Assets	\$	392,566,514
Total Liabilities		25,920,010
Net Assets	\$	366,646,504



Port of Corpus Christi Authority
Monthly Financial Summary
September 30, 2011

OPERATIONS:

Tonnage (Short Tons):

	Month	2011 Y-T-D	2010 Y-T-D
Bulk Grain	262,446	3,622,449	2,448,060
Break Bulk	52,342	205,053	233,284
Dry Bulk	531,134	5,562,233	4,615,513
Liquid Bulk	26,498	335,037	351,605
Chemicals	107,287	1,278,814	1,111,852
Petroleum Coke	101,006	837,308	665,928
Petroleum	5,102,420	50,017,426	51,318,537
Total	6,183,133	61,858,320	60,744,779

Operating Revenue:

	Actual	Budget	Variance
Month	\$ 4,864,399	\$ 4,400,484	\$ 463,915
Y-T-D	\$ 43,276,840	\$ 38,725,831	\$ 4,551,009

Operating Expenses:

Month	\$ (2,729,900)	\$ (2,737,225)	\$ 7,325
Y-T-D	\$ (26,866,920)	\$ (26,467,138)	\$ (399,782)

Operating Income (Loss) Before Depreciation:

Month	\$ 2,134,499	\$ 1,663,259	\$ 471,240
Y-T-D	\$ 16,409,920	\$ 12,258,693	\$ 4,151,227

Depreciation:

Month	\$ (1,020,540)	\$ (851,933)	\$ (168,607)
Y-T-D	\$ (9,434,646)	\$ (9,101,026)	\$ (333,620)

Other Revenue (Expenses):

Month	\$ 35,092	\$ (162,853)	\$ 197,945
Y-T-D	\$ 2,901,209	\$ (1,446,117)	\$ 4,347,326

Income (Loss) Before Capital Contributions:

Month	\$ 1,149,051	\$ 648,473	\$ 500,578
Y-T-D	\$ 9,876,483	\$ 1,711,550	\$ 8,164,933

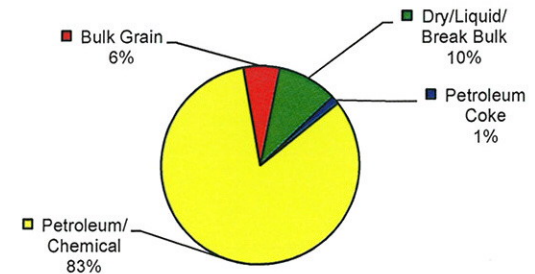
Capital Contributions

Month	\$ 546,333	\$ 837,000	\$ (290,667)
Y-T-D	\$ 3,570,751	\$ 4,942,508	\$ (1,371,757)

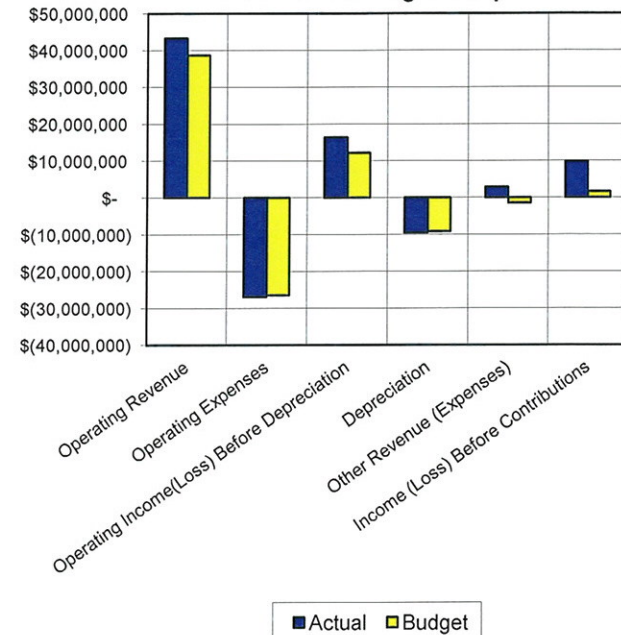
Change in Net Assets

Month	\$ 1,695,384	\$ 1,485,473	\$ 209,911
Y-T-D	\$ 13,447,234	\$ 6,654,058	\$ 6,793,176

Y-T-D Tonnage



Y-T-D Actual/Budget Comparison



Port of Corpus Christi Authority
Monthly Financial Summary
September 30, 2011

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	62,269	537,731
Hoist Foundation & Gangway Support at OD's 4, 7 & 11	600,000	5,168	594,832
New Oil Dock 9 Dock House	200,000	114,825	85,175
Provide Dock Space for Gangway at Oil Dock 1	200,000	3,199	196,801
Replace Air Conditioning System at Oil Docks 1, 2 & 3	105,000	128,540	(23,540)
Upgrades to Oil Dock 11	-	10,859	(10,859)
Upgrades to Oil Dock 6 Fender System	-	19,891	(19,891)
Modification of Cofferdam Fender Systems at Oil Docks 4 & 7	-	39,122	(39,122)
	1,855,000	383,873	1,471,127
<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	-	174,500	(174,500)
	375,000	174,500	200,500
<i>Bulk Terminal</i>			
Boom Length Addition to Gantry Crane	450,000	39,313	410,687
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	70,782	17,218
Replace Fendering on Bulk Dock 1	500,000	19,319	480,681
Replace Shiploader PLC at Bulk Terminal 2	-	47,380	(47,380)
Bulk Terminal Expansion Master Plan	-	175,352	(175,352)
	2,843,500	353,322	2,490,178
<i>Conference Center</i>			
Miscellaneous Purchases	50,000	-	50,000
	50,000	-	50,000

Port of Corpus Christi Authority
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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	\$ 49,950	\$ 50
	50,000	49,950	50
<i>Canals and Basins</i>			
Tule Lake Channel Improvements	5,500,000	-	5,500,000
Replacement of Bulkhead at Viola Turning Basin	485,000	8,487	476,513
Inner Harbor Waterways Surveillance Grant	491,200	-	491,200
Security Enhancements - Grant #6	3,709,010	2,180,550	1,528,460
Security Enhancements - Grant #7	1,000,000	451,040	548,960
Security Enhancements - Grant #7 Supplemental	1,000,000	1,170,238	(170,238)
Security Enhancements - Grant #8	637,500	13,940	623,560
Security Enhancements - Grant #10	100,000	-	100,000
La Quinta Channel Extension & Ecosystem Restoration	-	15,743,176	(15,743,176)
	12,922,710	19,567,431	(6,644,721)
<i>Property and Buildings</i>			
Administration/Annex Building Improvements	30,000	-	30,000
Emergency Generators for Administration/Annex Buildings	100,000	89,954	10,046
Fencing Storage Yards and Other Port Areas	30,000	4,377	25,623
Joe Fulton International Trade Corridor, Phase II	3,366,000	1,745,267	1,620,733
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	1,774,009	(74,009)
Suntide Bypass Road at the Viola Turning Basin	50,000	-	50,000
Permian Site Yard & Rail Improvements	-	55,681	(55,681)
Marine Fuel Station	-	30,532	(30,532)
Maintenance Facility Diesel Tanks	-	6,815	(6,815)
Waste Accumulation Storage Facility	-	17,682	(17,682)
La Quinta Terminal Design-Infrastructure & Development	-	650	(650)
	5,626,000	4,085,407	1,540,593
<i>Railroads</i>			
Brewster Street Track Security Fencing	35,000	-	35,000
Viola Basin Interchange Yard	-	34,340	(34,340)
	35,000	34,340	660

Port of Corpus Christi Authority
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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	12,568	223,261
Air Conditioner Admin Computer Room	35,000	-	35,000
Ricoh Copier - Administration Building	-	20,264	(20,264)
<i>Engineering</i>			
Drafting Plotter	-	6,518	(6,518)
<i>Trade & Business Development</i>			
	-	-	-
	363,829	39,350	324,479
<i>Port Operations</i>			
Purchase of equipment:			
Marlow Pump - Bulk Dock 1	-	8,342	(8,342)
Subtotal	-	8,342	(8,342)
Purchase of vehicles:			
2011 4WD SUV - Port Security	30,000	30,677	(677)
Subtotal	30,000	30,677	(677)
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	39,019	20,241
	-	-	-
Total 2011 Capital Budget Expenditures	\$ 24,180,299	\$ 24,727,192	\$ (546,893)

Port of Corpus Christi Authority
Monthly Financial Summary
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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, and transfer 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, storage yards, and Naval Station Ingleside property
Other Facilities	Service docks owned both by the Port and private industries, bulk docks owned by private industries, NSI pier and wharf, Tule Lake 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, communications, finance & administration, engineering services, government affairs, human resources and operations

AGENDA ITEM NO. 14

NO ATTACHMENT

AGENDA ITEM NO. 15

NO ATTACHMENT

AGENDA ITEM NO. 16

NO ATTACHMENT

AGENDA ITEM NO. 17

NO ATTACHMENT

AGENDA ITEM NO. 18

NO ATTACHMENT

AGENDA ITEM NO. 19

NO ATTACHMENT

AGENDA ITEM NO. 20

NO ATTACHMENT

AGENDA ITEM NO. 21

NO ATTACHMENT

AGENDA ITEM NO. 22

NO ATTACHMENT