

NOTICE OF MEETING

The Port Commission (“Commission”) of the Port of Corpus Christi Authority (“PCCA”) will hold a Regular Session Meeting on **Tuesday, April 10, 2012, at 9:00 AM**, at the Congressman Solomon P. Ortiz International Center located at 402 Harbor Drive, Corpus Christi, Texas.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact Sherry DuBois at 885-6174 at least 48 hours in advance so that appropriate arrangements can be made.

Si usted se dirige a la junta y cree que su inglés es limitado, habrá un intérprete inglés español en la reunión de la junta para ayudarle.

Members of the audience will be provided an opportunity to address the Port Commission. Please speak into the microphone located at the podium and state your name and address. Your presentation will be limited to three minutes.

PUBLIC NOTICE is given that the Commission may go into executive session at any time during the meeting to discuss matters listed on the agenda when authorized to do so by the provisions of Section 418.183 or Chapter 551 of the Texas Government Code. In the event the Commission elects to go into executive session regarding any agenda item, the presiding officer will publicly announce the section or sections of the Texas Government Code authorizing the executive session.

The agenda for the meeting is as follows:

1. Call meeting to order; Pledge of Allegiance; Opening Prayer; and receive conflict of interest affidavits.
2. Approve the minutes of the March 13 and March 29, 2012 Commission meetings. 3
3. Receive comments from the public. *(each speaker will be limited to three minutes)* 22
4. Receive a presentation from Tragifura Terminals. 23
5. Receive presentation on Tri-Port marketing efforts. 25
6. Receive an update on Naval Station Ingleside. 26
7. Receive and approve the PCCA Comprehensive Annual Financial Report for the year ended December 31, 2011. 27
8. Ratify an Electrical Services Contract with the shor-listed provider quoting the lowest executable pricing for electricity. 131
9. Approve the following agreements between PCCA and Plains Eagle Ford Pipeline LLC, concerning the Viola Barge Mooring Dock: (1) a Barge Dock Improvement and Use Agreement, (2) a Frequent Users Agreement, and (3) the Parent Company Guarantee. 132
10. Approve a Resolution authorizing staff to request sealed bids for the purchase of approximately 2 acres of PCCA property located on the south side of the Inner Harbor and fronting on the west side of Navigation Blvd. 134
11. 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:
 11. A. Approve an amendment to PCCA's short-term lease with VSE Corporation to include Building 101 at the former Naval Station Ingleside Main Base. 136
 11. B. Partially terminate a lease agreement with The University of Texas System for an air monitoring station near the west end Viola Turning Basin (Site #3). 137
 11. C. Approve the disposal of Port Security Grant Program equipment that has exceeded useful life. 139

12. Receive a report from the Executive Director on upcoming community events, PCCA events and activities of the following PCCA departments during the preceding month: business development, community relations, government affairs, operations, engineering services, accounting, and human resources. 144
13. Receive comments from Port Commissioners on any of the agenda items for this meeting, the PCCA's activities during the preceding month, upcoming PCCA events, and suggestions for future agenda items. 168
14. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to discuss the terms and conditions on which PCCA would sell approximately 60 acres of PCCA property located on Harbor Island. In open session, the Commission may authorize staff to request sealed bids for the sale of this property. 169
15. The Commission will go into executive session pursuant to §551.071 of the Texas Government Code to consult with its attorney regarding Complaints filed against PCCA before the Federal Maritime Commission by CITGO Refining & Chemicals Company, L.P., and Valero Refining - Texas, L.P. The Commission may take action on this item in open session. 172
16. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the sale of property located in the Inner Harbor. 173
17. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of property located in the vicinity of the Inner Harbor.
18. Adjourn.

MARCH 13, 2012

The Port Commissioners of the Port of Corpus Christi Authority met in regular session on Tuesday, March 13, 2012 at 8:15 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. Mike Scott
Mr. Robert Kostelnik
Mr. Al Jones
Mr. Charles Zahn

Present: Mr. John P. LaRue
Mr. Frank Brogan
Mr. Sandy Sanders
Mr. Tony Alejandro
Mr. Arch Archambo
Mr. Greg Brubeck
Ms. Patricia Cardenas
Ms. Sandra Davis
Mr. Dennis DeVries
Ms. Audre Debler
Ms. Lynn Angerstein
Mr. Bland Chamberland
Ms. Sherry DuBois
Mr. Gustavo Espinosa
Mr. David Krams
Ms. Sonya Lopez-Sosa
Mr. Ruben Medina
Mr. Dave Michaelson
Ms. Nelda Olivo
Mr. Bert Perez
Mr. Dave Throop
Ms. Maggie Turner
Mr. Eddie Martinez
Ms. Peggy Mettlen
Mr. Bennie Benavides
Mr. Jesse Samu

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

Others Present: Mayor Pete Perkins
City of Ingleside

Mr. Fred Dotts
Ms. Nancy Zuniga
MDR
Mr. Tom Curlee
Port Industries of CC
Mr. Tom Moore
Consultant
Mr. Pat Veteto
RVE, Inc.
Mr. Harry G. Plomarity
Citizen
Mr. Rick DuPriest
WL Bates
Ms. JoAnn Ehmann
Ingleside on the Bay
Ms. Josephine Miller
San Patricio EDC
Mr. Chuck Bogk
ILA #26
Mr. Lillian Riojas
Valero Refining
Mr. Fred Nardini
San Patricio County
Mr. Roland Mower
Mr. John Plotnick
CC Regional EDC
Mr. Terry Arnold
Citizen
Capt. Bobby Grumbles
Capt. Todd Olson
Aransas/CC Pilots Assn.
Mr. Jim Shiner
Consultant
Mr. Mike Smith
CC Caller-Times
Mr. Bill Thomas
Thomas Engineering, Inc.
Ms. Shelly McLemore
Leadership Portland
Mr. Ken Sullivan
TG Mercer Inc.
Mr. Mark Massey
BER
Mr. Leon Parma
J.I. Hailey

Ms. Tricia Astin
Portland Chamber of Commerce
Mr. Oscar Palacios
Sea Hawk Marine
Mr. Jim Ruling
ZEP
Mr. David Torres
Citizen
Mr. Tim Clower
Citizen

I.

The meeting began at 8:15 a.m. with breakfast and a presentation on the operations of the Ortiz Center from Ovations Food Service.

II.

At 9:00 a.m., Chairman Carrell called the regularly scheduled portion of the meeting to order and asked that any conflict of interest affidavits be submitted. Mr. Scott submitted an affidavit for agenda item 11, stating that he has a substantial interest in H & S Constructors, Inc., the lessee under the Lease Agreement described in that agenda item.

III.

On motion made by Mr. Borchard and seconded by Mr. Scott, the minutes of the February 14, 2012, Commission meeting were approved, in the form presented to the meeting.

IV.

Chairman Carrell asked for comments from the public. Ms. JoAnn Ehmann, Mayor Pro-tem of Ingleside on the Bay, thanked the Port for the completing the shoreline eco-restoration project in Ingleside on the Bay.

V.

Chairman Carrell appointed Mr. Zahn as the Port's representative on the Coastal Bend Bays and Estuaries Program Board of Directors.

VI.

The Commission received an update on former Naval State Ingleside.

VII.

In connection with PCCA's next electrical services contract, staff reported that the selection committee had shortlisted the following three retail electric providers as acceptable providers: Direct Energy, Reliant Energy, and Gexa Energy (the "Shortlisted Providers"). Then on motion made by Mr. Zahn and seconded by Ms. Hawley, the Commission authorized the Executive Director to execute an Electrical Services Contract ("Contract") with any of the Shortlisted Providers so long as:

1. The Contract is in acceptable legal form;
2. The duration of the Contract is 36, 48 or 60 months;
3. The selected provider's executable price for electricity for the duration of the Contract is less than the executable prices quoted by the other Shortlisted Providers for the same period; and
4. The Contract includes a 10% renewable energy requirement if the additional cost for renewable energy represents less than a 1% increase in overall Contract price without a renewable energy requirement.

The Commission approved the motion with the understanding that the Commission would be asked to ratify the Contract at the first Commission meeting after the Contract is signed.

VIII.

On motion made by Ms. Hawley and seconded by Mr. Kostelnik, the Commission approved, in the form presented to the meeting, "Option 2" of a professional services purchase contract with Thomas Engineering Inc., for electrical supply consultation and management.

IX.

On motion made by Mr. Borchard and seconded by Ms. Hawley, the Commission approved, in substantially the form presented to the meeting, a professional services contract with Shiner & Associates, PLLC, for project management services on the La Quinta Terminal project.

X.

On motion made by Ms. Hawley and seconded by Mr. Jones, the Commission awarded a contract to the Hay Group for comprehensive benefits and compensation survey of PCCA's salaries, retirement, health and other benefits.

XI.

On motion made by Mr. Zahn and seconded by Ms. Hawley, the Commission approved, in the form presented to the meeting, the Second Amendment to a Lease Agreement dated May 12, 2009, with H&S Constructors inc. for 4.65 acres fronting on Port Ave. Mr. Scott submitted a Conflict of Interest affidavit for this item and he excused himself from the meeting room during the discussion and vote on this item.

XII.

On motion made by Ms. Hawley and seconded by Mr. Kostelnik, the Commission approved, in the form presented to the meeting, the fourth quarter Investment Report for 2011.

XIII.

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

- B.** Approve an increase to the contingency amount for additional work on the replacement of the bulkhead at the Viola Turning Basin.
- C.** Approve Change Order #2 with CCC Group Inc. for additional work to replace cable drums and lengthen the Gantry Crane Book project.
- D.** Approve Change Order #5 with Safenet Services, LLC, for additional work for the north side security and critical docks access control, a Security Grant 7 project.
- E.** Reject bids received on February 3, 2012, for replacement of fendering on the Bulk Materials Dock.
- G.** Approve a deed notice recordation for a 7.21 acre tract of land located at 2301 North Port Avenue.
- I.** Approve a Freight Handlers License for J.I. Hailey.
- J.** Approve a Freight Handlers License for T.G. Mercer Consulting Services, Inc.

With respect to item A on the consent agenda, on motion made by Ms. Hawley and seconded by Mr. Kostelnik, the Commission approved, in the form presented to the meeting, Change Order #12 with Ballenger Construction on the Fulton Corridor – Phase II contract.

With respect to item F on the consent agenda, on motion made by Mr. Scott and seconded by Mr. Kostelnik, the Commission approved, in substantially the form presented to the meeting, a Lease Agreement with Biomass Energy Resources for a 5-acre pad at the Bulk Terminal for receipt, storage and export of black pellet fuel.

With respect to item H on the consent agenda, on motion made by Mr. Zahn and seconded by Mr. Scott, the Commission ratified, in the form presented to the meeting and in an amount not to exceed \$100,000 without further Commission action, a Professional Services Agreement with Smith, Robertson, Elliot, Glen, Klein, & Douglas, LLP, Attorneys at Law, for legal work associated with the Corps of Engineers Jurisdictional Determination for Wetlands and Waters on PCCA's undeveloped 467.5 acre tract of upland and submerged land adjacent of the western boundary of the former Naval Station Ingleside.

XIV.

The Executive Director reported on the following during his report: update on TIGER grant; Senator Kay Bailey Hutchison luncheon; Harbor Wind event; review of overall revenue projections for next 5-10 years; upcoming Turkmenistan tours.

XV.

Chairman Carrell asked for comments from the Commissioners.

At 10:24 a.m., the Chairman announced that the Commission would go into executive session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate agenda items 16, 17, 18, 19 and 20.

At 12:14 p.m. the Commission reconvened into open session.

XVI.

The following agenda item was for executive session only: Deliberate the sale or lease of part of PCCA's real property on the north side of the Inner Harbor.

XVII.

The Commission consulted with its attorney in executive session regarding Complaints filed against PCCA before the Federal Maritime Commission by CITGO Refining & Chemicals Company L.P. and Valero Refining – Texas. L.P. There was no discussion or action on this agenda item in open session.

XVIII.

The following agenda item was for executive session only: Deliberate the sale or lease of PCCA's property on Ingleside Point in San Patricio County, which includes the former Naval Station Ingleside Main Base and 435 acres of undeveloped land adjacent to the western boundary of the former base.

XIX.

On motion duly made and seconded, the Commission approved the purchase of Cooks Island, a 3.310 acre island in Corpus Christi Bay adjacent to the La Quinta Channel, from Charles L. and Sheron Rogers for a cash purchase price of \$110,000 and authorized the Executive Director to execute a Sales Contract for the island and such other documents as he deems necessary or appropriate in order to close the purchase.

XX.

The following agenda item was for executive session only: Deliberate the sale or lease of PCCA's La Quinta Trade Gateway property on the La Quinta Channel in San Patricio County.

XXI.

There being no further business, the meeting adjourned at 12:18 p.m.

MARCH 29, 2012

The Port Commissioners of the Port of Corpus Christi Authority met in special session on Thursday, March 29, 2012 at 1:00 p.m., at the Ruben Bonilla Center for Global Trade located at 222 Power Street, Corpus Christi, Texas.

Present: Mr. Mike Carrell
Mr. Richard M. Borchard
Ms. Judy Hawley
Mr. Robert Kostelnik
Mr. Mike Scott
Mr. Al Jones
Mr. Charles Zahn

Present: Mr. John P. LaRue
Mr. Frank Brogan
Mr. Sandy Sanders
Mr. Greg Brubeck
Mr. Ruben Medina
Ms. Patricia Cardenas
Ms. Sandra Davis
Mr. Dennis DeVries
Mr. Darrin Aldrich
Ms. Nelda Olivo
Ms. Peggy Mettlen
Mr. Jesse Samu

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

Others Present: Mr. Tim Clower
Mr. Tom Moore
Consultant
Mr. Rick DuPriest
WL Bates
Mr. Pete Perkins
Ms. JoAnn Ehmann
Ingleside on the Bay
Mr. Dave Baen
Ms. Elaine Kemp
City of Ingleside
Mr. Joe Hopkins
Frontier Surveying
Mr. Mike Smith
Caller-Times
Mr. Rudy Trevino

KIII-TV
Ms. Mia Gordon
KRIS-TV
Mr. Robert Tamez
LNV
Mr. Tom Curlee
Port Industries
Mr. Roy Wilson
Mr. Pete Rancourt
Hugh Wood
Mr. Tom Carlisle
Carlisle Insurance
Mr. John Kelly
We the People
Ms. Lillian Riojas
Valero Refining
Mr. Larry Elizondo
CITGO
Mr. Roland Mower
CC Regional EDC
Ms. Josephine Miller
San Patricio EDC
Mr. Paul Thomas
Mr. Mark Evans
OxyChem

I.

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

II.

The Chairman asked for comments from the public. None were received.

III.

In connection with the renewal of the Port's Property Insurance for the period from April 1, 2012, to March 31, 2013, on motion made by Mr. Zahn and seconded by Mr. Kostelnik, the Commission approved, in accordance with the recommendations of staff and PCCA's insurance consultants, the purchase of (i) the \$25,000,000 primary layer of coverage quoted by Lexington, Allied World Assurance, Steadfast Insurance, Ironshore, and Hiscox for \$1,333,866 plus tax, (ii) the \$75,000,000 excess layer of coverage quoted by Lloyds of London (Canopus Syndicate, Colin O'Farell Syndicate and Navigators Insurance), and AXIS Surplus Insurance, Landmark American Insurance, Aspen Specialty, Alterra Excess and ACE/Westchester Insurance for \$647,987 plus tax, (iii) the \$25,000,000 second excess layer of coverage quoted by Liberty

International and Alterra for \$70,000, and (iv) the \$25,000,000 terrorism policy quoted by Hiscox Syndicate for \$36,500 plus tax -- for a total premium of \$2,135,316 plus Texas taxes of \$104,844.

IV.

On motion made by Mr. Scott and seconded by Mr. Zahn, the Commission approved, in the form attached hereto as Attachment One, a letter of intent with Oxy Ingleside Property Holdings, LLC (“Oxy”), an indirect wholly owned subsidiary of Occidental Petroleum Corporation, for the purchase and sale of the non-campus portion of the former Naval Station Ingleside Main Base (380.1 acres), NSI’s Alpha Pier, and PCCA’s adjacent undeveloped property (435.7 acres).

On motion made by Mr. Zahn and seconded by Mr. Scott, the Commission tabled consideration of the sale of the campus portion of the former Naval Station Ingleside Main Base (100.91 acres).

V.

The Commission consulted with its attorney in executive session regarding complaints filed against PCCA before the Federal Maritime Commission by CITGO Refining & Chemicals Company, L.P., and Valero Refining Texas, L.P. There was no discussion or action on this agenda item in open session.

VI.

There being no further business, the meeting adjourned at 3:17 p.m.

ATTACHMENT ONE



Oxy Ingleside Property Holdings, LLC

5 Greenway Plaza, Houston, Texas 77046
hasham_mukadam@oxy.com

Hasham Mukadam
President

March 29, 2012

Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401
Attn: John P. LaRue

Re: Naval Station Ingleside and Adjacent Property

Dear Mr. LaRue:

Oxy Ingleside Property Holdings, LLC (“Oxy”), an indirect wholly owned subsidiary of Occidental Petroleum Corporation, is pleased to propose to the Port of Corpus Christi Authority (“PCCA”) a transaction for the purchase of the non-campus portion of the former Naval Station Ingleside Main Base and PCCA’s adjacent undeveloped property. It is our intention that the terms and conditions set forth in this letter (“Letter of Intent”) be set forth in greater detail in a purchase and sale agreement (“Earnest Money Contract”) for the Property (as defined below). The language used in this Letter of Intent is not necessarily to be incorporated verbatim in the Earnest Money Contract, and additional terms and conditions not set forth herein may be added to the Earnest Money Contract as mutually agreed upon by the parties. Here is an outline of our proposal:

1. Property to be Purchased: Oxy will purchase the following described real property and real property interests (collectively, the “Property”) from PCCA “as-is,” “where-is,” subject to the terms, conditions and representations and warranties set forth in the Earnest Money Contract:

(a) Tract I and Tract II as depicted on Exhibit A attached hereto (collectively, the “Upland Property”). Tract I contains approximately 380.1 acres of upland property on Ingleside Point in San Patricio County, Texas, and Tract II contains approximately 435.7 acres of upland property on Ingleside Point in San Patricio County, Texas;

(b) An exclusive appurtenant easement on approximately 29.26 acres of submerged land out of Tract III and approximately 83.072 acres of submerged land out of Tract IV as those tracts of submerged land in Nueces County, Texas, are depicted on Exhibit A attached hereto (the “Appurtenant Easement”). The terms and conditions of the Appurtenant Easement are more fully described in paragraph 4 of this Letter of Intent. The submerged lands covered by the Appurtenant Easement are collectively referred to herein as the “Submerged Lands”. If PCCA desires to adjust the landward bulkhead lines of the Corpus Christi Ship Channel and the La Quinta Ship Channel (collectively, the “Bulkhead Line”) or otherwise undertake a channel

widening project after the date of this Letter of Intent, PCCA will consult with Oxy concerning its proposed plans and not undertake any actions that will have a material adverse effect on the Submerged Lands or the exercise of Oxy's rights pursuant to the Appurtenant Easement.

(c) All buildings and improvements on the Upland Property or the Submerged Lands, including without limitation the two-tier berthing pier constructed on the Submerged Lands, or in the Appurtenant Easement (collectively, the "Improvements").

2. Campus Property Excluded: The Property does not include the 8.496-acre tract designated as Campus A on Exhibit A, the 85.947-acre tract designated as Campus B on Exhibit A, or the 5.28-acre tract designated as Campus C on Exhibit A (collectively, the "Campus Property").

3. Reservations: PCCA will reserve the following for itself and its permitted successors and assigns: (i) subject to the next sentence, all of the oil, gas and other minerals in and under the Upland Property; (ii) subject to the Appurtenant Easement, all littoral rights belonging to the Upland Property, the wharf on the Upland Property and the two-tier berthing pier extending from the Upland Property into the Submerged Lands; (iii) an easement on all existing main roads on the Property for the purpose of allowing ingress and egress between FM 1069 and the Campus Property; and (iv) an easement within the rights-of-way of the main roads on the Property for the purpose of providing utilities (i.e., water, gas, sewer, electricity and telephone) to the Campus Property, provided, however, that the maintenance of any such utility lines and the construction of any necessary utility lines within these rights-of-way shall not unreasonably interfere with the utility and road access by the owners of the Property. Notwithstanding PCCA's mineral reservation, PCCA will waive any rights it may have to use the surface of the Property for purposes of exploring for, developing, extracting, producing, transporting or storing any oil, gas and other minerals in or under or that may be mined, produced, removed, saved, or recovered from the Property, and any directional drilling for such minerals by PCCA and its lessees shall be done in such a way as to not interfere with Oxy's operations on the Property.

4. Appurtenant Easement: The Appurtenant Easement will be for the express purpose of Oxy, its affiliates and its and their respective joint venture partners (x) owning, constructing, operating, maintaining, repairing, replacing, upgrading and/or removing existing or future wharves, quays, piers, bulkheads, docks, or other similar improvements reasonably related to the promotion of navigation related commerce (including without limitation any navigation related business activity of Oxy, its affiliates and its and their respective joint venture partners) on the Submerged Lands (individually, a "Navigation Related Improvement" and collectively, "Navigation Related Improvements"), (y) accessing the Corpus Christi Ship Channel and/or the La Quinta Ship Channel (collectively, the "Ship Channels") from Navigation Related Improvements or the Upland Property in connection with shipping goods, materials, products, property or commodities (collectively, "Commodities") to, from, or across these Navigation Related Improvements or the Upland Property, and (z) dredging the Submerged Lands and PCCA's submerged land between the Bulkhead Line and the Ship Channels as is reasonably

necessary, proper or expedient in furtherance of the foregoing activities. Oxy, its affiliates, successors and assigns, may not use the Submerged Lands for any purpose that is not consistent with the Appurtenant Easement. The terms of the Appurtenant Easement will be included in a recorded instrument that is separate from the deed for the Property and shall be mutually satisfactory to Oxy and PCCA.

5. Personal Property and Leases: Use of all personal property located on the Property as of the date of this Letter of Intent (collectively, the "Personal Property") shall be transferred to Oxy, subject to the terms and conditions imposed on PCCA by the U.S. Navy. The terms of such transfer shall be mutually acceptable to Oxy and PCCA. Oxy shall have the right to return to PCCA any items of the Personal Property. The parties will identify all leases involving the Property and, at Oxy's selection, such leases shall be terminated or assigned to Oxy upon closing.

6. Purchase Price and Separate Consideration: The purchase price of the Property is \$82,110,000 and shall be paid in cash at closing under the Earnest Money Contract. As separate consideration for the Appurtenant Easement, Oxy shall pay PCCA a monthly fee that shall be calculated as follows: with respect to any calendar month, an amount equal to the product of (i) the quantity, if any, of all Commodities shipped across the Bulkhead Line to or from the Upland Property or any Navigation Related Improvement during such month, multiplied by (ii) fifty percent (50%) of PCCA's then current tariff wharfage rate on the same type of Commodities. Oxy shall not be responsible to PCCA for any other PCCA tariff, fee or other similar charge, except for the foregoing fee, PCCA's harbor safety fee and PCCA's security surcharge, if any, that is levied by PCCA on a non-discriminatory basis. Oxy understands that this separate consideration for the Appurtenant Easement will be a material factor in PCCA's evaluation of this proposal.

7. Earnest Money: Oxy shall deposit \$1,000,000.00 in earnest money ("Earnest Money") with San Jacinto Title Company ("Escrow Agent" or "Title Company") within five (5) business days after the execution by both parties of this Letter of Intent. The Earnest Money will also serve as Oxy's earnest money under the Earnest Money Contract. If this Letter of Intent expires before the Earnest Money Contract is executed by both parties or if Oxy terminates the Earnest Money Contract before the end of the Due Diligence Period, the Earnest Money shall be returned to Oxy. The Earnest Money shall be nonrefundable to Oxy after the expiration of the Due Diligence Period described in the next paragraph.

8. Due Diligence Period: Oxy shall have until 5:00 p.m. (CDST) on the thirty-fifth (35th) day after the date the fully executed Earnest Money Contract is deposited with the Escrow Agent (the "Due Diligence Period") to determine whether, in Oxy's sole discretion, the Property is suitable for Oxy's intended use and to be confirmed to Oxy's sole satisfaction with all licensing and permitting agencies prior to the conclusion of the Due Diligence Period. If Oxy determines during the Due Diligence Period that the Property is not suitable for Oxy's intended use, it shall deliver written notice to that effect to PCCA on or before 5:00 p.m. (CDST) on the last day of

the Due Diligence Period, in which case the Earnest Money Contract will terminate in its entirety and the Earnest Money will be refunded to Oxy in full.

9. Closing: Closing shall occur on the Property 60 days after the end of the Due Diligence Period, or on such earlier date as the parties may agree.

10. Title and Survey: PCCA will cause the Title Company to issue its title commitment on the Property from an underwriter reasonably acceptable to Oxy (i.e., Fidelity or Commonwealth) and PCCA and furnish Oxy with copies of all exceptions to such commitment within 5 days after the date the Earnest Money Contract is executed and deposited with the Escrow Agent. PCCA will furnish Oxy with a survey of the Property within 5 days after the date the Earnest Money Contract is executed and deposited with the Escrow Agent. Oxy shall have 30 days after receipt of the last of such documents in which to advise PCCA, in writing, of Oxy's objections to title or the survey. If PCCA does not cure Oxy's objections during the Due Diligence Period (or commit to cure Oxy's objections at or prior to closing), then Oxy may either terminate the Earnest Money Contract before 5:00 p.m. (CDST) on the last day of the Due Diligence Period and receive its Earnest Money back or elect to waive the objections and close subject to such defects.

11. Reports and Information: From and after the execution of this Letter of Intent and until the closing under the Earnest Money Contract, PCCA will make available to Oxy for inspection copies of all documents in its possession relating to the Property, including without limitation the following: environmental assessments and reports (including an environmental report prepared by the U.S. Navy, an environmental report prepared by Brown & Caldwell, and any jurisdictional determinations by the Corps of Engineers with respect to any portion of the Property), structural reports or assessments, whether regarding buildings or bulk heading(s), piers, wharfs, water depths or the like, the appraisal of the Property (excluding the Appurtenant Easement) in the amount of the purchase price of the Property, the special warranty deed from PCCA to Flint Hills Resources Corpus Christi, LLC ("FHR") dated March 7, 2011, for 1.72 acres of land adjacent to the eastern boundary of Tract I of the Upland Property, which gives FHR the use of reasonable quantities of non-potable water, natural gas, sanitary sewer, and electricity from Tract I for certain periods of time, and the lease agreement dated March 7, 2011, between PCCA, as lessor, and FHR, as lessee, for certain submerged lands, 2.06 acres of which are part of Tract IV of the Submerged Lands. Promptly upon the closing, PCCA will provide all the foregoing documents to Oxy.

12. Confidentiality: PCCA and Oxy recognize that each party has or will incur significant expense in connection with this proposed transaction. Oxy recognizes that PCCA will furnish it with confidential records and reports, and PCCA recognizes that Oxy will do the same. The parties agree to keep all such reports confidential; provided, however, (a) Oxy may share such information with its affiliates, its and their respective partners or potential partners, consultants, advisors and attorneys, and (b) PCCA may divulge such information when required to do so under the Texas Public Information Act ("TPIA"), except that, solely to the extent permitted by

applicable law, PCCA will consult with Oxy prior to divulging such information and, in any event, will avail itself of any exemptions or defenses that may be available to it under the TPIA or other applicable law to prevent such disclosure.

13. Exclusive Dealings: While this Letter of Intent or the Earnest Money Contract is in effect (the "No-Shop Period"), PCCA will not, directly or indirectly, through any representative or otherwise, solicit or otherwise encourage any other offers to buy or lease the Property or negotiate with any other party for the sale or lease of the Property. If PCCA receives an unsolicited offer for the purchase or lease of the Property during the No-Shop Period, PCCA shall promptly inform the other party of the existence of this Letter of Intent and the No-Shop Period.

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

15. Ad Valorem Taxes: PCCA will neither assist nor oppose Oxy in obtaining a reduction in ad valorem taxes otherwise payable on the Property or other property tax exemptions, abatements or reimbursements, except that to the extent requested by Oxy and to the extent permitted by applicable law, PCCA will designate Oxy as its agent for purposes of obtaining such reductions, exemptions, abatements or reimbursements.

16. Earnest Money Contract: As promptly as possible after the execution and delivery of this Letter of Intent, PCCA and Oxy will proceed with negotiations of the Earnest Money Contract in good faith and in a timely manner. The Earnest Money Contract will be consistent with the terms of this Letter of Intent and otherwise will be in form and substance mutually agreeable to PCCA and Oxy. Except for the matters set forth in paragraphs 7, 11, 12 and 13, no legal rights or obligations between PCCA and Oxy will come into existence unless and until the Earnest Money Contract is executed and delivered, and neither party is bound to execute the Earnest Money Contract, on the terms contained herein or otherwise. Oxy acknowledges that PCCA cannot execute the Earnest Money Contract without the approval of PCCA's Port Commission, and the PCCA acknowledges that the Earnest Money Contract shall also be subject to the approval of the Board of Directors of Occidental Petroleum Corporation. Among other customary representations and warranties, the Earnest Money Contract will include representations and warranties concerning PCCA's past activities to market and sell the Property and the Campus Property and, subject to applicable law, PCCA will indemnify and hold harmless Oxy and its affiliates from and against all claims that arise from such past activities.

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

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

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

20. Termination: Once executed, this Letter of Intent will remain in effect until the earlier of (a) the close of business on April 30, 2012 (or such later date upon which PCCA and Oxy may agree), or (b) the execution of the Earnest Money Contract by both parties.

Our proposal for the purchase of the Property as outlined in this Letter of Intent must be accepted prior to 6:00 p.m. (CDST) on March 29, 2012, unless we have previously agreed in writing to an extension, and failing such acceptance this Letter of Intent will terminate. If you are in agreement with the terms of this Letter of Intent, please sign and return one copy of the letter to us.

Yours very truly,

OXY INGLESIDE PROPERTY HOLDINGS,
LLC

By: 
Hasham Mukadam
President

Port of Corpus Christi Authority
March 29, 2012
Page -7-

Accepted and agreed to this 29th day of March 2012.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

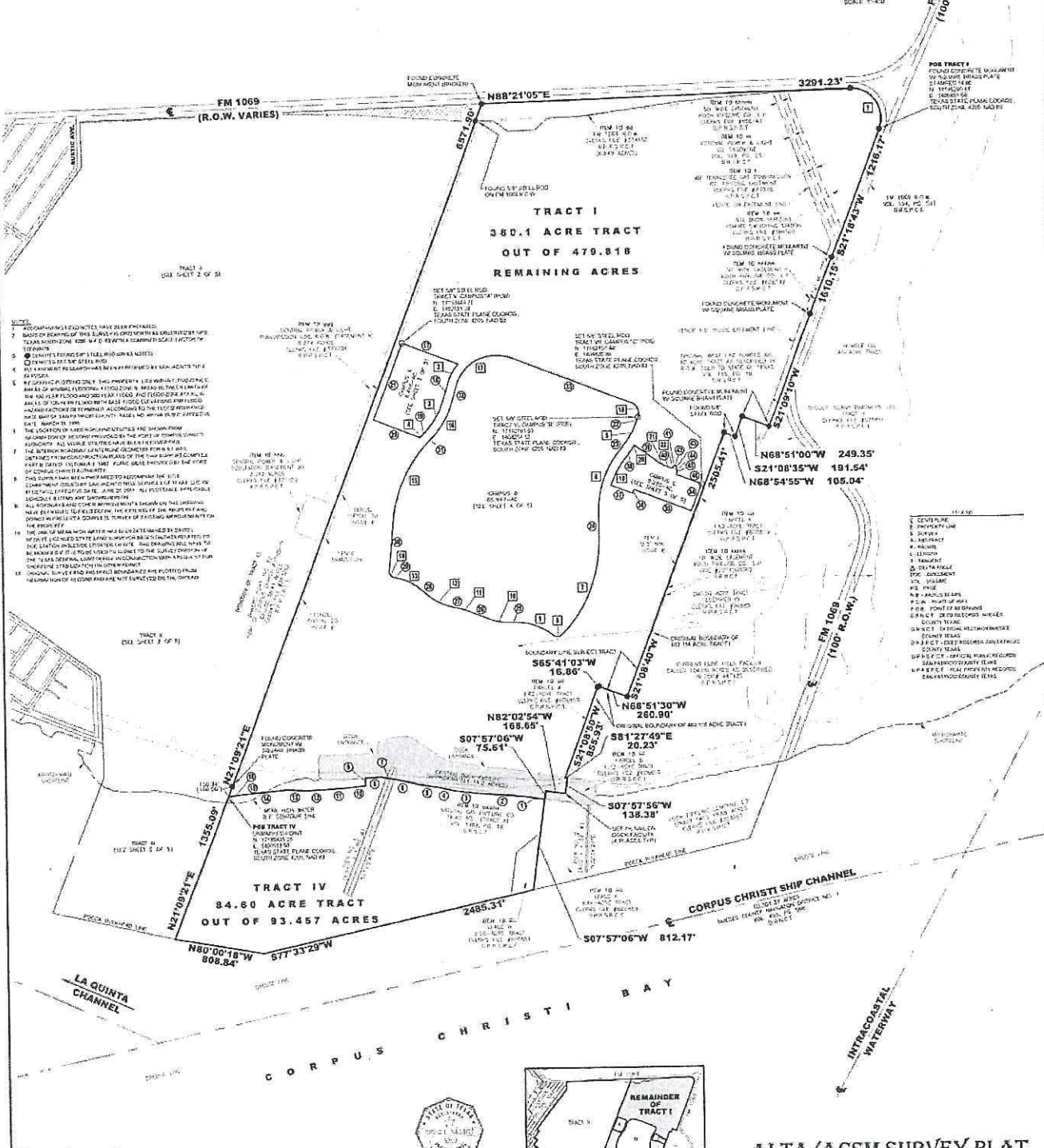
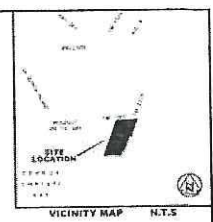
By: 

John P. LaRue
Executive Director

EXHIBIT A

BEARING & DISTANCE (CORPUS CHRISTI BAY & CAMPUS A, B, C)	
CAMPUS 'A'	CAMPUS 'B'
1 N80°48'00"W 162.87	1 S21°07'17"W 63.27
2 N84°59'17"W 457.87	2 S35°12'55"W 140.09
3 N83°14'31"W 188.65	3 S50°18'01"W 268.98
4 N78°09'01"W 164.51	4 N69°07'35"W 84.85
5 N80°24'15"W 188.48	5 N68°52'43"W 201.08
6 N76°26'32"W 212.14	6 N76°23'38"W 108.64
7 N81°32'23"W 134.86	7 N49°26'18"W 87.14
8 S37°33'37"W 139.84	8 N79°26'26"W 24.84
9 S01°38'39"E 68.59	9 N05°15'11"E 444.22
10 S83°51'13"W 138.40	10 N44°29'44"E 30.41
11 S85°52'59"W 208.75	11 S68°52'43"E 1140.24
12 S87°25'17"W 179.31	12 S21°08'40"W 258.89
13 N86°24'44"E 177.99	13 N68°51'20"W 554.93
14 S95°08'00"W 203.02	14 S21°17'40"W 35.01
15 S84°40'28"W 204.68	15 N68°48'05"W 197.93
16 S82°38'19"W 152.49	16 N36°12'56"E 140.09
17 S68°50'39"E 535.54	17 S55°00'01"E 282.69
18 S16°21'28"W 152.49	18 S68°48'15"E 60.33
19 S44°29'44"W 30.41	19 N21°29'38"E 12.27
20 N68°50'39"W 444.41	20 S68°36'41"E 23.78
21 N21°09'21"E 729.30	21 S20°53'41"W 30.14
	22 S69°08'07"E 20.02
	23 S21°12'41"W 39.89
	24 S68°51'20"E 241.64

CURVE DATA			
1 Δ=112°07'48"	2 Δ=25°14'53"	3 Δ=220°08'16"	4 Δ=60°12'43"
R=266.24	R=455.00	R=75.00	R=125.00
L=524.92	L=208.50	L=331.49	L=130.89
T=491.38	T=101.86	T=169.16	T=45.84
RB=60°38'59"E	RB=84°23'36"E	RB=47°31'12"W	RB=84°30'16"E
5 Δ=33°59'54"	6 Δ=46°21'40"	7 Δ=15°00'14"	8 Δ=15°40'31"
R=89.00	R=175.80	R=50.00	R=85.00
L=536.44	L=930.29	L=74.18	L=350.43
T=277.38	T=491.05	T=45.82	T=182.60
RB=52°47'04"E	RB=N89°43'53"W	RB=N44°22'19"W	RB=54°03'58"W
9 Δ=07°30'56"	10 Δ=28°57'20"	11 Δ=29°59'07"	12 Δ=84°40'18"
R=530.60	R=475.00	R=455.00	R=65.00
L=89.52	L=225.47	L=238.12	L=73.80
T=34.81	T=113.80	T=121.85	T=45.53
RB=S21°07'17"W	RB=N43°38'22"E	RB=S40°33'42"W	RB=N10°34'34"E
13 Δ=28°08'17"	14 Δ=94°40'51"	15 Δ=90°00'01"	16 Δ=18°11'59"
R=755.00	R=375.00	R=100.00	R=775.00
L=370.78	L=820.23	L=157.00	L=259.70
T=189.21	T=407.55	T=100.00	T=19.19
RB=N43°30'18"W	RB=87°33'38"E	RB=S21°07'17"W	RB=S72°59'03"E
17 Δ=13°45'14"	18 Δ=89°45'14"		
R=102.50	R=928.00		
L=81.11	L=31.33		
T=24.42	T=19.91		
RB=N34°59'59"E	RB=N21°14'45"E		



1. THE BOUNDARIES OF THIS TRACT HAVE BEEN ESTABLISHED BY THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

2. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

3. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

4. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

5. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

6. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

7. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

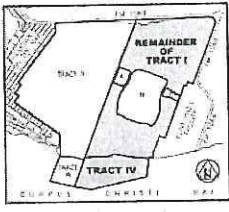
8. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

9. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

10. THE BEARING AND DISTANCE SURVEY HEREON SHOWN IS SUBJECT TO THE BEARING AND DISTANCE SURVEY HEREON SHOWN.

CRG
 Corp. Robert G. Galindo
 Surveying, L.L.C.
 10000 S. 14th Street, Suite 100
 Corpus Christi, Texas 78411
 Phone: 361-850-1111
 Fax: 361-850-1112
 www.crgsurvey.com

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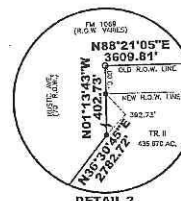
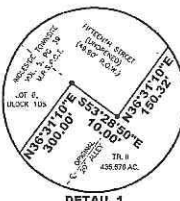


ALTA/ACSM SURVEY PLAT

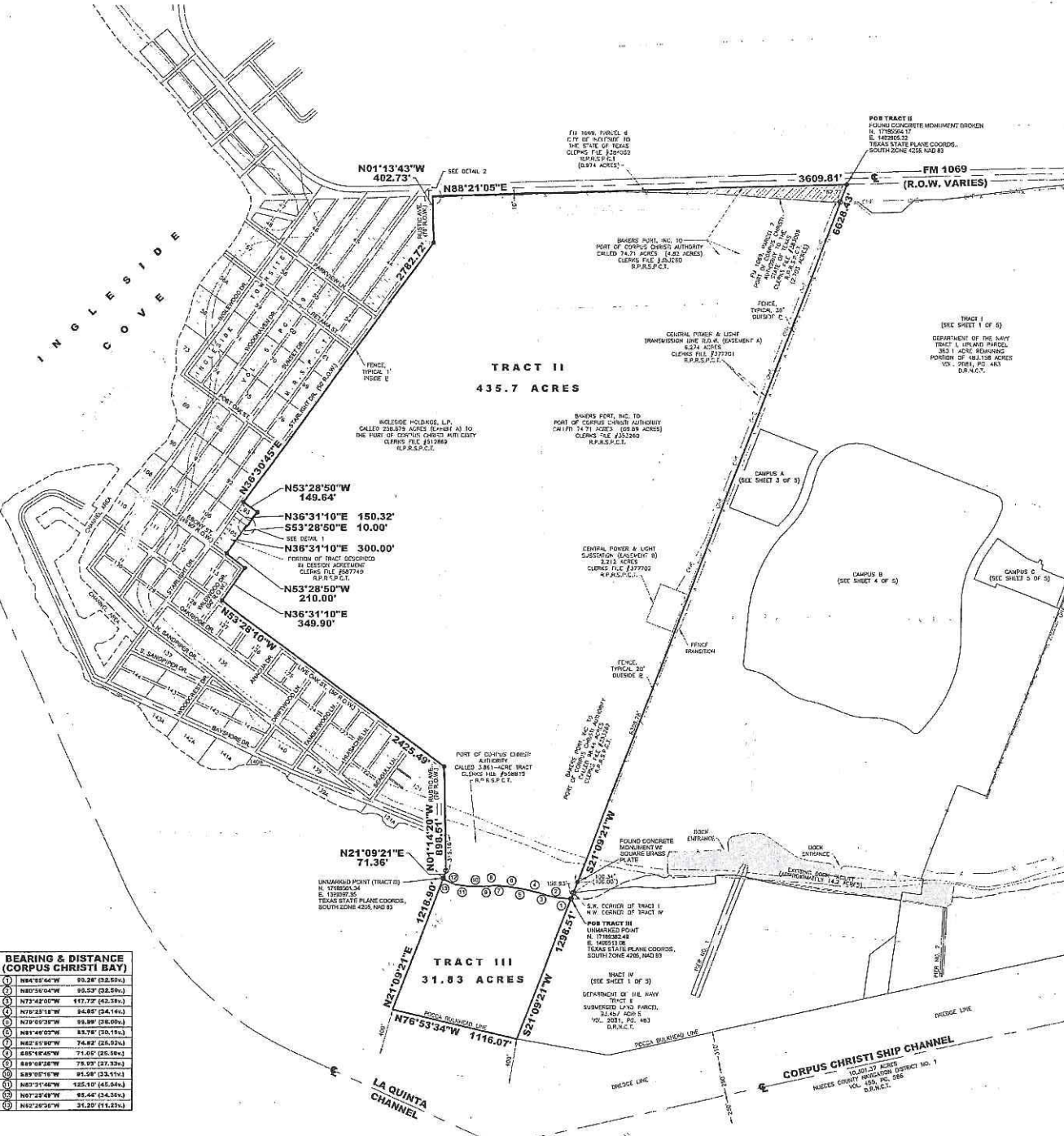
SHOWING THE BOUNDARIES OF A 380.1 ACRE TRACT OF LAND, HEREIN DESIGNATED TRACT I, BEING OUT OF A 479.818 ACRE REMAINDER OF 483.18 ACRES, KNOWN AS TRACT I AND A 84.80 ACRE TRACT OF LAND, HEREIN DESIGNATED TRACT IV, BEING OUT OF 93.457 ACRES OF SURFACE LAND KNOWN AS TRACT IV, BOTH TRACTS DESCRIBED IN A DEED TO THE DEPARTMENT OF THE ARMY AS RECORDED IN VOLUME 2881 PAGE 483 OF THE PUBLIC RECORDS, MERCEDES COUNTY, TEXAS, BEING OUT OF THE 1,100 ACRES SURVEYED BY ABSTRACT 271 AND THE 1/4 ACRES SURVEYED BY ABSTRACT 271, BOTH IN SAN PATRICK COUNTY, TEXAS, AND BEING OUT OF THE CALLED 13.00 ACRES TRACT OF SUBDIVIDED LAND CONVEYED BY THE STATE OF TEXAS TO MERCEDES COUNTY NAVIGATION DISTRICT NO. 1 BY PATENT 211 DATED JANUARY 29, 1948, AS RECORDED IN VOLUME 435, PAGE 548 OF THE PUBLIC RECORDS, MERCEDES COUNTY, TEXAS, SAID DEED AND DEEDS BEING THE BASIS OF THE SURVEY HEREON SHOWN AS TRACT I, CAMPUS 'A', AN 85.00 ACRE TRACT HEREIN KNOWN AS TRACT 'B', CAMPUS 'B', AND A 288.80 ACRE TRACT HEREIN KNOWN AS TRACT 'C', CAMPUS 'C'.

EXHIBIT A

- NOTES:**
1. ACCOMPANYING FIELD NOTES HAVE BEEN PREPARED.
 2. BASIS OF BEARING OF THIS SURVEY IS DED NORTH AS CORRECTED BY G.M. TEXAS SOUTH ZONE 408, N.A.S. 83 WITH A CONVERSION FACTOR OF 1.000029.
 3. SURVEYED POINTS ARE SHOWN FOR AS NOTED.
 4. UNIMPAVED SIDEWALK STREETS.
 5. ALL EASEMENTS AND RIGHTS RESERVED HAVE BEEN PERFORMED BY SAN ANTONIO TITLE SERVICES.
 6. BY CORRECTING PLATTING ONLY, THIS PROPERTY LIES WITHIN FLOOD ZONE C, AREA OF MINIMAL FLOODING, FLOOD ZONE D, AREA BETWEEN LIMITS OF THE 100-YEAR FLOOD AND 500-YEAR FLOOD, AND FLOOD ZONE A, AREA OF 100-YEAR FLOOD WITH BASE FLOOD ELEVATION AND FLOOD HAZARD FACTORS DETERMINED, ACCORDING TO THE LIQUID PNEUMATIC RAIL MAP OF SAN PATRICK COUNTY, TEXAS, NO. 49509 (2017), EFFECTIVE DATE: MARCH 15, 2017.
 7. THE LOCATION OF UNDERGROUND UTILITIES ARE SHOWN FROM INFORMATION OF RECORD PROVIDED BY THE PORT OF CORPUS CHRISTI AUTHORITY. ALL VISIBLE UTILITIES HAVE BEEN FIELD VERIFIED.
 8. THE INTERIOR ROADWAY CENTERLINE GEOMETRY FOR R.F. 1069 WAS OBTAINED FROM CONSTRUCTION PLANS OF THE SHIP SUPPORT COVEWAY PART B, DATED: OCTOBER 1, 1987. PLANS WERE PROVIDED BY THE PORT OF CORPUS CHRISTI AUTHORITY.
 9. THIS SURVEY HAS BEEN PREPARED TO ACCOMPANY THE TITLE COMMITMENT ISSUED BY SAN ANTONIO TITLE SERVICES OF TEXAS, L.L.C. OF BUSTON, TEXAS, EFFECTIVE DATE: JUNE 28, 2011. ALL APPLICABLE APPROPRIATE SCHEDULE A ITEMS ARE SHOWN HEREON.
 10. ALL HIGHWAYS AND OTHER IMPROVEMENTS SHOWN ON THIS DRAWING HAVE BEEN USED TO FIELD VERIFY THE LOCATION OF THE PROPERTY AND NOT REPRESENT A COMPLETE SURVEY OF EXISTING IMPROVEMENTS ON THE PROPERTY.
 11. THE USE OF NEIGHBORHOOD NAMES HAS BEEN DETERMINED BY LAND TITLE RECORDS, LICENSED STATE LAND SURVEYOR BASED ON DATA RELATED TO THE STATION WHERE LOCATED THEREON. THIS SURVEY WILL HAVE TO BE RECORDED IN THE PUBLIC RECORDS TO BE SUBJECT TO THE SURVEY DIVISION OF THE TEXAS GENERAL LAND OFFICE IN CONJUNCTION WITH A REDUCED FEE SCHEDULE ESTABLISHED OR OTHER PERMIT.
 12. ORIGINAL SURVEY AND ABSTRACT EVIDENCES ARE FILED FROM INFORMATION OF RECORD AND ARE NOT SURVEYED ON THE GROUND.



- LEGEND:**
- CONVEYING
 - PROPERTY LINE
 - SURVEY
 - ABSTRACT
 - V. VARIAS
 - DOC. - DOCUMENT
 - VOL. - VOLUME
 - PAGE
 - R.O.W. - RIGHT OF WAY
 - POW. - POINT OF BEGINNING
 - MARK. - USED RECORDS NUECES COUNTY TEXAS
 - ABSTRACT - USED RECORDS SAN PATRICK COUNTY TEXAS
 - DESCRIPT. - USED RECORDS SAN PATRICK COUNTY TEXAS
 - R.P.R.S.P.C.T. - REAL PROPERTY RECORDS SAN PATRICK COUNTY TEXAS
 - OVERHEAD POWER LINE
 - FENCE LINE



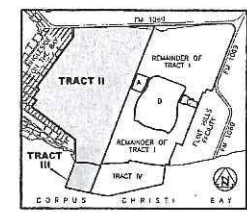
BEARING & DISTANCE (CORPUS CHRISTI BAY)

Point	Bearing	Distance
1	N84°18'44\"	83.28' (23.55')
2	N80°04'00\"	65.37' (18.59')
3	N72°42'00\"	117.72' (32.39')
4	N78°28'18\"	84.85' (24.14')
5	N78°09'33\"	88.89' (25.00')
6	N81°48'02\"	83.78' (23.19')
7	N80°19'00\"	74.82' (21.23')
8	S85°04'00\"	71.02' (20.08')
9	S89°08'28\"	78.93' (22.33')
10	S89°05'16\"	91.58' (25.91')
11	N83°21'40\"	125.10' (35.04')
12	N87°28'40\"	85.42' (24.24')
13	N82°08'00\"	51.22' (14.53')

CR **CG** **Engineering, L.P.**

DAVID L. NEESBITT
REGISTERED PROFESSIONAL LAND SURVEYOR, NO. 5202
LICENSED STATE LAND SURVEYOR

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ALTA/ACSM SURVEY PLAT

SHOWING THE BOUNDARY OF A 435.7-ACRE TRACT OF LAND HEREIN KNOWN AS TRACT II A TRACT III DESCRIBED AS THE 258.879-ACRE "EXHIBIT A" IN A CORRECTION DEED TO THE PORT OF CORPUS CHRISTI AUTHORITY AS RECORDED IN CLERKS FILE # 52286, REAL PROPERTY RECORDS, SAN PATRICK COUNTY, TEXAS, 7-17-2008 AS DESCRIBED IN A DEED TO THE PORT OF CORPUS CHRISTI AUTHORITY AS RECORDED IN CLERKS FILE # 52326, REAL PROPERTY RECORDS, SAN PATRICK COUNTY, TEXAS, ALL BEING OUT OF THE L. VON ZACHARARY SURVEY 1, ABSTRACT 271, THE TH. JUDSON SURVEY 63, ABSTRACT 177, THE J. ROBINSON SURVEY, ABSTRACT 225, & THE T.T. WILLIAMSON SURVEY, ABSTRACT 285, ALL IN SAN PATRICK COUNTY, TEXAS AND ALSO BEING OUT OF THE CALLED 10,301.31-ACRE TRACT OF BURNINGBROOK LAND CONVEYED BY THE STATE OF TEXAS TO NUECES COUNTY NAVIGATION DISTRICT NO. 1 BY PATENT 217 DATED JANUARY 24, 1909 AS RECORDED IN VOLUME 648, PAGE 566, DEED RECORDS, NUECES COUNTY, TEXAS.

AGENDA ITEM NO. 3

No Attachment

Information for Trafigura Introduction at the Port Commissioner's Meeting *Tuesday, April 10, 2012 – Corpus Christi*

Trafigura

Trafigura is one of the leading trading commodity companies in the world. Through a network of 81 offices in 54 countries the company sources, stores, blends, and delivers essential raw materials and commodities to clients. Founded in 1993, Trafigura Beheer BV is owned by its founding shareholders and senior management. It has achieved substantial growth in recent years, growing turnover from USD18 billion in 2004 to USD122 billion in 2011.

Since mid-2011, Trafigura has traded physical Eagle Ford crude and crude condensate, offloading purchased product from trucks onto barges for shipment to terminals along the US Gulf Coast. The Texas Dock & Rail terminal has been central to this activity. Other commodities include, but are not limited to, petroleum products, non-ferrous concentrates, refined metals, and coal.

The company's aspiration and central business model is to achieve long-term growth for its shareholders, partners, and for the communities that it operates alongside around the world.

Texas Dock & Rail

In the U.S., Trafigura's operations are owned and managed by Trafigura AG, a subsidiary of Trafigura Beheer BV.

On January 12, 2012, Trafigura AG, through its subsidiary Trafigura Terminals LLC, d/b/a Texas Dock & Rail announced the acquisition of Texas Dock & Rail (TDR) in Corpus Christi. Trafigura AG operates oil trading out of Houston and metals trading from Stamford, Connecticut. TDR has an excellent track record handling bulk materials including barite, clinker, and limestone. In addition, the facility has also seen a number of successful heavylift projects with equipment for local refineries.

The Texas Dock & Rail terminal is an 85-acre industrial site consisting of approximately 600,000 barrels of storage for crude oil, fuel, and condensate. The terminal has a deepwater dock which is 1,200 feet long with 45 foot draft, extensive rail and truck access and the space for significant future expansion – more than 2 million oil barrels – creating greater opportunities for Eagle Ford crude and condensate producers.

Staff in Attendance

Matt Brackin, Business Development Manager

Matt is based in Corpus and is the Business Development Manager for Texas Dock & Rail. He focuses on developing business opportunities for the terminal, managing tenant operations and the dock, and assisting with asset development. Matt is also an essential part of the Trafigura Team developing the expansion of the terminal for the receipt of Eagle Ford crude oil. Matt is originally from Lumberton in Southeast Texas.

Sarah Jackson, Corporate Affairs Manager - Americas

Sarah is based in Houston and is the Corporate Affairs Manager for the Americas. She focuses on public and government affairs and community relations. Sarah is originally from Mesquite in North Central Texas.

AGENDA ITEM NO. 5

No Attachment

AGENDA ITEM NO. 6

No Attachment

Comprehensive Annual Financial Report

**Port of Corpus Christi Authority
of Nueces County, Texas**

For the Year Ended December 31, 2011

Prepared by the Finance Department

Dennis J. DeVries
Director of Finance

ABOUT THE 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT PHOTO DESIGN

For 85 years, the Port Corpus Christi has been building South Texas through economic development and international relationships. Last year, we marked this milestone with several key events. We shared our celebration with the community, students, employees and the world. Each section starting with the cover represents each of the events honoring the 85th celebration.

COVER: Official 85th Milestone Poster

INTRODUCTORY SECTION: La Quinta Channel Extension Dredging Project Kickoff on September 26, 2011

FINANCIAL SECTION: La Quinta Channel Extension Dredging Project Kickoff on September 26, 2011

SUPPLEMENTAL SECTION: Explore Your Port, World & Future for area students on September 21, 2011

STATISTICAL SECTION: Signing of Memorandum of Understanding with Tianjin Port Authority on October 18, 2011

CONTINUING BOND DISCLOSURE SECTION: Employee State of the Port Luncheon on September 22, 2011

SINGLE AUDIT SECTION: Signing of a Collaboration Agreement with Panama Canal Authority on September 14, 2011

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PORT COMMISSIONERS

L. Michael Carrell, Chairman

Mr. Carrell was appointed to the Port Commission by the City of Corpus Christi in 2002. He is President of Frost Bank.

Richard M. Borchard, Vice-Chairman

Mr. Borchard was appointed to the Port Commission by Nueces County in 2009. He is Director of Client Relations at the law firm of Linebarger, Goggan, Blair & Sampson.

Judy Hawley, Secretary

Mrs. Hawley was appointed to the Port Commission by San Patricio County in 2004. She is self-employed.

Francis I. Gandy, Jr., Commissioner

Mr. Gandy was appointed to the Port Commission by the City of Corpus Christi in 2009. He is manager and part owner of F.I. Gandy Farms, President of Gandy-Robertson, Inc., a family real estate investment business; and managing partner of Saratoga Oaks Shopping Center.

Robert J. Gonzalez Sr., Commissioner

Mr. Gonzalez was appointed to the Port Commission by Nueces County in 2000. He is an attorney and partner in the law firm of Gonzalez and Gonzalez L.L.P.

Robert Kostelnik, Commissioner

Mr. Kostelnik was appointed to the Port Commission by the City of Corpus Christi in 2010. He is on the Board of Directors at HollyFrontier Corporation and Methanex Corporation.

Michael D. Scott, Commissioner

Mr. Scott was appointed to the Port Commission by Nueces County in 2011. He is the Vice-President of H & S Constructors, Inc.

EXECUTIVE STAFF

John P. LaRue, Executive Director
Frank C. Brogan, Deputy Port Director of Engineering and Finance and Administration
Maynard J "Sandy" Sanders, Deputy Port Director of Operations and Business Development
Anthony Alejandro, Director of Operations/Harbormaster
Greg Brubeck, Director of Engineering Services
Dennis J. DeVries, Director of Finance
Sandra Terrell-Davis, Director of Human Resources
Patricia Cardenas, Director of Communications

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

**Organization Chart
December 31, 2011**

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director	John P. LaRue
Deputy Port Director of Engineering and, Finance and Administration	Frank C. Brogan
Director of Engineering Services	Greg Brubeck
Chief Engineer	David L. Michaelsen
Coastal Environment Planning Manager	Paul Carangelo
Environmental Compliance Manager	Sarah Garza
Manager of Channel Development	David L. Krams
Director of Finance	Dennis J. DeVries
Chief Accountant	Audre Debler
Accounting Manager	Lynn Angerstein
Manager of Management Information Systems	Gustavo Espinosa
Deputy Port Director of Operations and Business Development	Maynard J. "Sandy" Sanders
Director of Operations/Harbormaster	Anthony Alejandro
Chief of Port Security	Arch Archambo
Manager of Bulk Terminal	Paul "Skip" Kaup
Manager of Dock Operations	Raymond Kadlecek
Manager of Foreign Trade Zone	Sonya Lopez-Sosa
Manager of Rail Operations	John Slubar
Maintenance Manager	David Throop
Director of Communications	Patricia Cardenas
Deputy Director of Business Development	Ruben C. Medina
General Cargo & Tariff Manager	Maggie Iglesias-Turner
Director of Human Resources	Sandra Terrell-Davis
Human Resource Manager	Monica Euresti
Manager of Legislative Affairs	Nelda Olivo



PORTCORPUSCHRISTI

March 30, 2012

Port Commission
Port of Corpus Christi Authority of Nueces
County, Texas
Corpus Christi, Texas

State law requires that every navigation district or port authority publish at the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Collier, Johnson and Woods, P. C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)’s financial statements for the year ended December 31, 2011. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follow the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Authority is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border. The Authority maintains one of the deepest ports along the Gulf of Mexico coast with a channel depth of 45 feet. The Authority's port facilities are part of the Port of Corpus Christi complex. The Port of Corpus Christi has been a deep draft port since 1926. The channel is approximately 30 miles long and links the City of Corpus Christi with the Gulf of Mexico.

The Authority is a navigation district and political subdivision of the State of Texas, having boundaries co-extensive with those of Nueces and San Patricio Counties, Texas. The Authority operates under the provisions of Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code, and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity of Nueces and San Patricio Counties and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds.

A Port Commission composed of seven commissioners, who serve without pay, governs the Authority. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are

appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi, three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County, and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio County. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

The Authority owns and operates public wharves, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a bulk material handling terminal, and a multi-purpose cruise terminal/conference center. The Authority also owns a grain elevator that is leased to Archer Daniels Midland (ADM), a refrigerated warehouse facility that is leased to Sam Kane Meat Processors, Inc., and cotton warehouses that are leased to Gulf Compress. In addition, the Authority leases land, and buildings and improvements, along with maintaining areas for the placement of dredged materials.

The Port of Corpus Christi consists not only of the Authority's docks, but also includes privately owned docks. The Authority owns eight general cargo docks, eleven liquid bulk cargo docks, two bulk material docks, a container terminal, two bagging facilities, a shipside grain elevator, a refrigerated warehouse, cotton warehouses and a multi-purpose cruise terminal/conference center. All of these facilities are operated for hire on a first-come, first-serve basis, with the exception to the shipside grain elevator, refrigerated warehouse facility, and cotton warehouses that are leased. Most of the privately owned docks at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants and other industries that line the Channel. Approximately thirty-one privately owned docks are located at the Port of Corpus Christi, and compete directly with the Authority's docks.

The Port Commission adopts an annual budget each year, on a basis consistent with accounting principles generally accepted in the United States of America for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control, and are reviewed by the Port Commission on a quarterly basis.

LOCAL ECONOMY

The Authority continues to remain financially strong and a primary driver of the local economy. The Authority's sound fiscal management has allowed the Authority to remain financially stable. The Authority is currently ranked as the 5th largest port in the United States in terms of tonnage. The Authority has served the local economy for eighty five years, and is continually upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies, or supply utilities such as electricity and steam. Local refineries have made investments that permit them to provide clean burning gasoline during the ozone alert months and the port industries continue to support a voluntary program has contributed to the local area's ability to maintain its "attainment" classification with environmental agencies.

The Authority has adopted a mission statement, which has become an integral part in the development of a strategic plan to guide the Authority. The mission statement is as follows: "It is the mission of the Port of Corpus Christi to serve as a regional economic development catalyst while protecting and enhancing its existing industrial base and simultaneously

working to diversify its international maritime cargo business. In pursuit of this mission, the Port shall be guided by the following basic principles: (1) The Port shall conduct its affairs in a positive, open and cooperative manner; (2) The Port shall operate in a fiscally responsible manner; (3) The Port shall be a positive and proactive force in the protection of the region's marine and water related resources; and (4) The Port shall be committed to serving its customers - present and future."

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The 2008 Port Economic Impact findings reinforce the Port's mission statement: to be an economic catalyst for the region. Martin Associates of Lancaster, PA studied the economic impact of the Authority operations including the Ortiz Center. The previous economic impact study for the Authority was in 2003. Five years later, the 2008 report showed similar increases. In 2003, the Authority created 39,905 jobs, generated \$195.4 million in state and local taxes, and provided \$1.3 billion in business revenue. Today, the Authority creates approximately 40,560 jobs with 10,487 direct jobs. The Authority generates 13,669 induced jobs that are the result of purchases by the direct employees. The remainder of total jobs is comprised of 16,404 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority. The 40,560 jobs provide \$3.0 billion in income (direct, induced, and indirect wages and salaries) for families throughout the Coastal Bend. Authority operations generate \$1.6 billion of revenue for businesses providing services to the Authority and port industries, and Ortiz Center. More than \$282 million was paid in state and local taxes due to activity created by the Authority. Over the five-year period, Authority tonnage grew by over 1 million tons. While a decrease of 4 million tons was seen over the last five years in petroleum and petrochemicals, they continue to be the Authority's top commodity. This decline was however offset by increases of 3.8 million tons in bulk grain exports, 873 thousand tons in ore, 306 thousand tons in break bulk cargo, and 270 thousand tons in other dry bulk cargo. This indicates that the Authority's diversification efforts are working. The Authority remains an economic force via its ability to provide the commercial shippers with first class channels, docks and facilities for handling their cargo, and by providing public facilities designed to attract more tourist dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life of everyone in the local surrounding region.

LONG-TERM FINANCIAL PLANNING

The Authority has three major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, revenue bonds and the Authority's unrestricted net assets of \$35 million.

The Joe Fulton Trade Corridor – Phase II

The Authority will complete the construction on the final phase of the Joe Fulton Trade Corridor in the first part of 2012. This road and rail route that has already streamlined truck and rail traffic in and out of the Authority by providing an alternative route to access the north side of the Inner Harbor. This corridor now consists of almost 12 miles of new and existing roadway and 7 miles of new rail that has significantly improved access to more than 2,000 acres of land along the North side of the channel for existing and future development, including approximately 1,100 acres of land which had no previous road access. The corridor connects two major highway components (US Highway 181 and Interstate Highway 37) and has established more efficient intermodal links between the Port's highway, marine, and rail transportation systems.

Construction began in 2004 and Phase I was completed in 2008 at a cost of \$50.4 million. Funding for the first phase of the project was provided through federal and state assistance and cash reserves of the Authority. Funding to complete Phase II of this project was provided from \$6.13 million of federal stimulus funding and \$3.75 million of the Authority's unrestricted net assets over 2009, 2010, 2011, and 2012. Phase II rebuilt a 2.25 mile section of substandard roadway and overlaid 6.5 miles of the original Phase I work with asphalt.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and in November 2007, the project was authorized by Congress in the Water Resources Development Act (WRDA) of 2007. The authorized project includes the following navigation and ecosystem restoration features: (1) deepening the Corpus Christi Ship Channel from 45 to 52 feet, (2) adding 200 foot barge shelves across Corpus Christi Bay, (3) widening the ship channel to 530 feet from Port Aransas to the Harbor Bridge, (4) extending the La Quinta Ship Channel approximately 1.4 miles at 39 feet deep, and (5) constructing ecosystem restoration features to protect endangered species, wetlands and sea grass. In December 2009, the US Army Corps of Engineers (COE) awarded the first construction contract associated with the extension of the La Quinta Ship Channel. This contract was for \$1.1 million and constructed a 126-acre dredge material placement area for containment of sands and clay excavated to create the La Quinta Channel extension. In 2011 the COE awarded two additional construction contracts, one for \$33.5 million to dredge the extension of the La Quinta Ship Channel and another for \$ 7.6 million to construct an ecosystem restoration project consisting of a rock breakwater and revetment adjacent to the La Quinta Channel near Ingleside-on-the-Bay, Texas. The ecosystem restoration project is scheduled to be complete by summer 2012, while the channel extension project is not expected to be complete until summer 2013. Follow-on contracts to complete the deepening and widening of the Corpus Christi Ship Channel are still pending appropriations of funding.

La Quinta Multi-Purpose Facility

In early 2011, in conjunction of the planned extension of the La Quinta Ship Channel, the Authority also completed the preliminary engineering reports for the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000 acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines, and steel pipe. The final designs for an initial phase of both the water and land side infrastructure improvements are scheduled to commence in 2012 with the current target for having an operating facility by 2014/2015.

MAJOR INITIATIVES - 2011

Environmental Management System

Through the Authority's Environmental Management System (EMS), the Authority has remained very proactive in its efforts to not only promote economic growth but at the same time be good stewards of the environment in its daily operations. The Authority's program is in its 5th year of ISO 14001 certification and its 7th year of implementation. Each year, the program undergoes a detailed external audit to maintain its ISO 14001 certification. The EMS program is driven by a team of Authority employees from the various operational areas of the Port with the full support of management. During the past 7 years, the program has identified numerous significant aspects impacting the environment. Environmental Management Programs are established to reduce the environmental impact and to help reduce the Port's environmental footprint.

Locomotive Switch Engine Repower

The Authority was awarded \$1,026,058 to reduce diesel emissions through the repowering of a locomotive switch engine utilized at the Bulk Terminal. The repower was conducted in 2011 by R.J. Corman and involved repowering the existing 1,000 horse power locomotive switch engine with two more modern industrial diesel engines totaling 1,400 horsepower. The repower resulted in a locomotive that operates cleaner with an estimated 80% reduction in overall emissions; 35-50% improved fuel efficiency, and has anti-idling technology. The estimated emission reductions from this repower are 31.3% reduction in NOx emissions, 95.2% reduction in PM emissions, 95.4% reduction in hydrocarbon emissions, and 90% reduction in CO emissions.

U.S. Naval Station Ingleside Facility

In 2005, Congress passed Base Realignment and Closure (BRAC) legislation that would close down Navy operations at Naval Station Ingleside (NSI) and revert the entire base to the Authority. The official reversion took place on April 30, 2010. The main base consists of 483 acres of upland property, which provided facilities and support for approximately 2000 military personnel. The maritime portion of the base includes an 1100-foot concrete pier and over 2400 feet of wharf space. This premier property is located next to the Authority's 45 foot deep main ship channel and less than 10 miles from the Gulf of Mexico. The Authority continues its master planning to help assess and market what would be the best use for a total of 1012 acres comprised of Naval Station Ingleside property and adjacent Authority green field property. During 2011, NSI was the home for Taiwan Navy crews during a retrofit of two Minesweepers (MHC) that were transferred to Taiwan from the United States. At times, over 100 crew members resided at the NSI barracks. Completion of this retrofit program will be accomplished during 2012. NSI is also the location for the Texas State Technical College initiative that established a wind energy related syllabus for technicians training to support the many wind farms being erected in the area. The extensive pier and wharf space at NSI has been used for short and long term lay berth contracts in support of large offshore oil rigs and supply vessels. These initiatives both supported the important offshore oil exploration industry and also generated revenue for the Authority.

Military Cargo and Layberth

The Authority continues to serve as a Military Strategic Seaport for the Department of Defense. The Authority is used by the military on an intermittent basis under the direction of the Army's 842nd Transportation Battalion from Beaumont, Texas, which continues to maintain administrative office space on the port. Increased commercial cargo shipments through the port have required large portions of the terminal yards used for military deployments. A new 24.5 acre yard on the north side of the inner harbor was constructed to support future military deployments and commercial cargoes. The Authority serves as the home port for the USNS Benavidez throughout 2014. Due to the importance of military requirements in the Gulf of Mexico, the Authority continues to pursue a full-time military presence stationed at the Port.

Wind Energy

Texas is the national leader in overall wind installations and is the first state to reach 10,000 MW of wind energy installations. Texas is also home to seven of the nation's top ten largest wind farms. The Port of Corpus Christi has formed an integral part in the logistics chain of this renewable industry by providing optimum facilities and staging areas to all major wind manufacturers worldwide as they strive to meet project deadlines under economic constraints. The Port's uncongested access to docks, highway systems and rail offer the necessary modes for complete, competitive transportation packages with assurances of on-time deliveries to job sites. A prime example of Port efficiencies in 2011 included the

waterborne transportation of wind components from South America then railed to the project site located in the Pacific Northwest. These successful movements continue to be active in 2012. The Port strives to maintain its established position within the wind energy industry for onshore projects whilst positioning for an additional wind industry to develop in the not-so-distant future: offshore wind.

Eagle Ford Shale

The Eagle Ford Shale Play in South Texas has become a huge economic simulator for the Region, State and most importantly the Nation. Within 3 years, this shale play has created over 13,000 jobs in the region with over \$2.9 Billion in Economic Impact. By 2020, Eagle Ford is estimated to create over 68,000 jobs with \$21 Billion in Economic Impact. The Port of Corpus Christi has played a role as the logistical and distribution center for cargo used for drilling, fracturing and piping of materials for the region. Cargo comes into our port from Midwest and East Coast by rail and as far as China and Brazil by ship.

The port currently has seven companies conducting transloading operations on port rail tracks creating over 100 direct and indirect jobs and moving over 6500 rail cars annually. Proppants coming in from China, Russia and Brazil are being trucked and railed to location in huge quantities. Soon, natural gas and oil will come in by rail and pipe and create a new era for the Port in terms of exporting to other countries. LNG Facilities and Oil Docks are being planned and built to accommodate for the supply coming out. The Port of Corpus Christi proximity makes us the ideal port to handle this new commodity and help our nation become an export leader for gas to the world.

Las Brisas Energy Center

The Las Brisas Energy Center, LLC, selected the Northside of the Authority's Inner Harbor as the site for the development of a state-of-the-art electric generating facility at an estimated cost of approximately \$3 billion dollars. The project has received an Air Permit from the Texas Commission of Environmental Quality (TCEQ) and has a green house gas permit pending with the Environmental Protection Agency (EPA). The circulating fluidized bed (CFB) facility was designed to minimize its environmental impact and to be clean and efficient. It is expected to create about 1,300 direct jobs and 2,600 indirect jobs during the construction phase. Project completion is expected by early 2015 and will create from 80 to 100 direct and 150 to 175 indirect jobs once operating.

Bulk Terminal

The bulk terminal's largest storage pads have been leased to two coal exporters. In 2011, the Port handled 10 thousand metric tons of coal. For 2012 and 2013, the terminal anticipates moving about 6.3 million tons and is expected to move in upwards of 10 million tons/year in 2014. Rail is crucial to getting the coal to the bulk terminal for export by ship. The bulk terminal is facing a large expansion and upgrades of up to 100 million dollars that will facilitate the export of large quantities of coal.

On-going Construction Projects and Marketing Efforts

Projects that carry over into 2012 include several Security Grant projects that will add additional fencing, lighting, and gates at the Port's oil docks and general cargo areas. All of the security improvements are integrated with a command and control system that insures that the Port and its user are being properly safeguarded.

Another significant rail project that is being designed is a new rail interchange yard at the west end of the inner harbor on the north side of the channel adjacent to the Viola Channel. The Nueces River Rail Yard will be capable of more efficiently handling the increasing number of unit trains and cars loading and unloading cargoes at the Port. This will be on 36 acres of

property currently owned by the Authority. Additional projects that will carry over and be completed in 2012 are the upgrades to the Viola Barge Dock, replacement of the bulkhead at the Viola Turning Basin, fire pressurization improvements at the Avery Point Oil Docks, hoist and gangway support improvements at the Avery Point Oil Docks, construction of a truck loading station and improvements to the Gantry Crane at the Bulk Terminal, and shoreline stabilization at Pelican Island.

The growth of the Authority's cargo tonnage is focused on its cargo diversification efforts. The Authority continues a more aggressive marketing effort identifying new business opportunities in new markets. The Business Development Department has a clear mandate, to diversify and obtain additional cargoes/clients to the Port. In 2011, the new team continued the efforts to meet with innumerable freight forwarders, shipping agents and shipping lines. This trend continues with exporters/importers domiciled in a 400 mile radius from the port. In addition, bulk cargoes; such as frac sand and proppants have incremented and over one million tons will be handled in 2012. In addition, the department has eagerly pursued the prospect/establishment of a regular shipping line/service to link our port with ports in Mexico, Central and South America. The project is maturing and the first ship should be in place within the latter part of 2012.

AWARDS AND ACKNOWLEDGMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the twenty-eighth consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this comprehensive annual financial report would not have been possible without the efficient and dedicated services of the entire staff of the Authority's Accounting Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Port Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the Authority.

Respectfully Submitted,

John P. LaRue
Executive Director

Dennis J. DeVries
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Corpus Christi
Authority of Nueces County
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

March 30, 2012

Port Commissioners
Port of Corpus Christi Authority
Of Nueces County, Texas

We have audited the accompanying statement of net assets of the Port of Corpus Christi Authority as of December 31, 2011 and the related statement of revenues, expenses and changes in net assets, and cash flows for the year ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The statement of net assets and the related statement of revenue, expenses and changes in net assets, and cash flow for the year ended December 31, 2011 were audited by other auditors whose report dated April 5, 2011, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Corpus Christi Authority, as of December 31, 2011 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 on our consideration of the Port of Corpus Christi Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Draft

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information on pages 3 through 11 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Corpus Christi Authority's financial statements as a whole. The introductory section, supplemental schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal financial awards page 77 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Draft

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2011**

As management of the Port of Corpus Christi of Nueces County, Texas (Authority), we offer readers as an introduction to the Authority's financial statements, this narrative overview and analysis of the Authority's activities and financial performance for the years ended December 31, 2011 and 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with Authority's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The net assets of the Authority at December 31, 2011 were \$371,906,226. Of this amount, \$35,889,132 is considered unrestricted net assets, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The Authority's total net assets increased \$18,105,352 or 5.1% over the prior year. Income before contributions produced an increase in net assets of \$12,703,079, while capital contributions provided an increase of \$5,402,273.
- The Authority's total debt decreased by \$1,278,999 in 2011, the result of scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 12 through 31 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These statements offer short and long-term financial information about its activities.

The Statement of Net Assets includes all of the Authority's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The assets and liabilities are presented in a format, which distinguishes between current and long-term assets and liabilities. Net assets increase when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities, results in increased net assets, which indicates an improved financial position.

The Statements of Revenues, Expenses, and Changes in Fund Net Assets accounts for all of the Authority's current year's revenues and expenses. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

The Statement of Cash Flows primary purpose is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* and other *supplemental information*. Statistical information presented on a multi-year basis and other information including disclosures for compliance with the Securities and Exchange Commission Rule 15c2-12 are presented for the purpose of additional

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2011**

analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 39 through 69 of this report.

FINANCIAL ANALYSIS

The fundamental question that is most asked of business is, as a whole “Are you better off or worse off as a result of the year’s activities?” The Statement of Net Assets, and the Statements of Revenues, Expenses, and Changes in Net Assets report information about the Authority’s activities in a way that will help answer this question. These two statements report the net assets of the Authority and changes in them. You can think of the Authority’s net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority’s net assets are one indicator of whether its financial health is improving or deteriorating.

Statement of Net Assets

The Statement of Net Assets serves over time as a useful indicator of the Authority’s financial health or position. It distinguishes assets and liabilities as to their expected use for operations, restricted purposes and capital investment.

The following condensed Statement of Net Assets provides an overview of the Authority’s net assets as of December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
Assets					
Current assets	\$ 45,223,671	\$ 38,876,561	\$ 27,595,569	\$ 6,347,110	\$ 11,280,992
Restricted assets	1,924,226	1,927,662	1,747,632	(3,436)	180,030
Capital assets	351,899,915	341,020,588	233,222,853	10,879,327	107,797,735
Other non-current assets	911,553	1,562,408	3,077,237	(650,855)	(1,514,829)
Total Assets	399,959,365	383,387,219	265,643,291	16,572,146	117,743,928
Liabilities					
Current liabilities	9,495,675	9,542,935	6,915,890	(47,260)	2,627,045
Long-term debt, net of current portion	5,997,641	7,331,640	8,607,003	(1,333,999)	(1,275,363)
Deferred income, net of current portion	10,032,366	10,489,407	10,946,447	(457,041)	(457,040)
Other liabilities	2,527,457	2,222,363	2,265,728	305,094	(43,365)
Total Liabilities	28,053,139	29,586,345	28,735,068	(1,533,206)	851,277
Net Assets					
Invested in capital assets, net of related debt	334,092,868	321,470,695	211,984,713	12,622,173	109,485,982
Restricted	1,924,226	1,927,662	1,747,632	(3,436)	180,030
Unrestricted	35,889,132	30,402,517	23,175,878	5,486,615	7,226,639
Total Net Assets	\$ 371,906,226	\$ 353,800,874	\$ 236,908,223	\$ 18,105,352	\$ 116,892,651

2011 – 2010

The Authority’s assets exceeded its liabilities at the close of 2011 by \$371,906,226. This is an increase over 2010 of \$18,105,352. By far, the largest portion of the Authority’s net assets (89.8%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority’s net assets (0.5%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (9.7%) may be used to meet the Authority’s ongoing obligations to employees and creditors.

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2010 – 2009

The Authority's assets exceeded its liabilities at the close of 2010 by \$353,800,874. This is an increase over 2009 of \$116,892,651. By far, the largest portion of the Authority's net assets (90.9%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net assets (0.5%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (8.6%) may be used to meet the Authority's ongoing obligations to employees and creditors.

Statements of Revenues, Expenses, Change in Net Assets

The Statements of Revenues, Expenses, and Change in Net Assets serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Statements of Revenues, Expenses, and Change in Net Assets summarize the operations of the Authority for the years ended December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Variance	2010-09 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 27,410,252	\$ 26,567,587	\$ 24,826,670	\$ 842,665	\$ 1,740,917
Dockage	8,948,217	8,138,326	7,319,259	809,891	819,067
Security fees	6,319,747	6,170,288	3,412,485	149,459	2,757,803
Freight handling	2,387,583	2,316,667	2,428,621	70,916	(111,954)
Building and land rentals	6,411,552	4,417,518	3,924,060	1,994,034	493,458
Conference center services	1,814,456	1,679,885	2,007,407	134,571	(327,522)
Warehouse handling charges	368,950	426,093	596,168	(57,143)	(170,075)
FTZ user fees	302,750	337,000	326,000	(34,250)	11,000
Other	4,735,454	2,226,488	1,585,220	2,508,966	641,268
Total operating revenues	58,698,961	52,279,852	46,425,890	6,419,109	5,853,962
Interest revenue	467,494	478,291	584,849	(10,797)	(106,558)
Federal and other grant assistance	169,966	60,806	17,570	109,160	43,236
Donation of personal property	4,500	225,825	-	(221,325)	225,825
Gain(Loss) on disposal of capital assets	3,727,517	(8,643)	7,266	3,736,160	(15,909)
Total Revenues	63,068,438	53,036,131	47,035,575	10,032,307	6,000,556
Expenses					
Operating expenses:					
Maintenance and operations	22,760,814	20,248,511	20,697,782	2,512,303	(449,271)
General and administrative	13,830,284	14,939,210	15,029,743	(1,108,926)	(90,533)
Depreciation	13,381,562	12,165,114	10,060,645	1,216,448	2,104,469
Total operating expenses	49,972,660	47,352,835	45,788,170	2,619,825	1,564,665
Interest expense and fiscal charges	392,699	450,602	504,030	(57,903)	(53,428)
Amortization of bond issuance costs	-	10,743	20,735	(10,743)	(9,992)
Total Expenses	50,365,359	47,814,180	46,312,935	2,551,179	1,501,245
Income Before Contributions	12,703,079	5,221,951	722,640	7,481,128	4,499,311
Capital Contributions	5,402,273	111,670,700	2,090,573	(106,268,427)	109,580,127
Changes in Net Assets	18,105,352	116,892,651	2,813,213	(98,787,299)	114,079,438
Total Net Assets, Beginning of Year	353,800,874	236,908,223	234,095,010	116,892,651	2,813,213
Total Net Assets, End of Year	\$ 371,906,226	\$ 353,800,874	\$ 236,908,223	\$ 18,105,352	\$ 116,892,651

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Revenues

2011 – 2010

Operating revenues in 2011 increased by \$6,419,109 or 12.3% over 2010. Other revenues increased by \$2.5 million due to the receipt in 2011 of \$1.4 million in depletion charges for the deposit of dredge materials into the Authority's dredge placement areas and the forfeiture of a \$1 million non-refundable deposit for the termination of a sales contract on the Naval Station Ingleside property. Building and land rentals have increased \$2 million over 2010 due to new leases at the dry cargo docks and storage areas, the bulk terminal facility, Naval Station Ingleside, and the LaQuinta property. Wharfage revenues increased \$843 thousand over 2010, and this increase was at the dry cargo docks and bulk terminal facility. The increase is largely attributed to an increase in the movement of wind turbines at the dry cargo docks and an increase in the movement of petroleum coke and barite at the bulk terminal facility. Dockage revenues have also increased \$810 thousand compared to 2010, mainly at the bulk terminal facility and Naval Station Ingleside.

2010 – 2009

Operating revenues in 2010 increased by \$5,853,962 or 12.6% from 2009. The most significant increase was in security fees of \$2.8 million over 2009. In April, a harbor safety fee was imposed to assist in offsetting the costs of the Authority's marine patrol unit, and this fee has generated \$2.5 million in 2010. In addition, wharfage revenues increased \$1.7 million in 2010, and of this increase, \$1.5 million was at the public and private oil docks. This increase is largely attributed to an increase in the movement of petroleum products of 7.5% over 2009. An increase in vessel traffic of 12% has also led to an increase in dockage fees of \$819 thousand. Other revenues increased \$641 thousand. Fireboat fees in 2010 increased by \$185 thousand compared to 2009. In 2009, the Authority's fire fighting response vessel sustained damage and was out of service for three months. In addition, the Authority received insurance reimbursement of \$350 thousand in 2010 to offset these damage repairs made in 2009.

Expenses

2011 – 2010

Operating expenses in 2011 increased \$2,619,825 or 5.5% over 2010. The major cost increases are as follows:

● Depreciation	\$ 1,216,448
● Major maintenance projects	942,934
● Utilities	647,115
● Facilities maintenance	582,420

Security improvements of \$10.2 million and improvements to the Authority's oil docks of \$3.2 million are the most significant reason for the increase in depreciation expense. Major maintenance projects in 2011 included the participation in the Harbor Bridge Lighting Project and repairs to the refrigerated warehouse facility. The increase in utilities and facilities maintenance are a result of the operation and maintenance of the Naval Station Ingleside facility.

Employee services have decreased \$1 million over 2010 due to the implementation of an early retirement program and a reduction in force that eliminated ten positions.

2010 – 2009

Operating expenses in 2010 increased \$1,564,665 or 3.4% over 2009. In April 2010, Naval Station Ingleside (NSI) reverted to the Authority and the costs of the facility have been the most significant factor for the increase in expenses.

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The major cost increases at NSI are as follows:

● Maintenance	\$ 844,785
● Utilities	612,248
● Insurance	366,443
● Security services	268,939
● Depreciation	1,911,663

The Authority has made an effort to reduce or maintain expenditure levels in 2010 to offset the impact of NSI. The Authority implemented an early retirement program and a reduction in force, eliminating 10 full time positions, and made reductions in administrative overhead costs. Major maintenance project expenses decreased \$1.9 million, partly due to budget reductions, but also to the Authority's cost share in 2009 of \$1.1 million for the maintenance dredging of Jewell Fulton and La Quinta channels by the U.S. Army Corp of Engineers.

Capital Grants and Contributions

2011 – 2010

Capital grants and contributions decreased by \$106,268,427 from 2010. The Naval Station Ingleside was closed by the Base Realignment and Closure Commission in April, 2010 and the Authority was the recipient of the properties valued at \$101,671,427. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Major capital grants and contributions at December 31, 2011 include the following:

● Security Enhancements	\$ 4,312,361
● National Clean Diesel Funding Assistance	579,542
● Joe Fulton International Trade Corridor	510,370

2010 – 2009

Capital grants and contributions increased by \$109,580,127 from 2009. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. In addition to the receipt of capital grants, the Authority was the recipient of the Naval Station Ingleside properties when the base was closed by the Base Realignment and Closure Commission in April. Major capital grants and contributions at December 31, 2010 include the following:

● Donation of Naval Station Ingleside	\$ 101,671,427
● Security Enhancements	5,024,930
● Joe Fulton International Trade Corridor	4,974,343

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2011 – 2010

The Authority's investment in capital assets as of December 31, 2011, amounts to \$351,899,915 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$10,879,327 or 3.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 21.

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Major capital asset additions during 2011 include the following:

● Security Enhancements	\$ 10,208,596
● Oil Dock Upgrades and Improvements	3,158,853
● Reconstruction of Navigation Boulevard	2,227,226
● Storage Yard Expansions	451,483

In March, 2011, the Authority entered into a surplus sales agreement with Flint Hills Resources Corpus Christi, LLC for the sale of 3.34 acres on the east side of Naval Station Ingleside, the building thereon, and the small craft pier adjacent to the property for \$8 million and realized a gain on the sale of \$2.4 million. In June, 2011, the Authority received \$1.26 million from Durlame, LLC for the sale of 5.1 acres of land east and southeast of Whataburger Field which had been deemed surplus property and realized a gain on the sale of \$1.26 million.

2010 – 2009

The Authority's investment in capital assets as of December 31, 2010, amounts to \$341,020,588 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$107,797,735 or 46.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 21.

Major capital asset additions during 2010 include the following:

● Naval Station Ingleside	\$ 101,671,427
● Shoreline Erosion Protection-Pelican Island	1,245,114
● Renovations of Oil Dock Houses	705,771
● Purchase of Security Boats	669,350
● Improvements to the Bulk Loader	611,821

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
Capital assets, not being depreciated:					
Land	\$ 60,245,357	\$ 60,346,608	\$ 40,215,339	\$ (101,251)	\$ 20,131,269
Channel & waterfront improvements	18,868,431	18,868,431	18,868,431	-	-
Intangibles	50,000	50,000	50,000	-	-
Construction in progress	43,870,087	30,866,201	16,898,775	13,003,886	13,967,426
	123,033,875	110,131,240	76,032,545	12,902,635	34,098,695
Capital assets, being depreciated:					
Port facilities	129,477,145	135,604,906	91,029,637	(6,127,761)	44,575,269
Buildings & improvements	79,423,876	82,744,445	51,991,005	(3,320,569)	30,753,440
Machinery and equipment	19,758,496	12,374,198	13,803,430	7,384,298	(1,429,232)
Intangibles	206,523	165,799	366,236	40,724	(200,437)
	228,866,040	230,889,348	157,190,308	(2,023,308)	73,699,040
Net Capital Assets	\$ 351,899,915	\$ 341,020,588	\$ 233,222,853	\$ 10,879,327	\$ 107,797,735

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Long-term Debt

As of December 31, 2011, the Authority had long-term debt outstanding of \$7,317,641. This amount is comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2011 and 2010. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on pages 22-23. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2011, 2010 and 2009:

	2011	2010	2009	2011-10 Change	2010-09 Change
General revenue bonds	\$ 7,317,641	\$ 8,596,640	\$ 9,817,003	\$ (1,278,999)	\$ (1,220,363)
Total Long-term Debt	\$ 7,317,641	\$ 8,596,640	\$ 9,817,003	\$ (1,278,999)	\$ (1,220,363)

The Authority maintains an A3 rating from Standard and Poor's Corporation and an A rating from Moody's Investor Service on its general revenue bonds. In accordance with the Authority's general revenue bond covenants, the Authority is required to maintain a revenue bond coverage of at least 1.25 times the average debt service requirements of its' general revenue bonds. As of December 31, 2011 the Authority's revenue bond coverage was 15.66 times, compared to 10.51 times as of December 31, 2010.

ECONOMIC OUTLOOK

The basic financial statements emphasize the Authority's intent to recover the cost of its activities through its user fees and other charges. In 2011, the Authority experienced overall positive operating results, despite a decline in tonnage throughput and resulting ship/barge activity from 2010. Specifically, this downturn in tonnage was the direct result of a decline in petroleum tonnage that in turn leads to a decrease in related revenues. This decline however was offset by an increase in dry cargo and dry bulk tonnages and related revenues.

The effect of the Eagle Ford Shale Play in South Texas has initially had a negative impact on the import of petroleum crude. Several local refineries are in the process of replacing some of their previously imported crude with domestically produced crude from Eagle Ford Shale. In the long-term, the Authority feels that as the Eagle Ford Shale production increases and there is an excess capacity, we will begin to see a reversal of this trend and an increase in the export of petroleum crude.

The Authority reviews its tariff structure on a continuous basis, as well as it looks at ways to reduce its overall operating costs while fulfilling its mission as the primary economic catalyst of the region. During 2011, the Authority continued to work on a number of diversification initiatives that will be carried forward over the next few years. These initiatives include the following:

- The Authority continues its master planning to help assess and market what would be the best use for a total of 1012 acres comprised of Naval Station Ingleside property and adjacent Authority green field property. During 2011, NSI was the home for Taiwan Navy crews during a retrofit of two Minesweepers (MHC) which were transferred to Taiwan from the United States. At times, over 100 crew members resided at the NSI barracks. Completion of this retrofit program will be accomplished during 2012. NSI is also the location for the Texas State Technical College initiative that established a wind energy related syllabus for technicians training to support the many wind farms being erected in the area. The extensive pier and wharf space at NSI has been used for short and long term lay berth contracts in support of large offshore oil rigs and supply vessels. These initiatives both supported the important offshore oil exploration industry and also generated revenue for the Authority.
- In early 2011, in conjunction with the planned extension of the La Quinta Ship Channel, the Authority also completed the preliminary engineering reports for the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000 acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines, and steel pipe. The final designs

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for an initial phase of both the water and land side infrastructure improvements are scheduled to commence in 2012 with the current target for having an operating facility by 2014-2015.

- The Authority continues to serve as a Military Strategic Seaport for the Department of Defense. The Authority is used by the military on an intermittent basis under the direction of the Army's 842nd Transportation Battalion from Beaumont, Texas, which continues to maintain administrative office space at the port. Increased commercial cargo shipments through the port have required large portions of the terminal yards to be used for military deployments. A new 24.5 acre yard on the north side of the inner harbor was constructed to support future military deployments and commercial cargos. The Authority serves as the home port for the USNS Benavidez through 2014. Due to the importance of military requirements in the Gulf of Mexico, the Authority continues to pursue a full-time military presence stationed at the Port.
- Texas is the national leader in overall wind installations and is the first state to reach 10,000 megawatts of wind energy installations. Texas is also home to seven of the nation's top ten largest wind farms. The Port of Corpus Christi has formed an integral part in the logistics chain of this renewable industry by providing optimum facilities and staging areas to all major wind manufacturers worldwide as they strive to meet project deadlines under economic constraints. The Port's un-congested access to docks, highway systems and rail offer the necessary modes for complete, competitive transportation packages with assurances of on-time deliveries to job sites. A prime example of Port efficiencies in 2011 included the waterborne transportation of wind components from South America then railed to the project site located in the Pacific Northwest. These successful movements continue to be active in 2012. The Port strives to maintain its established position within the wind energy industry for onshore projects while positioning for an additional wind industry to develop in the not-so-distant future: offshore wind.
- The Eagle Ford Shale Play in South Texas has become a huge economic stimulator for the Region, State and most importantly the Nation. Within 3 years, this shale play has created over 13,000 jobs in the region with over \$2.9 billion in Economic Impact. By 2020, Eagle Ford is estimated to create over 68,000 jobs with \$21 billion in Economic Impact. The Port of Corpus Christi has played a role as the logistical and distribution center for cargo used for drilling, fracturing and piping of materials for the region. Cargo comes into our port from the Midwest and East Coast by rail and as far as China and Brazil by ship. The port currently has seven companies conducting transloading operations on port rail tracks creating over 100 direct and indirect jobs and moving over 6500 rail cars annually. Proppants coming in from China, Russia and Brazil are being trucked and railed to location in huge quantities. Soon, natural gas and oil will come in by rail and pipe and create a new era for the Port in terms of exporting to other countries. LNG Facilities and Oil Docks are being planned and built to accommodate for the supply coming out. The Port of Corpus Christi proximity makes us the ideal port to handle this new commodity and help our nation become an export leader for gas to the world.
- The Las Brisas Energy Center, LLC, selected the Northside of the Authority's Inner Harbor as the site for the development of a state-of-the-art electric generating facility at an estimated cost of \$3 billion dollars. The project has received an Air Permit from the Texas Commission of Environmental Quality (TCEQ) and has a green house gas permit pending with the Environmental Protection Agency (EPA). The circulating fluidized bed (CFB) facility was designed to minimize its environmental impact and to be clean and efficient. It is expected to create about 1,300 direct jobs and 2,600 indirect jobs

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during the construction phase. Project completion is expected by early 2015 and will create from 80 to 100 direct and 150 to 175 indirect jobs once operating.

- The bulk terminal's largest storage pads have been leased to two coal exporters. In 2011, the Port handled 10 thousand metric tons of coal. For 2012 and 2013, the terminal anticipates moving about 6.3 million tons and is expected to move in upwards of 10 million tons/year in 2014. Rail is crucial to getting the coal to the bulk terminal for export by ship. The bulk terminal is facing a large expansion and upgrades of up to 100 million dollars that will facilitate the export of large quantities of coal.
- Another significant project that is being designed is a new rail interchange yard at the west end of the inner harbor on the north side of the channel adjacent to the Viola Channel. The Nueces River Rail Yard will be capable of more efficiently handling the increasing number of unit trains and cars loading and unloading cargos at the Port. This will be on 36 acres of property currently owned by the Authority.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Authority's Director of Finance, 222 Power Street, Corpus Christi, TX 78401.

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**Statement of Net Assets
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 27,771,301	\$ 19,783,191
Investments (Note 2)	5,535,450	5,490,614
Accounts receivable (net of allowance for doubtful accounts of \$97,328 and \$52,463 for 2011 and 2010, respectively)	7,282,729	7,077,108
Interest receivable	3,341	4,031
Intergovernmental receivable	1,951,569	3,700,172
Notes receivable, current portion (Note 3)	844,764	831,827
Inventory	858,441	846,071
Prepaid expenses	976,076	1,143,547
<i>Total Current Assets</i>	<u>45,223,671</u>	<u>38,876,561</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	1,704,132	1,704,468
Other assets (Note 11)	220,094	223,194
<i>Total Restricted Assets</i>	<u>1,924,226</u>	<u>1,927,662</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	123,033,874	110,131,240
Capital assets, being depreciated, net (Note 4)	228,866,041	230,889,348
<i>Capital Assets, Net</i>	<u>351,899,915</u>	<u>341,020,588</u>
OTHER NON-CURRENT ASSETS:		
Notes receivable, net of current portion (Note 3)	-	960,804
Net pension asset (Note 7)	911,553	601,604
<i>Total Non-Current Assets</i>	<u>911,553</u>	<u>1,562,408</u>
<i>Total Non-Current Assets</i>	<u>354,735,694</u>	<u>344,510,658</u>
TOTAL ASSETS	<u>399,959,365</u>	<u>383,387,219</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	4,902,426	4,135,109
Accrued expenses	704,512	681,907
Deferred income	1,045,655	1,951,004
Deferred lease income, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	1,320,000	1,265,000
Accrued interest payable	29,321	34,034
Capital leases, current portion (Note 6)	521	9,764
Compensated absences, current portion (Note 6)	1,036,200	1,009,077
<i>Total Current Liabilities</i>	<u>9,495,675</u>	<u>9,542,935</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	5,997,641	7,331,640
Deferred lease income, net of current portion (Note 6)	10,032,366	10,489,407
Capital leases, net of current portion (Note 6)	-	521
Compensated absences, net of current portion (Note 6)	2,112,877	1,933,491
Net OPEB obligation (Note 8)	414,580	288,351
<i>Total Non-Current Liabilities</i>	<u>18,557,464</u>	<u>20,043,410</u>
TOTAL LIABILITIES	<u>28,053,139</u>	<u>29,586,345</u>
NET ASSETS:		
Invested in capital assets, net of related debt	334,092,868	321,470,695
Restricted:		
Debt service	1,671,259	1,671,617
Channel improvements	225	225
Law enforcement	32,648	32,626
Naval Station Ingleside economic development	220,094	223,194
Unrestricted	35,889,132	30,402,517
TOTAL NET ASSETS	<u>\$ 371,906,226</u>	<u>\$ 353,800,874</u>

See accompanying notes to financial statements

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**Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Wharfage	\$ 27,410,252	\$ 26,567,587
Dockage	8,948,217	8,138,326
Security fees	6,319,747	6,170,288
Freight handling	2,387,583	2,316,667
Building and land rentals	6,411,552	4,417,518
Conference center services	1,814,456	1,679,885
Warehouse handling charges	368,950	426,093
FTZ user fees	302,750	337,000
Other	4,735,454	2,226,488
<i>Total Operating Revenues</i>	<u>58,698,961</u>	<u>52,279,852</u>
OPERATING EXPENSES:		
Maintenance and operations	22,760,814	20,248,511
General and administrative	13,830,284	14,939,210
Depreciation	13,381,562	12,165,114
<i>Total Operating Expenses</i>	<u>49,972,660</u>	<u>47,352,835</u>
<i>Operating Income</i>	<u>8,726,301</u>	<u>4,927,017</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	467,494	478,291
Federal and other grant assistance	169,966	60,806
Donation of personal property	4,500	225,825
Gain (loss) on disposal of capital assets	3,727,517	(8,643)
Interest expense and fiscal charges	(392,699)	(461,345)
<i>Net Non-Operating Revenues</i>	<u>3,976,778</u>	<u>294,934</u>
<i>Income Before Capital Grants and Contributions</i>	<u>12,703,079</u>	<u>5,221,951</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>5,402,273</u>	<u>111,670,700</u>
<i>Change in Net Assets</i>	<u>18,105,352</u>	<u>116,892,651</u>
<i>Total Net Assets , Beginning of Year, as Restated</i>	<u>353,800,874</u>	<u>236,908,223</u>
<i>Total Net Assets, End of Year</i>	<u>\$ 371,906,226</u>	<u>\$ 353,800,874</u>

See accompanying notes to financial statements

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**Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 57,098,771	\$ 51,110,478
Cash payments to suppliers for goods & services	(14,974,495)	(18,804,311)
Cash payments to employees for services	(21,493,974)	(16,614,016)
Cash payments to and received from other operating sources	(3,144)	30,530
<i>Net Cash Provided by Operating Activities</i>	<u>20,627,158</u>	<u>15,722,681</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal funds received as fiscal agent	-	8,301
Operating grants received	166,305	32,060
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>166,305</u>	<u>40,361</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(28,969,494)	(17,546,101)
Capital grants and contributions	7,156,852	8,046,282
Proceeds from sale of assets	9,318,787	42,200
Principal payment of capital debt	(1,271,807)	(1,219,061)
Interest payments on capital debt	(411,242)	(464,021)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(14,176,904)</u>	<u>(11,140,701)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	74,076	21,629
Proceeds from sale and maturities of investments	5,493,700	-
Purchase of investments	(5,534,828)	(5,490,000)
Principal payments on notes receivable	947,867	1,726,070
Interest received on notes receivable	390,400	452,017
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>1,371,215</u>	<u>(3,290,284)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	<u>7,987,774</u>	<u>1,332,057</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>21,487,659</u>	<u>20,155,602</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 29,475,433</u>	<u>\$ 21,487,659</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 8,726,301	\$ 4,927,017
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,381,562	12,165,114
Interest expense (non-capital)	(169)	(1,301)
Donations of personal property	7,600	2,631
Changes in assets and liabilities:		
Accounts receivable	(205,621)	(1,952,541)
Intergovernmental receivable	(2,315)	(2,804)
Inventories	(12,370)	(53,019)
Prepaid items	167,471	(186,303)
Net pension asset	(309,949)	(283,601)
Accounts payable	(116,976)	602,665
Accrued expenses	51,356	(277,533)
Deferred income	(905,349)	1,281,035
Deferred lease income	(457,041)	(457,040)
Financing leases	(2,957)	(8,038)
Net OPEB obligation	126,229	135,802
Compensated absences	179,386	(169,403)
<i>Total Adjustments</i>	<u>11,900,857</u>	<u>10,795,664</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 20,627,158</u>	<u>\$ 15,722,681</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization of issue costs and discount on revenue bonds	\$ 13,999	\$ 380
Gain (loss) on disposal of capital assets	3,727,517	(8,643)
Donations of personal property	7,600	223,194
Donations of capital assets	-	101,671,427

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Corpus Christi Authority of Nueces County, Texas (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

GENERAL HISTORY OF THE PORT OF CORPUS CHRISTI AUTHORITY

The Nueces County Navigation District No. 1 was created November 30, 1922, by an order of the Commissioners Court of Nueces County, Texas after an election duly held on October 31, 1922, at which time the establishment of said district was submitted to the qualified taxpaying voters of Nueces County, Texas. The territorial boundaries of the District were made co-extensive with those of Nueces County. In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. The District was organized under Article III, Section 52, of the Constitution of the State of Texas, but has since been transferred to and is operating under Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity from Nueces County and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds. The original property, plant and equipment of the Authority were acquired with funds from the sale of bonds, the interest and sinking funds being provided from ad valorem taxes levied on the property within Nueces County, Texas. Additions to the property, plant and equipment of the Authority have been made with surplus funds arising from the operations of the Authority facilities, grants from the Federal Government, proceeds of general revenue bonds, and improvement bonds supported by ad valorem tax levies.

On May 20, 1981, the Governor of the State of Texas signed into law a bill changing the legal name of the Nueces County Navigation District No. 1 to the Port of Corpus Christi Authority of Nueces County, Texas.

REPORTING ENTITY

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon the application of these criteria, the following is a brief review of the component unit addressed in defining the Authority's reporting entity.

COMPONENT UNIT

The Industrial Development Corporation (IDC) was organized by the Authority under the State of Texas Development Corporation Act of 1979. The IDC is a non-profit corporation that issues industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare. The issuance of any such bonds is adopted by the Board of Directors (Board) of the IDC, and approved by the Texas Economic Development Commission (TEDC) and the Port Commission. Net earnings of the IDC may be distributed to the Authority by action of the Board or upon dissolution of the IDC. The IDC is considered a blended component unit of the Authority as members of the Board of the IDC is comprised of two members of the Port

Commission and staff of the Authority, and the Authority is able to impose its will on the IDC, as defined in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial statements of the IDC are not material to the financial statements of the Authority, and have not been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	2011	2010
Total Net Assets	\$ 3,445	\$ 3,000
Change in Net Assets	\$ 444	\$ 301

The financial statements of the IDC may be obtained from the Authority's Director of Finance at 222 Power Street, Corpus Christi, Texas 78401.

BASIS OF ACCOUNTING

The Authority operates as an enterprise fund to report on its financial position and the results of its operations. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net assets. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for the use of facilities and services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Authority applies all FASB Statements and Interpretations, APB Opinions and ARB's issued on or before November 30, 1989 unless they conflict with or contradict GASB pronouncements. The Authority has elected to only apply GASB pronouncements after November 30, 1989.

An annual budget for the Authority is adopted on a basis consistent with generally accepted accounting principles for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control, and are reviewed by the Port Commission on a monthly basis.

CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents consists of cash on hand, cash held on deposit with financial institutions in demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

INVESTMENTS

State statutes authorize the Authority to invest in obligations of the United States Treasury, or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; obligations of states, agencies, counties, cities and other political subdivisions of any state having a rating of not less than A; certificates of deposits, prime domestic banker's acceptances; certain commercial paper, certain mutual funds; fully collateralized repurchase agreements, and public funds investment pools.

Investments that mature within one year of acquisition are stated at cost or amortized cost. Investments with the remaining maturity of more than one year at the time of purchase are carried at fair value. Any realized gains and losses in fair value are reported in the operations of the current period.

INVENTORY AND PREPAID ITEMS

Inventory is valued at cost utilizing the first in first out method. Inventory consists of expendable materials used in the operation and maintenance of port facilities.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

PROPERTY, PLANT AND EQUIPMENT

Property constructed or acquired by purchase is stated at cost. Authority policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. Net interest costs, if material, are capitalized on major construction projects during the construction period. No interest was capitalized for the years ended December 31, 2011 and 2010.

Depreciation is computed using the straight-line method over the following useful lives:

Port facilities	10-50 Years
Buildings and improvements	5-50 Years
Machinery and equipment	3-50 Years
Intangibles	3-5 Years

RESTRICTED ASSETS

Certain resources set aside for the repayment of the Authority's revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Authority has entered into escrow agreements with the United States Army Corp of Engineers to fund the Authority's cost share of channel improvements and maintenance. These funds are maintained in separate bank accounts and are specifically restricted for that purpose. All revenues received from participating in Federal equitable sharing of forfeited properties are restricted for use by the *United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State sharing of forfeited properties are also restricted for use as defined by state statutes. The Authority receives an annual allocation payment from the Law Enforcement Officer Standards and Education (LEOSE) account and that cash is restricted until spent for qualified expenses related to the continuing education of law enforcement personnel.

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

COMPENSATED ABSENCES

Authority employees are granted vacation at rates of 10 to 25 days per year and may accumulate up to a maximum of 20 to 50 days, depending on their length of employment. Upon termination, employees are paid for any unused accumulated vacation. Sick leave accumulates at the rate of 12 days per year. Upon termination for any reason other than for cause, employees are paid for any unused sick leave up to a maximum of 60 days. Compensated absences are accrued when incurred.

DEFERRED INCOME

Foreign trade zone user fees, non-refundable deposits for events at the Solomon P. Ortiz Conference and Convention Center, and operating lease payments are recognized as income over the term of related agreements. Amounts received but not yet earned are reflected as deferred income in the accompanying balance sheets.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Four customers from the petroleum industry made up over 62 percent of the Authority's wharfage and dockage revenue base for 2011, as compared to 66 percent for 2010. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 81 percent of the total cargo tonnage moved through the Authority in 2011, compared to 84 percent in 2010.

ESTIMATES

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

2. DEPOSITS AND INVESTMENTS

The Authority's investments at December 31, 2011 and 2010 are as follows:

Investment Type	2011			2010		
	Carrying Value	Fair Value	Weighted Average Maturity (Days)	Carrying Value	Fair Value	Weighted Average Maturity (Days)
Certificates of Deposit	\$ 5,535,450	\$ 5,535,450	332	\$ 5,490,614	\$ 5,490,614	331
Local government pool	28,764,942	28,764,942	1	20,113,066	20,113,066	1
Total	34,300,392	34,300,392		25,603,680	25,603,680	
Short-term investments included in cash and cash equivalents	28,764,942	28,764,942		20,113,066	20,113,066	
Equity in Total Investments	\$ 5,535,450	\$ 5,535,450		\$ 5,490,614	\$ 5,490,614	
Portfolio weighted average maturity			54			72

INTEREST RATE RISK

In accordance with the Authority's investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy states that all investments will be of high quality with no perceived default risk. The Public Funds Investment Act ("PFIA"), Chapter 2256 of the Texas Government Code governs the types of investments in which the Authority may invest. The Authority's policy for managing credit risk, in compliance with state law, allows the Authority's to invest in obligations of the United States government, its agencies, and instrumentalities with a maximum stated maturity of two years, excluding mortgage backed securities; fully insured or collateralized certificates of deposit issued by banks doing business in Texas, with a maximum stated maturity of one year; fully collateralized repurchase agreements, with a maximum stated maturity of 90 days except for bond fund flex repurchase agreements, which will match expenditure plans on the bond funds; AAA Rated, constant dollar local government investment pools; money market mutual funds registered with the Securities and Exchange Commission whose assets consist exclusively of obligations of the United States Treasury, its agencies or instrumentalities and repurchase agreements backed by those securities; and interest bearing accounts in banks doing business in Texas.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the PFIA. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the PFIA requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating services; and (3) maintain the market value of its portfolio within one half of one percent of the value of its shares.

CONCENTRATION OF RISK

The Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. As of December 31, 2011, the Authority's investment portfolio consisted of the following:

- investment in one AAAM rated local government investment pool representing 83.9 percent, and
- investment in collateralized certificates of deposit representing 16.1 percent.

At December 31, 2010, the Authority's investment portfolio consisted of the following:

- investment in one AAAM rated local government investment pool representing 78.6 percent, and
- investment in collateralized certificates of deposit representing 21.4 percent.

CUSTODIAL CREDIT RISK – DEPOSITS AND CERTIFICATES OF DEPOSIT

Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Investment Policy of the Authority requires that all time and demand deposits of the Authority be secured by pledged collateral with a market value equal to or greater than 102% of the principal plus accrued interest less an amount insured by FDIC. At December 31, 2011 the carrying amount of the Authority's cash and cash equivalents was \$29,469,183. In accordance with the Authority's policy, the total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name. The cash funds and short-term investments included in cash and cash equivalents are not subject to collateralization requirements.

At December 31, 2010 the carrying amount of the Authority's cash and cash equivalents was \$21,481,409. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

3. NOTES RECEIVABLE

Notes Receivable as of December 31, 2011 and 2010 are summarized as follows:

	2011	2010
\$12,000,000 Note Receivable due in annual principal installments; \$844,764 due in 2012; interest at 8.0%.	\$ 4,048,169	\$ 4,879,996
Less: Principal Prepayments	3,203,405	3,087,365
Principal Outstanding	844,764	1,792,631
Less: Current Maturities	844,764	831,827
Notes Receivable - Net	\$ -	\$ 960,804

Total note receivable requirements as of December 31, 2011, are as follows:

	Principal	Interest	Total
2012	\$ 844,764	\$ 67,581	\$ 912,345
Thereafter	-	-	-
Total	\$ 844,764	\$ 67,581	\$ 912,345

Pursuant to a Construction and Installment Sale Agreement (Agreement) entered into on May 3, 1994, the Authority agreed to construct crude storage facilities on premises leased to an Authority User, and then sell the facilities to the User. On January 12, 1995, the Authority sold their undivided right, title and interest in the crude storage facilities to the User, and a Promissory Note (Note) was executed made payable to the Authority by the User in the amount of \$12,000,000.

The Note is due and payable in twenty-one annual installments, the first installment being interest only and the remaining twenty annual installments of equal principal and interest, at a rate of 8 percent, unless sooner paid. All payments are applied first to interest with the remainder, if any, applied to unpaid principal.

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority's Oil Dock 1 to the User's crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority's Oil Dock 1 for purpose of delivering crude oil to the User's crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2011 and 2010, the Authority credited \$1,338,267 and \$2,178,087, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,346,608	\$ 124,199	\$ 225,450	\$ 60,245,357
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Intangibles	50,000	-	-	50,000
Construction in progress	30,866,201	13,003,885	-	43,870,086
Total capital assets, not being depreciated	110,131,240	13,128,084	225,450	123,033,874
Capital assets, being depreciated:				
Port facilities	232,656,018	5,517,973	5,222,614	232,951,377
Buildings and improvements	110,576,099	1,211,924	718,413	111,069,610
Machinery and equipment	29,338,641	10,105,356	289,676	39,154,321
Intangibles	1,651,656	225,328	-	1,876,984
Total capital assets, being depreciated	374,222,414	17,060,581	6,230,703	385,052,292
Less: accumulated depreciation for				
Port facilities	97,051,112	6,471,822	48,703	103,474,231
Buildings and improvements	27,831,654	4,004,077	189,997	31,645,734
Machinery and equipment	16,964,443	2,721,059	289,677	19,395,825
Intangibles	1,485,857	184,604	-	1,670,461
Total accumulated depreciation	143,333,066	13,381,562	528,377	156,186,251
Total capital assets, being depreciated, net	230,889,348	3,679,019	5,702,326	228,866,041
Total capital assets, net	\$ 341,020,588	\$ 16,807,103	\$ 5,927,776	\$ 351,899,915

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 40,215,339	\$ 20,165,114	\$ 33,845	\$ 60,346,608
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Intangibles	50,000	-	-	50,000
Construction in progress	16,898,775	13,967,426	-	30,866,201
Total capital assets, not being depreciated	76,032,545	34,132,540	33,845	110,131,240
Capital assets, being depreciated:				
Port facilities	182,044,334	50,611,684	-	232,656,018
Buildings and improvements	76,155,243	34,420,856	-	110,576,099
Machinery and equipment	28,584,933	848,612	94,904	29,338,641
Intangibles	1,651,656	-	-	1,651,656
Total capital assets, being depreciated	288,436,166	85,881,152	94,904	374,222,414
Less: accumulated depreciation for				
Port facilities	91,014,697	6,036,415	-	97,051,112
Buildings and improvements	24,164,238	3,667,416	-	27,831,654
Machinery and equipment	14,781,503	2,260,846	77,906	16,964,443
Intangibles	1,285,420	200,437	-	1,485,857
Total accumulated depreciation	131,245,858	12,165,114	77,906	143,333,066
Total capital assets, being depreciated, net	157,190,308	73,716,038	16,998	230,889,348
Total capital assets, net	\$ 233,222,853	\$ 107,848,578	\$ 50,843	\$ 341,020,588

5. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2011, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2012	\$ 5,544,907
2013	4,752,243
2014	3,740,668
2015	3,021,042
2016	1,818,669
Thereafter	17,559,550
Total	\$ 36,437,079

CAPITAL LEASES

The Authority has entered into lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases in accordance with SFAS No. 13 and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date of the lease. Certain assets acquired through these capital leases did not meet the Authority's capitalization threshold criterion, and therefore were expensed.

The assets acquired through capital leases are as follows:

Assets:	
Capitalized:	
Machinery & Equipment	\$ 36,026
Less: Accumulated Depreciation	36,026
Capitalized, net	-
Expensed	15,975
Total	\$ 15,975

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011 are as follows:

Total minimum lease payments due in 2012	\$ 524
Less: Amount representing interest	3
Present value of minimum lease payments	\$ 521

6. LONG-TERM LIABILITIES

LONG-TERM DEBT

On March 26, 2002, the Authority issued revenue bonds, Series 2002-A, in the amount of \$10,390,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a refrigerated warehouse facility and Series 2002-B, in the amount of \$7,865,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a multipurpose cruise/terminal conference facility known as the "Congressman Solomon P. Ortiz International Center". These bonds will be repaid from the pledged revenues of the Authority. Pledged revenues, as defined by the bond resolutions include all of the Authority's revenues and expenses other than those related to a) interest expense on revenue bonds, and b) depreciation.

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

**Notes to Financial Statements
December 31, 2011 and 2010**

A statement of changes in long-term debt for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 8,515,000	\$ -	\$ 1,265,000	\$ 7,250,000	\$ 1,320,000
Accumulated Accretion	81,640	-	13,999	67,641	-
Total	\$ 8,596,640	\$ -	\$ 1,278,999	\$ 7,317,641	\$ 1,320,000

A statement of changes in long-term debt for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 9,725,000	\$ -	\$ 1,210,000	\$ 8,515,000	\$ 1,265,000
Accumulated Accretion	92,003	-	10,363	81,640	-
Total	\$ 9,817,003	\$ -	\$ 1,220,363	\$ 8,596,640	\$ 1,265,000

Long-term debt as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
Revenue Bonds:		
\$10,390,000 2002-A first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$755,000 to \$910,000 through 2016; interest at 4.7 percent to 5.2 percent.	\$ 4,145,000	\$ 4,865,000
\$7,865,000 2002-B first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$565,000 to \$680,000 through 2016; interest at 4.4 percent to 4.9 percent.	3,105,000	3,650,000
Total Revenue Bonds	7,250,000	8,515,000
Accumulated Accretion	67,641	81,640
Total Revenue Bonds and Accumulated Accretion	7,317,641	8,596,640
Less Current Maturities	1,320,000	1,265,000
Long-term Debt - Net	\$ 5,997,641	\$ 7,331,640

Total debt service requirements as of December 31, 2011 are as follows:

	Principal	Interest	Total
2012	\$ 1,320,000	\$ 351,850	\$ 1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
2016	1,590,000	80,640	1,670,640
Thereafter	-	-	-
Total	\$ 7,250,000	\$ 1,106,295	\$ 8,356,295

The Authority is required to maintain adequate insurance coverage as defined in the applicable covenants of the revenue bonds, Series 2002 A & B. As of December 31, 2011, the Authority had adequate insurance coverage and all insurance premiums had been paid.

DEFERRED LEASE INCOME

The Authority entered into a lease agreement with Gulf Compress. Under the terms of the lease, Gulf Compress constructed 550,000 square feet of cotton warehouses on property owned by the Port at the proposed site of the LaQuinta Container Terminal Facility. On January 21, 2005, the cotton warehouses were completed and ownership was transferred to the Authority in consideration of a thirty year prepaid lease. Prepaid lease rentals will be amortized over

the lease term as follows:

Years Ending	
2012	\$ 457,040
2013	457,040
2014	457,040
2015	457,040
2016	457,040
Thereafter	8,204,206
Total	\$ 10,489,406

CAPITAL LEASES

The Authority has entered into lease agreements as lessee for financing the acquisition of computer equipment.

A statement of changes in capital leases for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 10,285	\$ -	\$ 9,764	\$ 521	\$ 521
Total	\$ 10,285	\$ -	\$ 9,764	\$ 521	\$ 521

A statement of changes in capital leases for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 27,384	\$ -	\$ 17,099	\$ 10,285	\$ 9,764
Total	\$ 27,384	\$ -	\$ 17,099	\$ 10,285	\$ 9,764

Capital leases as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
Capital leases	\$ 521	\$ 10,285
Less Current Portion	521	9,764
Capital leases - Net	\$ -	\$ 521

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 898,186	\$ 694,553	\$ 640,560	\$ 952,179	\$ 640,560
Sickleave	2,044,382	548,156	395,640	2,196,898	395,640
Total	\$ 2,942,568	\$ 1,242,709	\$ 1,036,200	\$ 3,149,077	\$ 1,036,200

A statement of changes in compensated absences for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 972,052	\$ 696,907	\$ 770,773	\$ 898,186	\$ 654,899
Sickleave	2,264,718	412,286	632,622	2,044,382	354,178
Total	\$ 3,236,770	\$ 1,109,193	\$ 1,403,395	\$ 2,942,568	\$ 1,009,077

Compensated Absences as of December 31, 2011 and 2010 are summarized as follows:

	2011	2010
Vacation	\$ 952,179	\$ 898,186
Sickleave	2,196,898	2,044,382
Total Compensated Absences	3,149,077	2,942,568
Less Current Portion	1,036,200	1,009,077
Compensated Absences - Net	\$ 2,112,877	\$ 1,933,491

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 288,351	\$ 153,658	\$ 27,429	\$ 414,580	\$ -
Total	\$ 288,351	\$ 153,658	\$ 27,429	\$ 414,580	\$ -

A statement of changes in OPEB Obligation for the year ended December 31, 2010, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 152,549	\$ 201,594	\$ 65,792	\$ 288,351	\$ -
Total	\$ 152,549	\$ 201,594	\$ 65,792	\$ 288,351	\$ -

OPEB Obligations as of December 31, 2011 and 2010 is summarized as follows:

	2011	2010
OPEB Obligation	\$ 414,580	\$ 288,351
Less Current Portion	-	-
OPEB Obligation - Net	\$ 414,580	\$ 288,351

7. PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 defined benefit pension plans which function similarly to cash balance-account plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually. The actuarially determined rate for the calendar year 2011 was 7.33 percent and for the calendar year 2010 was 8.10 percent, however the governing body of the Authority adopted the rate of 11 percent for the calendar year 2011 and 2010. The contributions made by the Authority in excess of the actuarially determined rate are classified as net pension asset and reflected as other non-current assets.

A statement of changes in net pension asset for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Annual Required Contribution	\$ 771,971	\$ 959,095
Interest on Net Pension Asset	48,128	25,440
Adjustment to Actuarially Determined Rate	28,436	34,338
Annual Pension Cost	848,535	1,018,873
Contributions Made	1,158,484	1,302,474
Increase in Net Pension Asset	309,949	283,601
Net Pension Asset - Beginning of Year	601,604	318,003
Net Pension Asset - End of Year	\$ 911,553	\$ 601,604

The deposit rate payable by all employee members for the calendar year 2011 and 2010 was 7 percent as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$737,217 and \$1,158,484, respectively for the year ended December 31, 2011, and \$828,848 and \$1,302,474, respectively for the year ended December 31, 2010.

Annual Pension Cost

For the Authority's year ended December 31, 2011, the annual pension cost for the TCDRS plan for its employees was \$771,971 and the actual contributions for its employees were \$1,158,484. Three-year annual trend information on annual pension cost is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Asset
2011	\$ 771,971	150.07%	\$ 911,553
2010	959,095	135.80%	601,604
2009	935,773	133.98%	318,003

The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 8 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 6.7 years.

As of December 31, 2010, the most recent actuarial valuation date, the plan was 82.45 percent funded. The actuarial accrued liability for benefits was \$26,372,629, and the actuarial value of assets was \$21,744,295 resulting in an

unfunded actuarial accrued liability (UAAL) of \$4,628,334. The covered payroll (annual payroll of active employees covered by the plan) was \$11,840,675, and the ratio of the UAAL to the covered payroll was 39.09 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

8. POSTRETIREMENT BENEFITS

GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any differences between the annual required contribution (ARC) and the amount funded during the year is to be recorded in the employer's financial statements as an increase (or decrease) in the net OPEB obligation. The Authority is required to obtain an actuarial valuation at least once every three years in accordance with GASB 45 standards. The Authority's latest valuation is dated as of January 1, 2011.

Plan Description

The Authority provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2011, three former employees were eligible for these benefits. The Authority funds a portion of the premiums for health insurance. Continuation of these benefits and the Authority's contributions are dependent on periodic authorization by the Port Commission. The health insurance benefits provided to retirees are the same as those offered to active employees. The supplied benefits include hospital, doctor, dental and prescription drug charges.

Employees, who have reached age 62, may continue coverage under the Authority's healthcare plan as a retiree until the age of 65.

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Funding Policy

The required contribution is based on a projected pay-as-you-go basis, which is expected to continue. The cost of retiree health and life benefits, recorded on a pay-as-you-go basis was \$27,429 for the year ended December 31, 2011 and \$65,792 for the year ended December 31, 2010.

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding excess over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation. The end of year net OPEB Obligation is shown as a non-current liability on the Statement of Net Assets.

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Determination of Annual Required Contribution		
Normal Cost at Year End	\$ 93,900	\$ 118,405
Amortization of UAAL	65,882	85,909
Annual Required Contribution (ARC)	159,782	204,314
Determination of Net OPEB Obligation		
Annual Required Contribution	159,782	204,314
Interest on Prior Year Net OPEB Obligation	11,534	6,102
Adjustment to ARC	(17,658)	(8,822)
Annual OPEB Cost	153,658	201,594
Contributions Made	(27,429)	(65,792)
Increase in Net OPEB Obligation	126,229	135,802
Net OPEB Obligation - Beginning of Year	288,351	152,549
Net OPEB Obligation - End of Year	\$ 414,580	\$ 288,351

The end of year net OPEB Obligation is shown as a non-current liability on the Statement of Net Assets.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the current and three preceding years were as follows:

Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	4.00%	\$ 153,658	17.85%	\$ 414,580
2010	4.00%	201,594	32.64%	288,351
2009	4.00%	199,525	75.24%	152,549

Funding Status and Funding Progress

The schedule of funding progress for the current and three preceding years is as follows:

Actuarial Valuation Date, January 1	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2011	\$ -	4.0%	\$ 1,075,827	\$ 1,075,827	0.0%	\$ 10,531,666	10.2%
2010	-	4.0%	1,430,581	1,430,581	0.0%	11,840,675	12.1%
2009	-	4.0%	1,408,938	1,408,938	0.0%	11,397,962	12.4%

- (1) Actuarial Accrued Liability determined under the projected unit credit cost method.
- (2) Actuarial Accrued Liability less Actuarial Value of Assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about

whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used to determine the OPEB obligation is computed using the Projected Unit Credit Actuarial Cost Method which consists of the following cost components:

- The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
- The Actuarial Liability is the Actuarial Present Value of benefits accrued as of the valuation date.
- Valuation Assets are equal to the market value of assets as of the valuation date, if any.
- Unfunded Actuarial Accrued Liability (UAAL) is the difference between the Actuarial Accrued Liability and the Valuation Assets. The amortization of UAAL as of January 1, 2011 is calculated as a level dollar over 27 years on a closed basis.

The latest actuarial valuation for the Authority was completed as of January 1, 2011. The significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Projected Unit Credit
Discount Rate for Valuing Liabilities	Pay-as-you-go: 4.0%
Mortality Rates	RP2000 with Projection Scale AA
Healthcare Cost Trend	8.1% in the first year 7.5% in the second year 6.8% in the third year 6.2% in the fourth year Grade down to 4.7% after the seventy-second year
Dental Cost Trend	4.9% all years
Healthcare Inflation Rate	Percentage Trend by Year based on: Short Term-Milliman's <i>Health Cost Guidelines</i> Long Term-Getzen Model
Withdrawal Rates*	Based on Years of Service
Disability Rates*	Based on Age
Retirement Rates *	Based on Age
Employee Coverage	100% eligible for benefits elect coverage
Spousal Coverage	85% eligible for benefits elect coverage
Spouse Age Difference	Same as employee
Administrative Expense Load	5.0% on Gross per Capita Claims Costs
Medical Benefit Costs by Age	Varies based on projected average monthly cost for claims and administration based on experience

* Based on the 2009 pension valuation for the Texas County and District Retirement System

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2011, the Authority had remaining contractual construction and improvement commitments of approximately \$2,894,050. These commitments are being financed through operating revenues and capital grants.

10. COMMITMENTS AND CONTINGENCIES

LITIGATION

From time to time, the Authority is subject to routine litigation incidental to its operations. Management believes that the results of any claims or litigation will not materially affect the Authority's financial position.

RISK MANAGEMENT

The Authority is self-insured for \$4,000,000 on property and \$50,000 on general liability claims annually and has purchased excess loss policies for claims in excess of these amounts. The Authority has established a self-funded health and dental plan (plan) for its employees and dependents. A specific stop loss policy is in force for individual plan claims in excess of \$100,000 annually, and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$2,481,986. The Authority is covered for worker's compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for worker's compensation and estimated remaining worker's compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Authority's liability is an estimate and includes an amount for claims that have been incurred but not reported (IBNR). The methodology used to determine the liability is based on recent claim settlement trends, including frequency and amount of payouts, and other factors such as inflation, changes in legal doctrines and damage awards. At December 31, 2011, the liability of \$194,817 is comprised of estimated health claims of \$184,050 and estimated worker's compensation claims of \$10,767. At December 31, 2010, the liability of \$207,216 is comprised of estimated health claims of \$195,987 and estimated worker's compensation claims of \$11,229.

Changes in the balances of claims liabilities as of December 31, 2011 and 2010 are as follows:

	2011	2010
Unpaid claims, beginning of fiscal year	\$ 207,216	\$ 210,487
Incurred claims (including IBNRs)	2,230,325	2,242,105
Claims payments	(2,242,724)	(2,245,376)
Unpaid claims, end of fiscal year	\$ 194,817	\$ 207,216

FACILITIES FINANCING BONDS

The Authority and IDC have entered into agreements with five unrelated entities to finance construction of pollution control, environmental, and solid waste disposal facilities. To accomplish this, the Authority and IDC acted as issuers of facilities financing revenue bonds in the original amount of \$625,395,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2011, facilities financing revenue bonds outstanding amounted to \$589,495,000.

11. REVERSION OF NAVAL STATION INGLESIDE PROPERTY

The Authority, by Special Warranty Deed, conveyed land to the United States of America (“Navy”) for the purpose of construction of Naval Station Ingleside (NSI) with the provision that should the subject property no longer be used for maritime purposes by the Department of Defense, the subject property would revert to the Authority. On September 8, 2005, Naval Station Ingleside was recommended to the President for closure by the Base Realignment and Closure Commission. In accordance with the Defense Base Closure and Realignment Act of 1990, the recommendation became effective and binding in November, 2005. The Authority has exercised its reversionary rights to the subject property under the Deed and the title to the subject property reverted back to the Port in April, 2010. The fair market value as determined by appraisal of the land and improvements was reported as capital assets in the Authority’s statement of net assets and as a capital contribution on the statement of revenues, expenses and changes in net assets in the amount of \$101,671,427 for the year ended December 31, 2010.

The Authority, acting as the Naval Station Ingleside Main Base Implementing Local Redevelopment Authority (ILRA) was conveyed the personal property remaining at NSI by Base Realignment and Closure Commission letter dated May 19, 2010. The personal property is restricted for use of support of the economic redevelopment of the former NSI. The economic value of the personal property has been estimated and is reported as a restricted asset and a restriction of net assets on the statement of net assets.

12. RESTATEMENTS

In prior years the Authority was incorrectly recording net pension cost as the amount contributed rather than the required annual contribution and not recording the resulting net pension asset.

The beginning total net assets in the Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended December 31, 2010 has been restated to reflect the recognition of net pension asset in the amount of \$318,003 not recorded in prior years.

The Changes in Net Assets for the Year Ended December 31, 2010 increased by \$283,601 to correct the pension cost. The 2010 financial statements have been restated.

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

**Required Supplementary Information (Unaudited)
Schedule of Funding Progress**

PENSION PLAN:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarial Valuation Date	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 21,744,295	\$ 20,143,863	\$ 18,097,936
Actuarial Accrued Liability (AAL)	\$ 26,372,629	\$ 24,899,158	\$ 23,421,983
Funded Ratio	82.5%	80.9%	77.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,628,334	\$ 4,755,295	\$ 5,324,047
Annual covered Payroll	\$ 11,840,675	\$ 11,397,962	\$ 10,298,956
UAAL as a Percentage of Covered Payroll	39.1%	41.7%	51.7%

OPEB Obligation:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial Valuation Date	1/1/2011	1/1/2010	1/1/2009
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,075,827	\$ 1,430,581	\$ 1,408,938
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,075,827	\$ 1,430,581	\$ 1,408,938
Annual covered Payroll	\$ 10,531,666	\$ 11,840,675	\$ 11,397,962
UAAL as a Percentage of Covered Payroll	10.2%	12.1%	12.4%

SUPPLEMENTAL SECTION

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

**Schedule of Revenues and Expenses
Actual and Budget (GAAP Basis)**

	Year Ended December 31, 2011		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 27,410,252	\$ 26,341,972	4
Dockage	8,948,217	7,301,878	23
Security fees	6,319,747	5,839,385	8
Freight handling	2,387,583	2,173,000	10
Building and land rentals	6,411,552	4,281,248	50
Conference center services	1,814,456	1,845,723	(2)
Warehouse handling charges	368,950	226,224	63
FTZ user fees	302,750	341,000	(11)
Other	4,735,454	2,158,098	119
<i>Total Operating Revenues</i>	<u>58,698,961</u>	<u>50,508,528</u>	<u>16</u>
OPERATING EXPENSES:			
Maintenance and operations	22,760,814	21,350,797	(7)
General and administrative	13,830,284	13,665,584	(1)
Depreciation	13,381,562	11,656,761	(15)
<i>Total Operating Expenses</i>	<u>49,972,660</u>	<u>46,673,142</u>	<u>(7)</u>
<i>Operating Income</i>	<u>8,726,301</u>	<u>3,835,386</u>	<u>128</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	467,494	433,342	8
Federal and other grant assistance	169,966	-	100
Donation of personal property	4,500	-	100
Gain on disposal of fixed assets	3,727,517	-	100
Interest expense and fiscal charges	(392,699)	(392,943)	0
<i>Net Non-Operating Revenues</i>	<u>3,976,778</u>	<u>40,399</u>	<u>9744</u>
<i>Income Before Capital Grants and Contributions</i>	<u>12,703,079</u>	<u>3,875,785</u>	<u>228</u>
CAPITAL GRANTS AND CONTRIBUTIONS	5,402,273	6,975,713	(23)
<i>Change in Net Assets</i>	<u>\$ 18,105,352</u>	<u>\$ 10,851,498</u>	<u>67</u>

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

**Schedules of Maintenance and
Operations and General and
Administrative Expenses
For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 7,810,947	\$ 8,374,106
Maintenance	5,136,098	3,538,398
Utilities	2,327,822	1,702,868
Telephone	101,960	35,286
Insurance	2,099,345	2,266,112
Professional services	1,415,731	691,191
Police expenses	14,233	66,434
Contracted services	1,897,144	1,876,695
Office and equipment rental	142,778	73,983
Operator and event expenses	1,538,092	1,415,417
Warehouse supplies	8,024	9,037
Safety/Environmental	83,442	69,075
General	185,198	129,909
<i>Total Maintenance and Operations</i>	<u>\$ 22,760,814</u>	<u>\$ 20,248,511</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 7,224,377	\$ 7,692,080
Maintenance	501,087	453,408
Utilities	194,864	172,703
Telephone	115,447	196,626
Insurance	92,492	124,620
Professional services	3,046,566	3,526,850
Police expenses	82	82
Contracted services	100,952	151,445
Office and equipment rental	65,104	59,809
Administrative	2,035,746	2,108,277
Trade and sales development	184,528	157,237
Media advertising	195,766	206,557
Production	24,222	25,678
Safety/Environmental	23,299	21,544
General	25,752	42,294
<i>Total General and Administrative</i>	<u>\$ 13,830,284</u>	<u>\$ 14,939,210</u>

REVENUE BONDS, SERIES 2002-A

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	755,000	206,485	961,485
2013	790,000	171,000	961,000
2014	825,000	132,685	957,685
2015	865,000	91,435	956,435
2016	910,000	47,320	957,320
Total	<u>\$ 4,145,000</u>	<u>\$ 648,925</u>	<u>\$ 4,793,925</u>

REVENUE BONDS, SERIES 2002-B

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	565,000	145,365	710,365
2013	590,000	120,505	710,505
2014	620,000	93,660	713,660
2015	650,000	64,520	714,520
2016	680,000	33,320	713,320
Total	<u>\$ 3,105,000</u>	<u>\$ 457,370</u>	<u>\$ 3,562,370</u>

SUMMARY OF LONG-TERM DEBT

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	1,320,000	351,850	1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
2016	1,590,000	80,640	1,670,640
Total	<u>\$ 7,250,000</u>	<u>\$ 1,106,295</u>	<u>\$ 8,356,295</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2011**

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:					
Union Pacific Res., Series 1989	Variable	06/30/1989	2022	\$ 40,000,000	\$ 40,000,000
Valero Refining, Series 1997A	* Variable	04/01/1997	2027	24,400,000	18,000,000
Valero Refining, Series 1997B	* Variable	04/01/1997	2027	32,800,000	28,000,000
Valero Refining, Series 1997C	* Variable	04/01/1997	2027	32,800,000	28,000,000
Hoechst Celanese, Series 2002A	6.450%	05/01/2002	2030	13,995,000	13,995,000
Hoechst Celanese, Series 2002B	6.700%	05/01/2002	2030	39,000,000	39,000,000
Environmental Facilities Revenue Bonds:					
Citgo Petroleum, Series 2003	* 8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006	* Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007	* Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008	* Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 625,395,000</u>	<u>\$ 589,495,000</u>

* - Issued by the Industrial Development Corporation (IDC)

STATISTICAL SECTION

Statistical Section

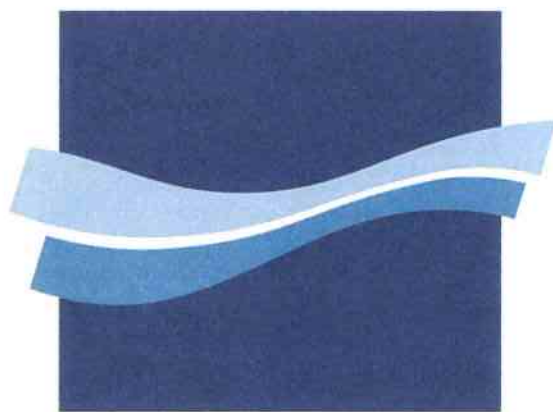
(Unaudited)

This part of the Port of Corpus Christi's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents

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Financial Trends	39
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	43
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
Debt Capacity	49
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	51
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	53
These schedules contain information about the Authority's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.	
Additional Information	59
These schedules contain information as part of the Authority's effort to meet continuing disclosure requirements related to outstanding bonds as permitted by SEC Rule 15c2-12.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Authority's comprehensive annual financial reports and business records for the relevant years. The Authority implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

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

**Net Assets and Changes in Net Assets
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Operating revenues:										
Wharfage	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252
Dockage	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
Freight handling	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583
Building and land rentals	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552
Conference center services	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456
Warehouse handling charges	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
Compress	185,538	45,598	-	-	-	-	-	-	-	-
Other	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488	4,735,454
Total operating revenues	25,160,999	26,879,813	28,371,297	32,731,892	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961
Interest revenue	1,314,593	1,222,899	1,116,764	1,084,006	1,269,697	1,230,324	932,447	584,849	478,291	467,494
Federal and other grant assistance	-	-	-	78,914	-	-	284,048	17,570	60,806	169,966
Donation of personal property	-	-	-	-	-	-	-	-	225,825	4,500
Gain on disposal of capital assets	236,214	-	1,242,935	60,268	-	-	-	7,266	-	3,727,517
Total Revenues	26,711,806	28,102,712	30,730,996	33,955,080	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438
Expenses										
Operating expenses:										
Maintenance and operations	11,415,193	12,474,555	13,937,712	16,361,152	18,385,065	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814
General and administrative	8,883,174	9,572,631	9,630,337	10,139,046	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284
Depreciation	5,284,372	5,417,115	5,513,656	6,142,055	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562
Total operating expenses	25,582,739	27,464,301	29,081,705	32,642,253	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660
Interest expense and fiscal charges	656,585	781,399	739,852	712,323	689,611	620,495	562,442	504,030	450,602	392,699
Amortization of bond issuance costs	78,392	104,862	81,418	63,610	49,458	37,828	28,615	20,735	10,743	-
Fiscal payments to subrecipients	-	-	-	-	-	-	284,048	-	-	-
Loss on disposal of capital assets	-	90,856	-	-	15,395	10,293	308,883	-	8,643	-
Total Expenses	26,317,716	28,441,418	29,902,975	33,418,186	37,027,565	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359
Income(Loss) Before Contributions	394,090	(338,706)	828,021	536,894	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079
Capital Contributions	1,123,096	1,638,527	10,453,132	17,792,218	12,261,584	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273
Changes in Net Assets	1,517,186	1,299,821	11,281,153	18,329,112	12,540,127	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352
Total Net Assets, Beginning of Year	172,263,494	173,780,680	175,080,501	186,361,654	204,690,766	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874
Total Net Assets, End of Year	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226
Net Assets at Year End										
Invested in capital assets, net of related debt	\$ 135,287,438	\$ 137,188,296	\$ 156,056,302	\$ 178,351,445	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868
Restricted	2,660,144	2,348,028	2,243,263	2,167,787	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226
Unrestricted	35,833,098	35,544,177	28,062,089	24,171,534	20,995,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132
Total Net Assets	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226

TABLE 2 (Unaudited)

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

**Revenues by Source
Last Ten Years**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating Revenues:										
Wharfage	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252
Dockage	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
Freight handling	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583
Building and land rentals	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552
Conference center services	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456
Warehouse handling charges	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
Compress	185,538	45,598	-	-	-	-	-	-	-	-
Other	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488	4,735,454
	<u>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>	<u>\$ 36,036,411</u>	<u>\$ 44,929,457</u>	<u>\$ 51,051,193</u>	<u>\$ 46,425,890</u>	<u>\$ 52,279,852</u>	<u>\$ 58,698,961</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494
Other	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631	3,901,983
	<u>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>

TABLE 3 (Unaudited)

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

**Expenses by Type
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947
Maintenance	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098
Utilities	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822
Telephone	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286	101,960
Insurance	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345
Professional services	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731
Police expenses	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434	14,233
Contracted services	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144
Office and equipment rental	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983	142,778
Operator and event expenses	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092
Warehouse supplies	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037	8,024
Safety/Environmental	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075	83,442
General	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909	185,198
	<u>\$11,415,193</u>	<u>\$12,474,555</u>	<u>\$13,937,712</u>	<u>\$16,361,152</u>	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>
General and Administrative:										
Employee services	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377
Maintenance	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408	501,087
Utilities	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703	194,864
Telephone	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626	115,447
Insurance	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620	92,492
Professional services	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566
Police expenses	-	-	1,429	1,341	654	216	314	174	82	82
Contracted services	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445	100,952
Office and equipment rental	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809	65,104
Administrative	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746
Trade and sales development	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237	184,528
Media advertising	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557	195,766
Production	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678	24,222
Safety/Environmental	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544	23,299
General	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752
	<u>\$ 8,883,174</u>	<u>\$ 9,572,631</u>	<u>\$ 9,630,337</u>	<u>\$10,139,046</u>	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>
Depreciation	<u>\$ 5,284,372</u>	<u>\$ 5,417,115</u>	<u>\$ 5,513,656</u>	<u>\$ 6,142,055</u>	<u>\$ 7,127,447</u>	<u>\$ 8,442,640</u>	<u>\$ 9,648,639</u>	<u>\$10,060,645</u>	<u>\$12,165,114</u>	<u>\$13,381,562</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699
Other	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386	-
	<u>\$ 734,977</u>	<u>\$ 977,117</u>	<u>\$ 821,270</u>	<u>\$ 775,933</u>	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues (OR)	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961
Operating Expenses (OE) *	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)
Net Operating Income (NOI)	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863
Non-Operating Revenues	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922	4,369,477
Non-Operating Expenses	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)
Net Income "A" (NI"A")	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641
Depreciation	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)
Net Income (Loss) "B" (NI"B")	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079
Net Capital Assets (NCA) **	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828
Total Assets (TA)	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 382,785,615	\$ 398,726,746

Operating Indicators:

Operating ROI (NOI/NCA)	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%
Operating Margin (NOI/OR)	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%
Operating Ratio (OE/OR)	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.54%
ROI "B" (NI"B"/TA)	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.19%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Port Commerce By Commodity
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781	122,055
Grain	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095
Chemical	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814	58,377
Dry Bulk	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567
Total	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	1,369	-
Chemical	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331
Dry Bulk	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275
Petroleum	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404	41,750
Total	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356
Harbor Island										
Break Bulk	5,132	17,146	1,816	6	6	6	2	-	-	-
Petroleum	2,760	533	-	332	-	-	-	-	-	-
Total	7,892	17,679	1,816	338	6	6	2	-	-	-
Ingleside										
Break Bulk	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609	175,551
Dry Bulk	-	3,506	(3,506)	-	-	42,722	-	-	7,012	4,615
Petroleum	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829
Total	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995
Rincon Point										
Break Bulk	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500	9,025
Grain	-	-	-	-	5,746	10,329	14,040	-	12,503	31,726
Dry Bulk	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291	48,647
Total	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294	89,398
Total	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217
Commodity Totals - Short tons										
Break Bulk	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259	306,631
Grain	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821
Chemical	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708
Dry Bulk	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146
Total	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217

TABLE 5 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

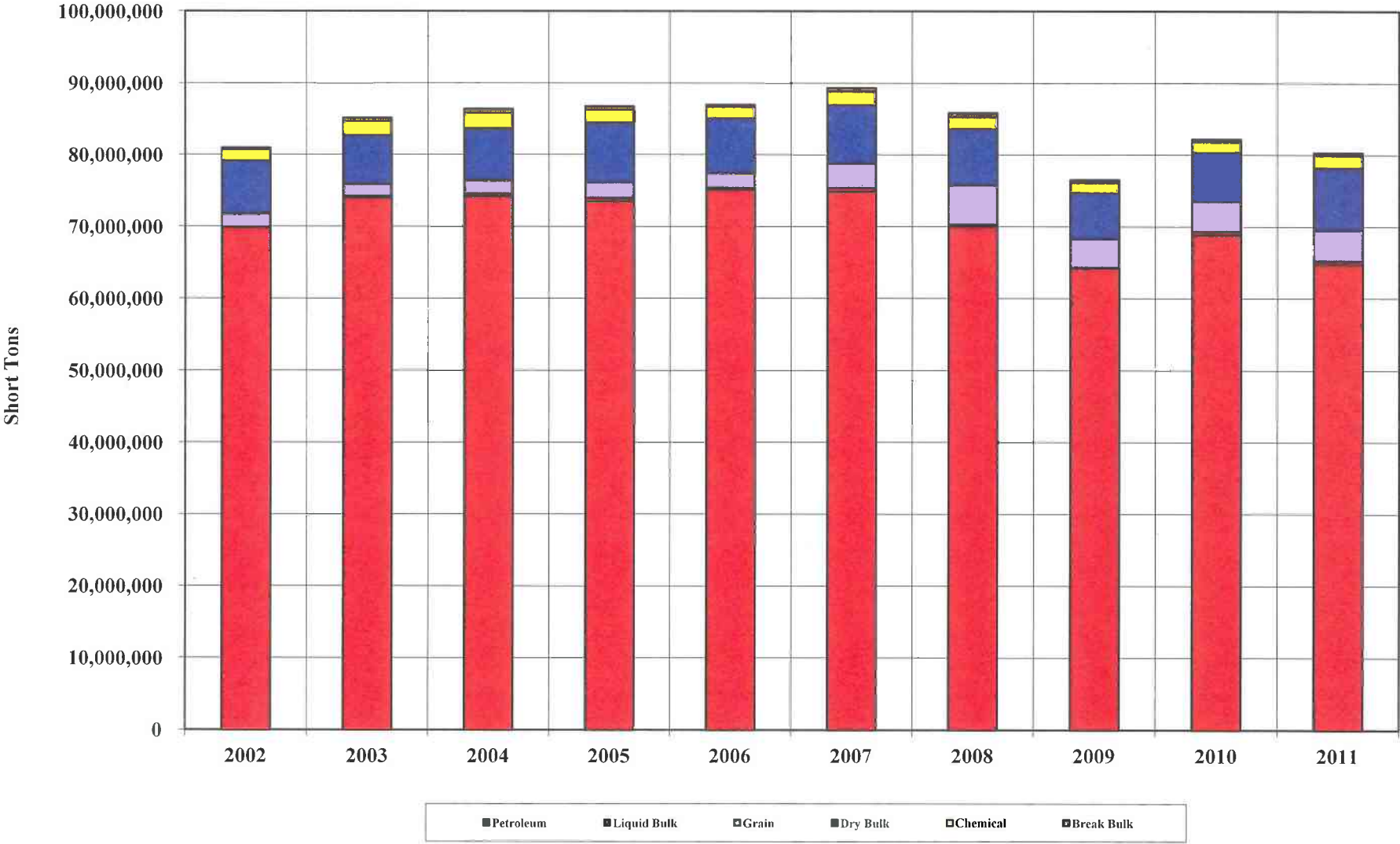


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Inner Harbor										
<i>Ships</i>										
Dry Cargo	266	244	210	268	233	300	377	217	234	271
Tankers	744	841	803	808	817	825	819	779	816	789
<i>Barges</i>	4,066	4,465	4,818	4,820	4,440	4,393	4,112	3,691	4,168	3,878
<i>Total Vessels</i>	5,076	5,550	5,831	5,896	5,490	5,518	5,308	4,687	5,218	4,938
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	119	116	101	147	128	117	107	100	124	117
Tankers	112	152	167	104	110	135	104	85	69	101
<i>Barges</i>	161	257	281	310	175	166	102	80	123	89
<i>Total Vessels</i>	392	525	549	561	413	418	313	265	316	307
Harbor Island										
<i>Ships</i>										
Dry Cargo	628	540	581	610	566	632	227	-	-	-
<i>Barges</i>	23	5	-	-	-	-	-	-	-	1
<i>Total Vessels</i>	651	545	581	610	566	632	227	-	-	1
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	13	6	13	12	15	28	19	22	58	42
Tankers	84	80	86	88	92	97	98	109	107	75
<i>Barges</i>	52	56	111	54	55	45	49	66	67	48
<i>Total Vessels</i>	149	142	210	154	162	170	166	197	232	165
Rincon Point										
<i>Barges</i>	3	4	66	114	2	6	8	2	3	2
<i>Total Vessels</i>	3	4	66	114	2	6	8	2	3	2
Total										
<i>Ships</i>										
Dry Cargo	1,026	906	905	1,037	942	1,077	730	339	416	430
Tankers	940	1,073	1,056	1,000	1,019	1,057	1,021	973	992	965
<i>Barges</i>	4,305	4,787	5,276	5,298	4,672	4,610	4,271	3,839	4,361	4,018
<i>Total Vessels</i>	6,271	6,766	7,237	7,335	6,633	6,744	6,022	5,151	5,769	5,413

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

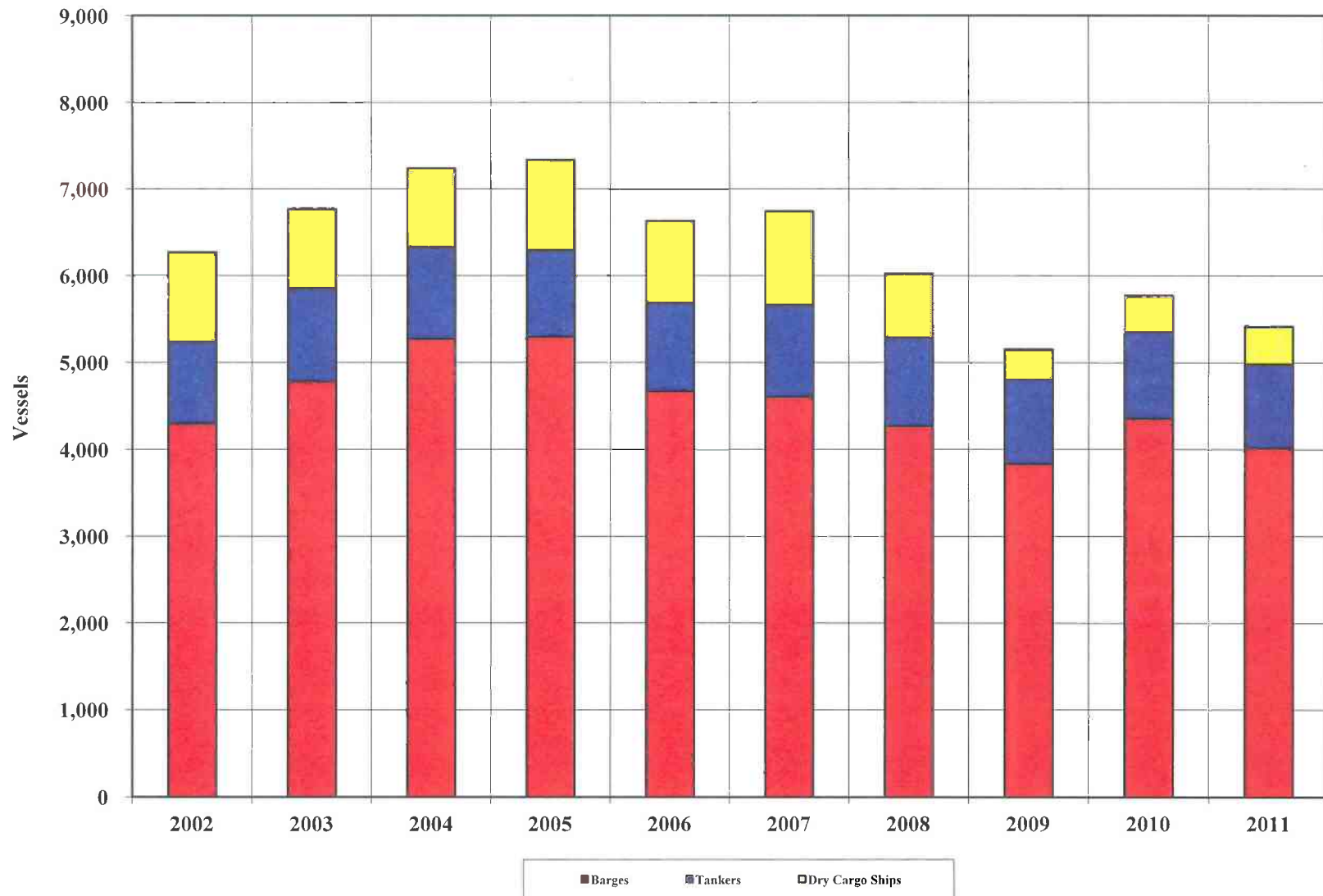


TABLE 7 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Tariff Rates
Last Ten Years**

	U/M	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Wharfage Rates											
All Cargo NOS	W/M	\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.7500	\$2.8600	\$2.8500	\$2.8900
Dry Bulk	S/T	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6200	\$0.9000	\$1.0500
Liquid Bulk	BRL	\$0.0400	\$0.0400	\$0.0400	\$0.0600	\$0.0600	\$0.0800	\$0.0800	\$0.0831	\$0.0828	\$0.0839
Beans, Lentils & Peas	S/T	\$0.4000	\$0.4000	\$0.4000	\$0.5000	\$0.5000	\$0.5000	\$0.5500	\$0.5700	\$0.5700	\$0.5800
Cotton	Bale	\$0.1500	\$0.1500	\$0.1500	\$0.4800	\$0.4800	\$0.4800	\$0.4800	\$0.5000	\$0.5000	\$0.5100
Grain and Grain Products	S/T	\$0.4000	\$0.4000	\$0.4000	\$0.5000	\$0.5000	\$0.5000	\$0.7000	\$1.3000	\$1.2900	\$1.3100
Grain and Grain Products (bulk)	S/T	\$0.1700	\$0.1700	\$0.1700	\$0.1700	\$0.1700	\$0.1700	\$0.2500	\$0.2600	\$0.2600	\$0.2600
Iron and Steel Articles	S/T	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.8000	\$1.8700	\$1.8600	\$1.8800
Machinery, agricultural	S/T	\$0.0000	\$1.7600	\$1.7600	\$1.7600	\$1.7600	\$1.7600	\$2.7500	\$2.8600	\$2.8500	\$2.8900
Machinery, grading, earth moving	S/T	\$2.0000	\$2.0000	\$2.0000	\$2.0000	\$2.0000	\$2.0000	\$2.7500	\$2.8600	\$2.8500	\$2.8900
Military Cargo	S/T	\$1.3000	\$1.3000	\$1.3000	\$2.3000	\$2.3000	\$2.3000	\$2.3000	\$5.3800	\$5.3600	\$5.4300
Milk, dehydrated	S/T	\$0.4000	\$0.4000	\$0.4000	\$0.5000	\$0.5000	\$0.5000	\$0.7000	\$1.5200	\$1.5100	\$1.5300
Passengers	Person	\$4.0000	\$4.0000	\$5.0000	\$5.0000	\$5.0000	\$5.0000	\$5.0000	\$5.0000	\$4.9800	\$5.0500
Power Generation/Plant Equipment	S/T	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$1.9000	\$1.9000	\$2.7500	\$2.8500	\$2.8400	\$2.8800
Refrigerated Cargo	S/T	\$0.0000	\$0.0000	\$0.0000	\$1.3000	\$1.3000	\$1.3000	\$1.3000	\$1.3000	\$1.2900	\$1.3100
Rice and Rice Products	S/T	\$0.4000	\$0.4000	\$0.4000	\$0.5000	\$0.5000	\$0.5000	\$0.7000	\$1.3000	\$1.2900	\$1.3100
Sand, aggregates, caliche, limestone	S/T	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6000	\$0.6200	\$0.9000	\$1.0500
Vegetable oil	S/T	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2000	\$1.2500	\$1.2500	\$1.2700
Vehicles	S/T	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$4.7500	\$4.9400	\$4.9200	\$4.9800
Vessels, pressure	S/T	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.4000	\$3.5300	\$3.5200	\$3.5700
Dockage Rates											
General Cargo											
Vessels											
								<u>Dry/Liquid</u>			
0-199	Feet	\$1.90	\$1.90	\$1.90	\$1.97	\$1.97	\$1.97	\$2.28/\$1.62	\$2.37	\$2.36	\$2.39
200-399	Feet	\$2.22	\$2.22	\$2.22	\$2.55	\$2.55	\$2.55	\$2.99/\$2.10	\$3.11	\$3.10	\$3.14
400-499	Feet	\$3.02	\$3.00	\$3.02	\$3.50	\$3.50	\$3.50	\$4.23/\$2.88	\$4.40	\$4.38	\$4.44
500-599	Feet	\$4.06	\$4.06	\$4.06	\$4.67	\$4.67	\$4.67	\$5.69/\$3.85	\$5.91	\$5.89	\$5.97
600-699	Feet	\$4.72	\$4.72	\$4.72	\$5.43	\$5.43	\$5.43	\$6.51/\$4.47	\$6.77	\$6.74	\$6.83
700-799	Feet	\$5.99	\$5.99	\$5.99	\$6.89	\$6.89	\$6.89	\$8.39/\$5.67	\$8.72	\$8.69	\$8.80
800-899	Feet	\$7.21	\$7.21	\$7.21	\$8.29	\$8.29	\$8.29	\$10.10/\$6.83	\$10.50	\$10.46	\$10.60
900 +	Feet	\$8.63	\$8.63	\$8.63	\$9.92	\$9.92	\$9.92	\$12.08/\$8.17	\$12.55	\$12.50	\$12.66
Barges - Inland Waterway		\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$90.00 Flat	\$95.00 Flat	\$125.00	\$126.64
Bulk Terminal	GRT	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.49	\$0.51	\$0.41	\$0.42
Liquid Bulk											
Vessels											
Barges	DWT	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
0-360 Feet	Barge	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$90.00	\$95.00	\$125.00	\$126.64
360 +	Barge	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee ²											
Ships	Ship	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$275.00	\$275.00	\$2,032.00	\$2,032.00
Barges	Barge	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$35.00	\$35.00	\$230.00	\$230.00
Security Surcharge Fee ¹											
		-	-	10.0%	10.5%	11.0%	11.5%	12.0%	10.0%	10.0%	7.5%

¹ Security surcharge fee is calculated on wharfage and dockage billings

² Harbor Safety Fees include fireboat fees and a marine patrol fee implemented in 2010

Tariff rates reported on this schedule represent the most significant of the Authority's revenue sources, all rates may be obtained from the Authority's published tariff

S/T - short tons; BRL - barrel; DWT - dead weight tons; NRT - net registered tons; GRT - gross registered tons; W/M - weight or measure

TABLE 8 (Unaudited)

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

**Ten Largest Customers
December 31, 2011 and 2002**

WHARFAGE and DOCKAGE REVENUE:

Customer	2011			2002		
	Wharfage and Dockage Revenue	Rank	%	Wharfage and Dockage Revenue	Rank	%
Valero	\$ 9,272,737	1	24.60%	\$ 3,877,537	2	23.87%
Citgo	6,940,053	2	18.41%	3,529,849	1	21.73%
Flint Hills	4,970,161	3	13.18%	1,940,967	3	11.95%
NuStar Logistics	2,036,496	4	5.40%	-		0.00%
Biehl & Company	1,066,886	5	2.83%	334,408	9	2.06%
Max Shipping	882,359	6	2.34%	-		0.00%
Equistar	780,319	7	2.07%	573,296	5	3.53%
Dix-Fairway	710,015	8	1.88%	396,402	8	2.44%
Boyd Campbell	682,041	9	1.81%	522,512	6	3.22%
Port Corpus Terminal	626,820	10	1.66%	-		-
Shamrock Logistics	-	-	-	** 1,058,957	4	6.52%
Aimcor	-	-	-	478,057	7	2.94%
Corpus Christi Day Cruise	-	-	-	273,213	10	1.68%
Subtotal (10 largest)	27,967,887		74.18%	12,985,198		79.94%
Other	9,728,849		25.82%	3,260,177		20.06%
Total	\$ 37,696,736		100.00%	\$ 16,245,375		100.00%

TONNAGE:

Customer	2011			2002		
	Tonnage	Rank	%	Tonnage	Rank	%
Valero	23,253,364	1	28.95%	21,711,488	2	26.82%
Citgo	23,210,483	2	28.90%	24,768,954	1	30.59%
Flint Hills	12,632,429	3	15.73%	9,949,604	3	12.29%
Sherwin Alumina	5,817,275	4	7.24%	4,892,005	5	6.04%
NuStar Logistics	2,640,415	5	3.29%	-		-
ADM/Growmark	2,428,773	6	3.02%	-		-
Interstate Grain	1,749,357	7	2.18%	1,065,395	9	1.32%
Occidental	1,699,239	9	2.12%	1,555,500	8	1.92%
Equistar	1,152,646	8	1.44%	1,978,448	7	2.44%
Koch Supply & Trading	767,481	10	0.96%	-		-
Koch Petroleum Group	-	-	-	* 6,058,066	4	7.48%
Shamrock Logistics	-	-	-	** 3,093,441	6	3.82%
Aimcor	-	-	-	796,762	10	0.98%
Subtotal (10 largest)	75,351,462		93.83%	75,869,663		93.71%
Other	4,958,755		6.17%	5,089,261		6.29%
Total	80,310,217		100.00%	80,958,924		100.00%

* Flint Hills was formerly Koch Petroleum

** NuStar Logistics was formerly Shamrock Logistics

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenue Bonds	\$ 17,075,000	\$ 16,110,000	\$ 15,130,000	\$ 14,120,000	\$ 13,080,000	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000
Per Capita	\$672	\$602	\$541	\$475	\$411	\$350	\$292	\$266	\$232	\$186
Percent of Personal Income	0.17%	0.15%	0.13%	0.12%	0.10%	0.09%	0.07%	0.06%	0.05%	0.04%

Details regarding the Authority's outstanding debt can be found in Note 6 of the Notes to the Financial Statements. See Table 11, schedule of Demographic and Economic Statistics for personal income and population data.

TABLE 10 (Unaudited)

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

**Revenue Bond Coverage
Last Ten Years**

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Coverage
				Principal	Interest	Total	
2002	27,835,369	20,298,367	7,537,002	1,219,643	452,024	1,671,667	4.51
2003	29,740,622	22,047,186	7,693,436	1,239,231	432,315	1,671,546	4.60
2004	30,730,996	23,568,049	7,162,947	1,260,833	410,843	1,671,676	4.28
2005	33,955,080	26,500,198	7,454,882	1,283,636	387,819	1,671,455	4.46
2006	37,306,108	29,145,654	8,160,454	1,308,000	363,385	1,671,385	4.88
2007	46,159,781	33,913,508	12,246,273	1,333,889	337,589	1,671,478	7.33
2008	51,983,640	34,850,477	17,133,163	1,360,625	310,516	1,671,141	10.25
2009	47,035,575	35,727,525	11,308,050	1,389,286	282,198	1,671,484	6.77
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259	15.84

(1) Gross revenues represent all revenues, income and receipts, including interest income, and any other revenues

(2) Operating expenses represent maintenance and operating, and general and administrative expenses

(A) Debt service requirements represent average annual debt service

TABLE 11 (Unaudited)

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

**Demographic and Economic Statistics
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011(E)
Population (1)	402,858	403,458	406,835	410,253	411,889	411,528	413,206	416,095	428,217	424,057
Personal Income-(in thousands) (1)	\$ 10,241,211	\$ 10,805,356	\$ 11,388,008	\$ 12,200,894	\$ 13,096,253	\$ 14,096,242	\$ 15,428,875	\$ 15,211,542	\$ 15,718,947	\$ 16,497,035
Per Capita Personal Income (1)	\$25,421	\$26,782	\$27,992	\$29,740	\$31,796	\$34,253	\$37,339	\$36,558	\$36,708	\$38,903
Unemployment rate (2)	6.30%	6.80%	6.60%	5.20%	4.70%	4.20%	4.70%	7.20%	8.19%	7.88%

Source:

- (1) Bureau of Economic Analysis
- (2) Texas Workforce Commission

(E) Estimated based on growth trend from 2002-2010

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2011 and 2002**

Employer	2011			2002*		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi Army Depot	5,800	1	2.83%	-	-	-
Corpus Christi ISD	5,178	2	2.53%	-	-	-
Christus Spohn Health System	5,144	3	2.51%	-	-	-
HEB Grocery Co.	5,000	4	2.44%	-	-	-
City of Corpus Christi	3,171	5	1.55%	-	-	-
Naval Air Station Corpus Christi	2,822	6	1.38%	-	-	-
Bay, Ltd.	2,100	7	1.03%	-	-	-
Driscoll Children's Hospital	1,800	8	0.88%	-	-	-
Del Mar College	1,542	9	0.75%	-	-	-
Corpus Christi Medical Center	1,300	10	0.64%	-	-	-
Total	33,857		16.54%	-		-

Corpus Christi Regional Economic and Development Corporation
Bureau of Labor Statistics

* Information for 2002 not available

TABLE 13 (Unaudited)

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

**Employees by Function
Last Ten Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operations:										
Cold Storage Facility	12	12	13	13	13	12	9	-	-	-
Bulk Terminal Facility	16	16	16	16	17	16	17	17	14	17
Harbormaster's Office	19	12	12	12	11	10	10	10	9	9
Lift Bridge	-	8	8	8	8	5	-	-	-	-
Maintenance	34	38	37	38	39	43	43	48	46	45
Police Department	-	-	20	21	22	40	44	49	51	46
	81	86	106	108	110	126	123	124	120	117
Administration:										
Executive Director	2	2	2	2	2	2	5	4	6	2
Deputy Port Directors	-	-	-	-	-	-	3	4	4	4
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	4	4	5	5	5	5	5
Business Development	7	8	8	8	7	7	5	7	3	3
Communications	-	-	-	-	-	-	-	-	2	3
Property & Industrial Development	1	1	1	1	1	1	1	1	1	3
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	7	7	8	8	8	8	9	9	7	8
Information Technology	5	5	7	7	7	9	9	7	7	6
Engineering	12	12	12	11	13	13	10	14	12	12
Operations	6	7	6	7	7	7	5	7	4	4
	48	50	52	51	52	55	55	61	54	53
	129	136	158	159	162	181	178	185	174	170

TABLE 14 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Capital Asset Statistics
Last Five Years**

	2007	2008	2009	2010	2011
Harbor divisions	6	6	6	6	6
Turning basins	5	5	5	5	5
Corpus Christi Ship Channel (miles)	35	35	35	35	35
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	8	8	8	8	8
Covered docks	3	3	3	3	3
Open docks	2	2	2	2	2
Special public use dock	1	1	1	1	1
Covered storage (square feet)	295,500	295,500	295,500	295,500	295,500
Dockside rail access (docks)	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1
Liquid bulk docks	11	11	11	11	11
Ship	6	6	6	6	6
Barge	5	5	5	5	5
Bulk material docks	2	2	2	2	2
Gantry cranes	1	1	1	1	1
Unloading rate per hour (short tons)	600	600	600	600	600
Radial ship loaders	1	1	1	1	1
Loading rate per hour (short tons)	1,500	1,500	1,500	1,500	1,500
Layberth facilities/docks	3	3	3	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	23	25	28	28	30
Container handling machines	2	2	2	2	2
Bagging facilities	2	2	2	2	2
Grain	1	1	1	1	1
General purpose	1	1	1	1	1
Grain elevator	1	1	1	1	1
Bushel capacity (bushels)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Ship loading capacity per hour (bushels)	120,000	120,000	120,000	120,000	120,000
Truck unloading capacity per hour (bushels)	40,000	40,000	40,000	40,000	40,000
Railcar unloading capacity per hour (bushels)	80,000	80,000	80,000	80,000	80,000
Cotton warehouses	1	1	1	1	1
Covered storage (square feet)	575,000	575,000	575,000	575,000	575,000
Cold storage facilities	1	1	1	1	1
Refrigerated storage-chill and frozen (square feet)	100,000	100,000	100,000	100,000	100,000
Multi-purpose cruise terminal/meeting banquet center	1	1	1	1	1
Meeting rooms	5	5	5	5	5
Banquet hall	1	1	1	1	1
Outdoor plaza	1	1	1	1	1
Indoor square feet (approximate)	24,000	24,000	24,000	24,000	24,000
Outdoor square feet (approximate)	50,000	50,000	50,000	50,000	50,000
Industrial parks	1	1	1	1	1
Acreage	318	318	318	318	318
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	18,750	18,750	18,750	18,750
Emerged (acres)	6,250	6,250	6,250	6,250	6,256
Dredge Placement Areas	4,688	4,688	4,688	4,688	4,688
Open storage/development (acres)	2,400	2,400	2,400	2,400	2,400
Railroads					
Railway (miles)	26	35	37	37	42
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emerged (acres)	0	0	0	483	480
Land-submerged (acres)	0	0	0	429	429
Wharfs and piers (linear feet)	0	0	0	4050	3450
Buildings-office/classrooms,barracks,warehouse (sq ft)	0	0	0	788,367	781,217

TABLE 15 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Analysis of Funding Progress - Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
2001	\$ 8,736,367	\$ 13,220,605	66.1%	\$ 4,484,238	\$ 5,896,407	76.1%
2002	9,277,397	14,091,854	65.8%	4,814,457	6,094,250	79.0%
2003	10,728,469	15,445,423	69.5%	4,716,954	6,522,619	72.3%
2004	12,187,288	16,966,500	71.8%	4,779,212	7,918,506	60.4%
2005	13,572,671	18,177,881	74.7%	4,605,210	8,544,001	53.9%
2006	15,800,903	19,925,412	79.3%	4,124,509	9,020,233	45.7%
2007	17,772,707	22,044,720	80.6%	4,272,013	9,558,262	44.7%
2008	18,097,936	23,421,983	77.3%	5,324,047	10,298,956	51.7%
2009	20,143,863	24,899,158	80.9%	4,755,295	11,397,962	41.7%
2010	21,744,295	26,372,629	82.5%	4,628,334	11,840,675	39.1%

TABLE 16 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2011**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/11-12	\$4,000,000/\$100,000	\$ 125,000,000
Boiler and Machinery	04/01/11-12	50,000 5,000	1,000,000 30,000,000
Business Auto Liability	10/01/11-12	-	10,000,000
Group Travel Accident	01/11/11-14	-	1,000,000
Foreign Liability	10/01/11-12	-	1,000,000
Pollution Legal Liability	10/16/08-13	100,000	5,000,000
Non-owned Aircraft Liability	10/01/11-12	-	2,000,000
Marine Liability and Primary P&I	10/01/11-12	50,000	20,000,000
Firebarge Hull & Machinery	10/01/11-12	25,000	3,500,000
29' Safeboat Hull & Machinery	10/01/11-12	25,000	259,065
31' Safeboat Hull & Machinery			350,000
Firebarge and Excess P&I	10/01/11-12		80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/11-12	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/11-12	10,000	5,000,000/10,000,000
Executive Risk	10/01/10-13	-	250,000/1,250,000
Customs Bond - FTZ Operator	09/28/11-12	-	250,000
International Carrier Bond	02/16/11-12	-	100,000
Employee Fidelity (Crime) Bond	12/21/11-14	25,000	2,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/11-12	-	Statutory
Corporate Fine Art	07/08/11-12	-	82,000
Terrorism	04/01/11-12	50,000	25,000,000

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

**Miscellaneous Statistical Data
December 31, 2011**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	170			
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
Area:	6,256 - Emergent acres 18,750 - Submerged acres			
Population:		City of	Nueces	San Patricio
	Year	Corpus Christi	County	County
	1920	10,522	22,807	11,386
	1930	27,741	51,779	23,836
	1940	57,301	92,661	28,871
	1950	108,053	165,471	35,842
	1960	167,690	221,573	45,021
	1970	204,525	237,544	47,288
	1980	232,119	268,215	58,013
	1990	256,632	296,527	58,749
	2000	277,454	313,645	67,138
	2010	305,215	340,223	64,804
Elevation:	Sea level to 85 feet, average 35 feet			
Tidal Data:				
Average Water Level:				
Inner Harbor	2.08 feet above Mean Low Tide (MLT)			
Tidal Range:				
Inner Harbor	Insignificant			
Aransas Pass	1.5 feet			
Aerial Clearance:				
Harbor Bridge	138 feet			
Temperature:	Annual Average - 71° January Average - 66° July Average - 93°			
Average Seasonal Rainfall:	30.4			

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

Miscellaneous Statistical Data
December 31, 2011

Public Docks:

Bulk liquid		11 - Main Harbor
Dry cargo		8 - Main Harbor
Bulk materials		2 - Main Harbor
		<u>21</u>

Private Docks:

Bulk liquid	- Citgo	6 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Valero	3 - Main Harbor
	- Occidental Chemical	1 - La Quinta
Dry cargo	- Koch Gathering	1 - Ingleside
	- Bay Inc.	2 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Docks & Rail	2 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	1 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - Ingleside
	- Helix Energy Solutions	1 - LaQuinta
	- Signet Maritime	1 - Jewell Fulton
	Bulk materials	- ADM/Growmark
- Interstate Grain		1 - Main Harbor
- Sherwin Alumina		1 - La Quinta
- Vulcan Materials		1 - Main Harbor
		<u>31</u>

**CONTINUING BOND
DISCLOSURE SECTION**

TABLE 18 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

Table 1:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	41,356	210,873	253,084	200,159	183,544	215,964	256,612	133,037	157,781	122,055
Grain	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095
Chemical	48,861	37,243	47,295	66,514	59,851	52,709	68,760	43,982	37,814	58,377
Dry Bulk	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567
Total	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468
La Quinta										
Break Bulk	-	-	-	-	-	-	-	-	1,369	-
Chemical	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331
Dry Bulk	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275
Petroleum	26,862	23,386	31,518	25,081	24,030	26,925	26,607	18,766	22,404	41,750
Total	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356
Harbor Island										
Break Bulk	5,132	17,146	1,816	6	6	6	2	-	-	-
Petroleum	2,760	533	-	332	-	-	-	-	-	-
Total	7,892	17,679	1,816	338	6	6	2	-	-	-
Ingleside										
Break Bulk	93,260	133,165	241,882	226,899	46,637	224,714	277,147	178,826	169,609	175,551
Dry Bulk	-	3,506	(3,506)	-	-	42,722	-	-	7,012	4,615
Petroleum	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829
Total	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995
Rincon Point										
Break Bulk	-	62	6,234	17,918	26,510	4,519	18,829	6,130	10,500	9,025
Grain	-	-	-	-	5,746	10,329	14,040	-	12,503	31,726
Dry Bulk	10,358	6,890	61,574	38,690	1,707	(1,707)	-	1,734	12,291	48,647
Total	10,358	6,952	67,808	56,608	33,963	13,141	32,869	7,864	35,294	89,398
Total	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217
Commodity Totals - Short tons										
Break Bulk	139,748	361,246	503,016	444,982	256,697	445,203	552,590	317,993	339,259	306,631
Grain	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821
Chemical	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708
Dry Bulk	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368
Liquid Bulk	65,538	243,135	407,906	518,403	248,355	513,036	301,007	131,100	506,211	533,543
Petroleum	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146
Total	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217

TABLE 19 (Unaudited)

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

**Revenues by Source
Last Ten Years**

Table 2:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues:										
Wharfage	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252
Dockage	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217
Security fees	-	-	869,819	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747
Freight handling	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583
Building and land rentals	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552
Conference center services	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456
Warehouse handling charges	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950
FTZ user fees	287,115	264,750	261,666	233,333	243,000	295,000	284,500	326,000	337,000	302,750
Compress	185,538	45,598	-	-	-	-	-	-	-	-
Other	1,301,176	2,380,598	1,439,329	1,485,316	1,845,648	1,887,694	4,538,108	1,585,220	2,226,488	4,735,454
	<u>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>	<u>\$ 36,036,411</u>	<u>\$ 44,929,457</u>	<u>\$ 51,051,193</u>	<u>\$ 46,425,890</u>	<u>\$ 52,279,852</u>	<u>\$ 58,698,961</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494
Other	236,214	-	1,242,935	139,182	-	-	284,048	24,836	286,631	3,901,983
	<u>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>

TABLE 20 (Unaudited)

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

**Expenses by Type
Last Ten Years**

Table 3:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947
Maintenance	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098
Utilities	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822
Telephone	34,045	22,358	20,468	19,694	23,716	35,699	29,991	26,436	35,286	101,960
Insurance	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345
Professional services	202,418	228,158	444,902	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731
Police expenses	-	-	64,252	36,788	53,276	39,442	74,106	55,218	66,434	14,233
Contracted services	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144
Office and equipment rental	106,710	11,908	25,941	78,665	129,527	124,691	91,004	97,627	73,983	142,778
Operator and event expenses	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092
Warehouse supplies	85,770	46,823	51,281	136,382	64,946	38,292	68,428	44,700	9,037	8,024
Ginning	-	-	-	-	-	-	-	-	-	-
Safety/Environmental	39,985	46,293	43,180	53,509	50,970	62,693	90,947	71,246	69,075	83,442
General	253,460	178,488	225,660	74,745	173,190	220,500	93,105	196,113	129,909	185,198
	<u>\$11,415,193</u>	<u>\$12,474,555</u>	<u>\$13,937,712</u>	<u>\$16,361,152</u>	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>
General and Administrative:										
Employee services	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377
Maintenance	297,592	272,419	274,342	229,548	324,760	351,566	320,610	432,088	453,408	501,087
Utilities	118,395	131,448	135,135	162,864	218,586	222,481	196,865	224,245	172,703	194,864
Telephone	98,649	103,287	108,862	209,939	205,520	213,248	231,958	209,267	196,626	115,447
Insurance	208,519	107,456	45,278	119,854	111,670	108,314	84,451	96,638	124,620	92,492
Professional services	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566
Police expenses	-	-	1,429	1,341	654	216	314	174	82	82
Contracted services	94,226	68,343	60,516	54,189	134,754	198,260	88,262	64,213	151,445	100,952
Office and equipment rental	2,245	8,270	3,042	4,451	6,852	10,173	18,264	40,406	59,809	65,104
Administrative	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746
Trade and sales development	129,229	125,484	143,296	107,450	123,054	146,161	148,946	204,427	157,237	184,528
Media advertising	124,256	88,530	102,957	91,527	73,557	157,725	109,262	108,425	206,557	195,766
Production	55,918	57,538	25,460	45,124	56,861	30,773	27,917	48,319	25,678	24,222
Safety/Environmental	13,638	19,889	20,992	20,439	36,047	26,992	38,206	22,681	21,544	23,299
General	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752
	<u>\$ 8,883,174</u>	<u>\$ 9,572,631</u>	<u>\$ 9,630,337</u>	<u>\$10,139,046</u>	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>
Depreciation	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$10,060,645	\$12,165,114	\$13,381,562
Non-Operating Expenses:										
Other:										
Interest	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699
Other	-	90,856	-	-	15,395	10,293	592,931	20,735	19,386	-
	<u>\$ 734,977</u>	<u>\$ 977,117</u>	<u>\$ 821,270</u>	<u>\$ 775,933</u>	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>

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

**Debt Administration
December 31, 2011**

At December 31, 2011, the Authority had one debt issue outstanding. This issue included \$7,250,000 in general revenue bonds. The Authority has maintained an A rating from Standard and Poor's Corporation and an A3 rating from Moody's Investor Service on general revenue bond issues.

The following is a statement of changes in long-term debt for the year ended December 31, 2011:

Table 4:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 8,515,000	\$ -	\$ 1,265,000	\$ 7,250,000	\$ 1,265,000
Accumulated Accretion	81,640	-	13,999	67,641	
Total	\$ 8,596,640	\$ -	\$ 1,278,999	\$ 7,317,641	\$ 1,265,000

At December 31, 2011, total debt service requirements are as follows:

Table 5:

	Principal	Interest	Total
2012	\$ 1,320,000	\$ 351,850	\$ 1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
Thereafter	1,590,000	80,640	1,670,640
Total	\$ 7,250,000	\$ 1,106,295	\$ 8,356,295

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

**Notes Receivable
December 31, 2011**

Table 6:

A summary of changes in notes receivable for the year ended December 31, 2011, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	\$ 4,048,169	\$ -	\$ 3,203,405	\$ 844,764	\$ 844,764

Notes Receivable as of December 31, 2011 is summarized as follows:

	Principal Outstanding
\$12,000,000 Note Receivable due in annual principal installments; \$844,764 due in 2012; interest at 8.0%	\$ 4,048,169
Less: Principal Prepayments	3,203,405
Principal Outstanding	844,764
Less: Current Maturities	844,764
Notes Receivable - Net	\$ -

Total note receivable requirements as of December 31, 2011, are as follows:

	Principal	Interest	Total
2012	\$ 844,764	\$ 67,581	\$ 912,345
Thereafter	-	-	-
Total	\$ 844,764	\$ 67,581	\$ 912,345

Pursuant to a Construction and Installment Sale Agreement (Agreement) entered into on May 3, 1994, the Authority agreed to construct crude storage facilities on premises leased to an Authority User, and then sell facilities to the User. On January 12, 1995, the Authority sold their undivided right, title and interest in the crude storage facilities to the User, and a Promissory Note (Note) was executed made payable to the Authority by the User in the amount of \$12,000,000.

The Note is due and payable in twenty-one annual installments, the first installment being interest only and the remaining twenty annual installments of equal principal and interest, at a rate of 8 percent, unless sooner paid. All payments are applied first to interest with the remainder, if any, applied to unpaid principal.

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority's Oil Dock 1 to the User's crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority's Oil Dock 1 for purpose of delivering crude oil to the User's crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2011, the Authority credited \$1,338,267 of applicable revenue received from wharfage and dockage fees collected to the debt service account.

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

**Leases
December 31, 2011**

Table 7:**Operating Leases**

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2011, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2012	\$ 5,544,907
2013	4,752,243
2014	3,740,668
2015	3,021,042
2016	1,818,669
Thereafter	17,559,550
Total	\$ 36,437,079

TABLE 24 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

Table 8:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues (OR)	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961
Operating Expenses (OE) *	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)
Net Operating Income (NOI)	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863
Non-Operating Revenues	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922	4,369,477
Non-Operating Expenses	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)
Net Income "A" (NI"A")	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641
Depreciation	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)
Net Income (Loss) "B" (NI"B")	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079
Net Capital Assets (NCA) **	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828
Total Assets (TA)	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 382,785,615	\$ 398,726,746

Operating Indicators:

Operating ROI (NOI/NCA)	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%
Operating Margin (NOI/OR)	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%
Operating Ratio (OE/OR)	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.54%
ROI "B" (NI"B"/TA)	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.19%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 25 (Unaudited)

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

**Debt Service Requirements
December 31, 2011**

Table 9:

Year Ending	Series 2002-A Bonds			Series 2002-B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2012	755,000	206,485	961,485	565,000	145,365	710,365	1,671,850
2013	790,000	171,000	961,000	590,000	120,505	710,505	1,671,505
2014	825,000	132,685	957,685	620,000	93,660	713,660	1,671,345
2015	865,000	91,435	956,435	650,000	64,520	714,520	1,670,955
2016	910,000	47,320	957,320	680,000	33,320	713,320	1,670,640
	<u>\$ 4,145,000</u>	<u>\$ 648,925</u>	<u>\$ 4,793,925</u>	<u>\$ 3,105,000</u>	<u>\$ 457,370</u>	<u>\$ 3,562,370</u>	<u>\$ 8,356,295</u>

Average \$ 1,671,259

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

**Pension Plan
December 31, 2011**

Table 10:**Plan Description**

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 cash-balance-account type defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act, and under this Act the contribution rate is actuarially determined annually. The actuarially determined rate for 2011 was 7.33 percent, however the governing body of the Authority adopted the rate of 11 percent and the contribution rate for employees of 7 percent. Contributions made by the Authority in excess of the actuarially determined rate are classified as net pension asset. Employee and Authority contributions were \$737,217 and \$1,158,484, respectively for the year ended December 31, 2011. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension costs were \$771,971 and the actual contributions for its employees were \$1,158,484. Three-year trend information is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 771,971	100.00%	\$ -
2010	\$ 959,095	100.00%	\$ -
2009	935,773	100.00%	\$ -

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

**Pension Plan
December 31, 2011**

Table 10 (Continued):

The latest actuarial valuation for the Authority employees was completed as of December 31, 2010. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Method	SAF: 10-year smoothed value ESF: Fund value
Projected Annual Salary Increases	5.4% average
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Cost of Living Adjustment	0.0%
Amortization Method:	
Unfunded Actuarial Accrued Liability	Level percentage of payroll, closed
Remaining Amortization Period:	
Unfunded Actuarial Accrued Liability	6.7 years

Schedule of Funding

Schedule of funding progress for the Pension Plan for the employees of the Authority is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Unfunded	Funded Ratio	Annual Covered Payroll	Percentage of Covered Payroll
December 31, 2010	\$ 21,744,295	\$ 26,372,629	\$ 4,628,334	82.45%	\$ 11,840,675	39.09%
2009	20,143,863	24,899,158	4,755,295	80.90%	11,397,962	41.72%
2008	18,097,936	23,421,983	5,324,047	77.27%	10,298,956	51.70%

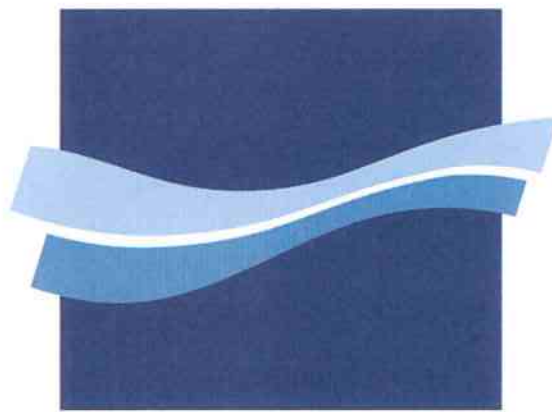
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Current Investments
December 31, 2011**

Table 11:

The Authority's investments at December 31, 2011, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ 5,535,450	\$ 5,535,450	1
Total investments	\$ 5,535,450	\$ 5,535,450	
Temporary investments shown as cash equivalents:			
Local government pool-TEXPOOL	\$ 28,764,942	\$ 28,764,942	Pooled
Total temporary investments shown as cash equivalents	\$ 28,764,942	\$ 28,764,942	



PORTCORPUSCHRISTI

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 30, 2012

Port Commissioners
Port of Corpus Christi Authority
Of Nueces County, Texas

We have audited the basic financial statements of the Port of Corpus Christi Authority, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Draft

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Port Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Draft

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB IRCULAR A-133

March 30, 2012

Port Commissioners
Port of Corpus Christi Authority
Of Nueces County, Texas

Compliance

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2011.

Draft

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Port Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Draft

PORT OF CORPUS CHRISTI AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

I. Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major Federal award programs for the Authority expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:
 - U.S. Department of Transportation – Passed Through Texas State Department of Transportation Federal Aid Highway Program (CFDA – 20.205)
 - U.S. Department of Homeland Security
Port Security Grant (CFDA – 97.056)
ARRA Port Security Grant (CFDA – 97.116)
 - U.S. Environmental Protection Agency
National Clean Diesel Emissions Reduction Program (CFDA – 66.039)
8. The dollar threshold for distinguishing Type A and Type B programs was \$300,000.
9. The Port was determined to be a low-risk auditee.

II. Findings Related to the Financial Statements - None

III. Findings and questioned cost for Federal awards - None

Draft

PORT OF CORPUS CHRISTI AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2011

The audit disclosed no findings required to be reported.

Draft

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Environmental Protection Agency			
Direct Programs			
National Clean Diesel Funding Assistance Program	66.039	DE-00F11601-0	\$ 606,588
Total U.S. Environmental Protection Agency			<u>606,588</u>
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #6	97.056	2006-GB-T6-0090	2,035,543
Port Security Grant #7	97.056	2007-GB-T7-0033	1,357,083
Port Security Grant #7 Supplemental	97.056	2007-GB-T7-K038	905,917
Port Security Grant #8	97.056	2008-GB-T8-K129	135,029
Port Security Grant #9	97.056	2009-PU-T9-K049	19,501
ARRA Port Security Grant	97.116	2009-PU-R1-0173	2,209
Total U.S. Department of Homeland Security			<u>4,455,282</u>
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
ARRA Joe Fulton International Trade Corridor	20.205	CSJ0916-35-156	510,370
Total U.S. Department of Transportation			<u>510,370</u>
Total Federal and passed through assistance			<u>\$ 5,572,240</u>

The accompanying notes are an integral part of this schedule.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of Port of Corpus Christi Authority of Nueces County, Texas (Authority). The Authority's reporting entity is defined in the Notes to the Authority's financial statements. All Federal financial assistance received directly from Federal agencies and passed through other governmental agencies is included on the schedule.

2. **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in the Notes to the Authority's financial statements.



John P. LaRue
EXECUTIVE DIRECTOR

PORTCORPUSCHRISTI

April 10, 2012

The Honorable Mike Carrell
The Honorable Richard M. Borchard
The Honorable Judy Hawley
The Honorable Robert Kostelnik
The Honorable Mike Scott
The Honorable Al Jones
The Honorable Charles Zahn
Port Commissioners
Port of Corpus Christi Authority

Subject: *AGENDA ITEM NO. 8*
Electrical Services Contract with the Short-Listed Provider
Quoting the Lowest Executable Pricing for Electricity

Dear Commissioners:

As authorized at the March 13, 2012 commission meeting, staff has been reviewing the contract language of the three short-listed electrical providers (Direct Energy, Reliant Energy, and Gexa Energy) to ensure they are in acceptable legal form. We anticipate this review and any required negotiations to be complete by April 5. If this occurs, we will request executable pricing to be submitted on Monday April 9 prior to the April 10, 2012 commission meeting. The new pricing would become effective July 31, 2012, when our current electrical provider contract with Gexa Energy expires.

Staff and Bill Thomas of Thomas Engineering Inc., our electrical services consultant, have been monitoring the energy market and believe that pricing is about to bottom out. As executable pricing is good only for twenty-four hours, the Port Commission has authorized the Executive Director to execute a contract for ratification by the Port Commission at the first meeting after it is signed. Should favorable executable pricing be received prior to the April 10, 2012 commission meeting, staff will provide the name of the provider and terms of the contract to the Port Commission and request ratification of the contract.

This item is included on the agenda of the April 10, 2012 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,

John P. LaRue
Executive Director



Final negotiations between staff and Plains for the Frequent Users Agreement resulted in a document that was sufficiently different from the draft version provided at the February 14, 2012 commission meeting, that we thought it prudent to present these agreements to the Port Commission again for review and approval before execution. The most notable changes to the Frequent Users Agreement are as follows:

1. Section III. ADMINISTRATOR. Plains is identified as the Administrator of the dock for the first 10 years of operation.
2. Section V. OPERATION OF THE BARGE DOCK. Plains has priority docking rights at the facility during the term of the Barge Dock Improvement and Use Agreement.
3. Section VII. NEW FREQUENT USERS. Clarifies how an occasional user of the dock can become a Frequent User.
4. Section XIX. TERM AND CANCELLATION. The initial term of the agreement is established at 120 consecutive calendar months.

Staff recommends approval the attached three documents: (1) the Barge Dock Improvement and Use Agreement, (2) the Frequent Users Agreement, and (3) the Parent Company Guarantee. This item is included on the agenda of the April 10, 2012 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachments

BARGE DOCK IMPROVEMENT AND USE AGREEMENT

Between

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

And

PLAINS EAGLE FORD PIPELINE LLC

This Barge Dock Improvement and Use Agreement (the "Agreement") dated as of the 26th day of March, 2012 (the "Effective Date"), by and between PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS (the "Authority") and PLAINS EAGLE FORD PIPELINE LLC (the "Company")

WITNESSETH:

GENERAL RECITALS AND FINDINGS

(a) The Authority is a governmental agency and body politic and corporate of the State of Texas, existing and operating as a navigation district pursuant to Article 16, Section 59 of the Texas Constitution and Chapters 60 and 62, Texas Water Code (collectively, the "Acts") whose principal place of business is Corpus Christi, Texas; and the Company is a limited liability company organized and existing under and by virtue of the laws of the State of Delaware and is fully qualified to transact business in the State of Texas whose principal place of business is Houston, Texas.

(b) This Agreement is authorized and executed pursuant to applicable laws, including the Acts.

(c) The Company, as User, and the Authority will, contemporaneous with the execution of this Agreement, execute the Viola Barge Mooring Dock User Agreement attached hereto as **Exhibit 1** (the "User Agreement") with respect to Company's use to load or unload barges at the Viola Barge Mooring Dock and the dock slip adjacent to it, which said Barge Dock and slip are owned by Authority and located in Nueces County, Texas, and which are more particularly depicted in **Exhibit A** attached to this Agreement and incorporated herein by reference.

(d) The Authority has determined that it will design and construct, based upon the terms of this Agreement, improvements to the Viola Barge Mooring Dock and the dock slip adjacent to it (the "Barge Dock Project") sufficient to accommodate the mooring of four (4) 30,000 barrel tank barges, each barge approximately 297 feet long x 54 feet wide x 10 feet draft, moored two barges long by two barges wide, as more fully depicted in **Exhibit 2** attached hereto.

(e) Company has determined based upon the terms of this Agreement, that it will provide and install the necessary utilities and equipment improvements (the "Company Facilities") depicted in **Exhibit 2** to safely and properly load and unload Liquid Bulk Cargo to and from barges moored at the Viola Barge Mooring Dock; and that the Company shall be responsible to purchase, contract, service, and maintain the Company Facilities and provide any other services described in this Agreement to be performed by Company.

(f) The Authority has determined that the Barge Dock Project constitutes "other storage facilities", "cargo-handling facilities" and "other facilities incidental to or useful in the development of the district's ports and waterways or in aid of navigation-related commerce in the port" as those terms and phrases are used in Section 60.101 of the Texas Water Code.

NOW, THEREFORE, in consideration of the covenants and agreements herein made, and subject to the conditions herein set forth, the Authority and the Company contract and agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 CERTAIN DEFINITIONS. In addition to all other words and terms defined herein, and unless a different meaning or intent clearly appears from the context, the following words and terms shall have the following meanings, respectively, whenever they are used in this Agreement:

Acts - Article 16, Section 59 of the Texas Constitution and Chapters 60 and 62, Texas Water Code, as amended.

Agreement - This Barge Dock Improvement and Use Agreement, together with all Exhibits attached to this Agreement, and all amendments and supplements to this Agreement.

Authority - Port of Corpus Christi Authority of Nueces County, Texas, a governmental agency and body politic and corporate of the State of Texas.

Authority's Dock or the Barge Dock- the Authority's Viola Barge Mooring Dock. Upon completion of the improvements by Authority and Company to the Viola Barge Mooring Dock, it will be named the Authority's "Public Oil Dock No. 5".

Business Day - A day (i) other than a Saturday or Sunday and (ii) on which banks located in the State of Texas are not closed by law or executive order.

Commencement Date - The first day of Liquid Bulk Cargo throughput (exclusive of any Liquid Bulk Cargo run through the Company Facilities to test the performance of the system) across the Viola Barge Mooring Dock, or any portion thereof, by Company or an affiliate of Company; or six (6) months following the date Authority notifies Company in writing that it has completed its Barge Dock Project, whichever date occurs first.

Company – Plains Eagle Ford Pipeline LLC a limited company organized and existing under the laws of the State of Delaware and its permitted successors and assigns.

Company Facilities - The Plains Eagle Ford Pipeline connection, including, but not limited to: pumps, pipelines, combustors, manifolds, and support facilities depicted in **Exhibit 2** to this Agreement for the handling of Liquid Bulk Cargo at the Barge Dock.

Company Representative - Any person at the time designated to act on behalf of the Company in matters relating to this Agreement by written certificate furnished to the Authority, containing the specimen signature of any such person and signed on behalf of the Company by the President, any Vice President or the Treasurer, or any authorized employee of the Company. Such certificate may designate an alternate or alternates. The Company Representative may be an employee of the Company.

Cost of Construction of the Barge Dock Project - All costs (except internal costs) incurred by the Authority, for its own account, with respect to the design and construction of the Barge Dock Project.

Cost of Construction and Installation of the Company Facilities - All costs (except internal costs) incurred by the Company, for its own account, with respect to the purchase, construction and installation of the Company Facilities on the Barge Dock Project.

Liquid Bulk Cargo - crude oil, condensate, gasoil, residual fuel oil and similar and related feedstock, or other processed petroleum product.

Port Commission - The governing body of the Authority.

Section - Any subdivision of this Agreement designated by Arabic numerals.

Specifications - The drawings, plans and written descriptions contained in the Contract Documents for each Contractor's contract for the Barge Dock Project and the purchase, construction and installation of the Company Facilities on the Barge Dock Project.

Term – The term of this Agreement begins on the Effective Date and ends five (5) years after the Commencement Date defined in Article I, Section 1.1.

ARTICLE 2

REPRESENTATIONS

Section 2.01 **REPRESENTATIONS BY AUTHORITY.** The Authority makes the following representations as the basis for the undertakings on its part herein contained:

- (a) The Authority is a governmental agency, body politic and corporate of the State of Texas and a "district" within the definition set forth in the Acts.
- (b) The Authority has the legal power under the Acts to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Authority has been duly authorized to execute and deliver this Agreement by proper action of the Port Commission.
- (c) The Authority is not in default under any of the provisions of the laws of Texas which would impair, interfere with or otherwise adversely affect the ability of the Authority to make and perform the provisions of this Agreement.
- (d) There is no litigation pending, or to the knowledge of the Authority threatened, in any court, either state or federal, calling into question the creation, organization or existence of the Authority, the validity or enforceability of this Agreement or the authority of the Authority to construct and sell the Project or to make or perform this Agreement.
- (e) The execution and delivery of this Agreement and the performance of the transactions contemplated hereby, will not violate any provision of law or regulation, or of any decree, writ, order or injunction or the organic documents of the Authority, and will not contravene the provisions of or constitute a default under any agreement, indenture, bond resolution or other instrument to which the Authority is a party or by which the Authority is bound.
- (f) All requirements and conditions specified in the Acts and all other laws and regulations applicable to the execution and delivery of this Agreement have been or will be fulfilled.

Section 2.02 **REPRESENTATIONS BY COMPANY.** The Company makes the following representations as the basis for the undertakings on its part herein contained: It is a limited liability company duly organized under the laws of the State of Delaware; it is duly qualified to do business in the State of Texas; it is not in violation of any provisions of the laws of the State of Texas in a manner which materially impairs the Company's ability to perform its obligations hereunder; it is fully empowered to enter into and perform all agreements on its part herein

contained; it has been authorized to enter into and deliver this Agreement in accordance with its governing documents and applicable state law; and the execution and delivery by it of this Agreement and the performance of the agreements herein contained do not contravene any provision of its governing documents or other requirements of law or constitute a material default under any existing agreement, indenture, mortgage, loan agreement, commitment or any other existing agreement of any kind to which it is a party or by which it is or may be bound.

ARTICLE 3

THE BARGE DOCK PROJECT

Section 3.01 DESIGN, ENGINEER'S OPINION AND COMPANY'S OPTION.

Authority estimated a Cost of Construction of the Barge Dock Project to be \$3.8 Million, and this amount is used as the basis for the Minimum Guaranteed Throughput stated in Article 4. Authority will promptly after the date this Agreement is executed obtain the services of a qualified Engineer (the "Engineer"), reasonably acceptable to Company, to perform engineering services including, but not limited to, the Preliminary Design Phase, surveying, geotechnical studies, and the Final Design Phase as outlined in Authority's Barge Dock Project. Once the Final Design Phase is complete, Authority will obtain competitive sealed bids for construction of the Barge Dock Project in accordance with Chapter 60, Texas Water Code and Authority's Project Manual.

Within ten (10) days after the bids are opened, Authority will determine a revised Cost of Construction of the Barge Dock Project which will include costs to date for any planning, surveying, permitting, engineering, design and construction services for the Barge Dock Project, plus the amount of the recommended contract award to the successful bidder, and associated improvements for access to the Barge Dock, plus 5% of the recommended contract awards for contingencies. The Minimum Guaranteed Throughput will be adjusted by changing the \$3.8 Million used as the basis for the Minimum Guaranteed Throughput in Article 4 to the revised Cost of Construction of the Barge Dock Project. Authority will notify Company in writing within ten (10) days after the bids are opened of the amount of the revised Cost of Construction, and, will also provide Company the detailed information by which Authority determined the revised Cost of Construction of the Barge Dock Project (all information provided Company pursuant to this Section 3.01 is collectively called the "Bid Information"). If the revised Cost of Construction exceeds \$3.8 million, Company has an option to terminate the Agreement within ten (10) days after notification of the revised Cost of Construction by Authority. If Company elects to terminate the Agreement the parties will have no further obligation each to the other as of the date of termination of the Agreement.

If the revised Cost of Construction of the Barge Dock Project exceeds \$5.5 million, Authority has an option to notify Company within twenty (20) days after the Bid Information is provided by Authority to Company that Authority elects to terminate the Agreement effective the date Company receives the notification of termination. If Authority elects to terminate the Agreement, the parties will have no further obligation each to the other as of the date of termination of the Agreement.

In the event neither party elects to terminate this Agreement, then final planning and construction of the Barge Dock Project will commence promptly after the Authority's option expires or when Authority notifies Company in writing that Authority will not exercise its right to terminate the Agreement.

After completion of Authority's improvements of the Barge Dock Project, a final accounting of expenses will be performed and the final Minimum Guaranteed Throughput volumes will be determined based on the formula in Section 4.01.

Section 3.02 CONSTRUCTION AND COST OF THE BARGE DOCK PROJECT.

(a) Barge Dock Project. The Authority shall construct the Barge Dock Project with all reasonable dispatch, delays incident to governmental permitting, strikes, riots, acts of God or the public enemy, or other causes beyond the reasonable control of the parties only excepted.

(b) Construction of the Barge Dock Project. The Authority shall construct the Barge Dock Project in the manner provided in this Agreement and in accordance with the description of the Barge Dock Project attached hereto as **Exhibit 2** and in the Specifications. It is agreed and understood that the Authority will enter into and execute all agreements and contracts necessary to cause the design and construction of the Barge Dock Project, and that the Authority will carry out, pay, supervise and enforce all such agreements and contracts, and will require its Contractor to provide insurance coverage on and in connection with the Barge Dock Project which insurance coverage is described in **Exhibit 3**, attached hereto and incorporated herein which will name the Company and Authority as additional insureds in all insurance policies or coverages relating to the construction of the Barge Dock Project. The Authority shall pay for the Cost of Construction of the Barge Dock Project as provided in its contract with the Contractor awarded the contract for construction of the Barge Dock Project, and permitted by the Acts. The Authority will own the improved Barge Dock.

Section 3.03 CONSTRUCTION AND COST OF THE COMPANY FACILITIES.

(a) Company Facilities. The Company shall construct the Company Facilities with all reasonable dispatch, delays incident to governmental permitting, strikes, riots, acts of God or the public enemy, or other causes beyond the reasonable control of the parties only excepted.

(b) Construction of the Company Facilities. The Company shall construct the Company Facilities in the manner provided in this Agreement and in accordance with the depiction of the Company Facilities attached hereto as **Exhibit 2** and in the Specifications. It is agreed and understood that the Company will enter into and execute all agreements and contracts necessary to cause the design and construction of the Company Facilities, and that the Company will carry out, pay, supervise and enforce all such agreements and contracts, and will require its Contractor to provide insurance coverage on and in connection with the installation of the Company Facilities as described in **Exhibit 3**, attached hereto which will name the Authority and Company as additional insureds in all insurance policies or coverages relating to the construction of the Company Facilities. The Company shall pay for the Cost of Purchase, Construction and Installation of the

Company Facilities as provided in its contract with the Contractor awarded the contract for construction of the Company Facilities. As long as Company is a Frequent User of Public Oil Dock No.5, the Company will own the Company Facilities.

(c) Company hereby grants to the Authority, its representative and Contractors all necessary and reasonable rights of ingress and egress to the installation of the Company Facilities on the Barge Dock Project required to coordinate Authority's construction of the Barge Dock Project on the schedule to be determined by Authority and Company and their respective Contractors, and the Authority agrees that it will cooperate with the Company, its representative and Contractor so that the Barge Dock Project and the Company Facilities shall be designed and constructed as provided in this Agreement and the Specifications for the construction of the Barge Dock Project and the Company Facilities.

ARTICLE 4

THROUGHPUT GUARANTEE

Section 4.01 Minimum Guaranteed Throughput

(a) Company guarantees that it, or its affiliates, shall during each of the following five (5) years (under this Agreement, a year shall mean twelve (12) consecutive months) (the "Initial Term"), beginning with the Commencement Date, and continuing each successive Year thereafter, pay for the movement over Authority's Viola Barge Mooring Dock and pay Authority's then current tariff rates for each such movement, a minimum number of 42 gallon barrels of Liquid Bulk Cargo per Year (the "Minimum Guaranteed Throughput ") as follows:

- Year No. 1-four (4) million barrels;
- Year No. 2-five (5) million barrels;
- Year No. 3- ten (10) million barrels;
- Year No. 4- twelve and one-half (12.5) million barrels; and
- Year No. 5- twelve and one-half (12.5) million barrels.

(b) Once Authority determines the Cost of Construction of the Barge Dock Project as described in Section 3.1, an adjustment to the Minimum Guaranteed Throughput will be calculated for each of the Years in Section 4.01 with the following example:

Revised Barrels=Original Barrel Quantity in Section 4.01 multiplied by Cost of Construction of the Barge Dock Project then divided by \$3.8 million

Example 1 (increase): Assuming Cost of Construction is \$4.8 million, adjusted Minimum Guaranteed Throughput for Year 4 would be:

$$12.5 \text{ million barrels} \times \$ 4.8 \text{ million} \div \$ 3.8 \text{ million} = 15,789,500 \text{ barrels}$$

Example 2 (decrease): Assuming Cost of Construction is \$3.0 million, adjusted

Throughput Guarantee for Year 4 would be:

12.5 million barrels X \$3.0 million ÷ \$3.8 million = 9,868,400 barrels

(c) Excess Volumes:

Shipments shall not be cumulative during the Term of this Agreement, except that any excess barrels for any single Year shall carry over into the next succeeding Year as a credit for the purpose of calculating the Minimum Guaranteed Throughput.

(d) Deficiency Volumes:

(1) **Deficit Barrels:** Company agrees to pay to the Authority for each applicable Year an amount equal to the total amount of Authority's then current tariff rates for each movement applied to the Minimum Guaranteed Throughput for wharfage multiplied by the number of barrels by which the Minimum Guaranteed Throughput for such Year exceeds the actual number of barrels of Liquid Bulk Cargo actually moved over Authority's Dock for the applicable Year.

(2) **Dockage:** Company agrees to pay the amount for dockage associated with the deficit barrel throughput based on the average time at the Barge Dock and the average barrels per barge loaded or unloaded for such Year.

(3) **Current Tariffs:** The current tariff rates for each Year are the Authority's rates for the Cargo moved across Authority's Dock that are in effect on the first day of such Year.

An "affiliate," as herein used, is a corporation or other entity, the controlling interest of which is owned by any of the owners of in the Company.

Company shall keep and maintain a complete and accurate set of books and records showing all Liquid Bulk Cargo shipped over Authority's Dock(s) designated in this Section 4.01 in order that Authority may ascertain therefrom any amounts due to Authority from Company as the Minimum Guaranteed Throughput. 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 Year a computation shall be made as to the amount of the balance of the Minimum Guaranteed Throughput payable by Company to Authority for such Year, and Company shall pay to Authority the balance of the Minimum Guaranteed Throughput due for such Year, if any, on or before the sixtieth day after the end of such Year (the "Due Date"). If Company has been unable to determine with certainty the amount of the balance of the Minimum Guaranteed Throughput payable with respect to any Year prior to the Due Date for such payment, then Company shall pay to the Authority on or before such Due Date an amount equal to Company's good faith estimate of the balance of the Minimum Guaranteed Throughput for such Year. If the actual balance of the Minimum Guaranteed Throughput for the Year is different from the estimated amount paid for such Year, Company will notify the Authority of such discrepancy as soon as it is known and either Company will pay any deficiency to the Authority, or the Authority will refund any overpayment to Company, within thirty days after the date on which one of the parties

notifies the other of such discrepancy. No audit may be conducted after a trailing twenty-four (24) month period from the calendar month in question.

The covenants of this Section 4.01 are material to this Agreement, and should Company fail to satisfy such covenants, Authority may terminate this Agreement upon thirty (30) days written notice to Company.

ARTICLE 5

INDEMNITY

Company shall defend, indemnify and hold harmless Authority, its commissioners, officers, directors, managers, employees, and agents (for the purposes of this Article 5, the "Indemnified Parties") from and against any and all expenses (including reasonable attorneys' fees and other costs of litigation) and liabilities for, and resulting from, the sole, joint, concurrent, or comparative negligence of Company, its agents or employees (collectively, "Company Parties"), in connection with the exercise by Company of the rights and privileges granted herein (each an "Indemnified Claim") EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE INDEMNIFIED PARTIES; provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Company Parties and the Indemnified Parties, then Company's obligation to the Indemnified Parties shall only extend to the percentage of the total responsibility of the Company Parties in contributing to such Indemnified Claim. In Indemnified Claims against any Indemnified Party by or for an employee of a Company Party, the Company's indemnification obligation under this Article 5 shall not be limited by the amount or type of damages, compensation or benefits payable by or for the Company Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.

ARTICLE 6

MEDIATION

Authority and Company 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 Agreement before a mediator to be agreed upon by Authority and Company. Authority and Company must agree upon a mediator within fifteen (15) days after a written request for mediation by either party. If the parties cannot agree on the appointment of a mediator within fifteen (15) days, the parties shall request that the Presiding Administrative District Judge sitting in Nueces County, Texas, 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 Company will each pay one-half of the costs of mediation to the mediator.

ARTICLE 7

OPERATION OF THE BARGE DOCK

Authority agrees that Company has, during the Term of this Agreement, a priority right (the "Docking Right") to use the Barge Dock which is that, except for vessels moving military cargoes at Public Oil Dock No. 5. Accordingly, a vessel that is bound for the Barge Dock to load or unload a cargo for the Company across the Barge Dock, to or from a pipeline or storage tanks of the Company, shall be scheduled by the Harbormaster to the Barge Dock ahead of any other vessel bound for the Barge Dock. The Company's Docking Right, however, does not include the right to require the Harbormaster to order a vessel moored at the Barge Dock and engaged in loading or unloading cargo from such vessel to depart the Barge Dock until after such vessel has completed its loading or unloading at the Barge Dock.

ARTICLE 8

COVENANTS, EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Default by the Company or Authority.

(a.) *Events of Default.* The occurrence of any one or more of the following events during the Term shall constitute a "Default" under this Agreement:

- (1) If for ten (10) calendar days after receipt of a notice of a breach or default by one of the parties hereto to the other party hereto (the "Defaulting Party") and the Defaulting Party does not or shall neglect or fail to comply with or remedy such breach or default, or if the breach or default complained of is such that it cannot be completely remedied or cured within the ten (10) day period, then the Defaulting Party shall be in breach of this Agreement. The breach or default shall not be an enforceable breach or default against the Defaulting Party.
- (2) If either party hereto becomes subject to a bankruptcy proceeding, a reorganization or similar arrangement or receivership, or if any assignment shall be attempted to be made of this Agreement for the benefit of creditors; or
- (3) If either party abandons or vacates a substantial portion of the Work for fourteen (14) consecutive days;

(b.) *Right to Cure.* The Defaulting Party shall have a period of ten (10) days to cure any breach or default under this Agreement, provided that if such breach or default cannot be remedied in such ten (10) day period, the Defaulting Party shall have a

reasonable period of time, not to exceed (60) days, to cure such breach of default, further provided that:

- (1) The Defaulting Party has commenced curing such breach or default within the ten (10) day period; and
 - (2) The Defaulting Party proceeds with reasonable diligence and in good faith to remedy the breach or default.
- (c.) *Default Remedies.* The non – defaulting party shall have the rights and remedies that may be provided at law or in equity and the following options:

- (1) Without terminating this Agreement, make demand for Mediation in accordance with this Agreement; or
- (2) Terminate this Agreement.

(d.) In the event of a breach or default by either party to this Agreement, whether a party failed to perform first, breached first, or defaulted first shall be disregarded. This clause does not relieve a defaulting party or breaching party from its obligation to perform.

Section 8.02 Consequential Damages.

Notwithstanding anything in this Agreement to the contrary, neither Authority nor Company shall be liable under any circumstances to the other party for special, indirect, punitive, incidental, exemplary or consequential damages resulting from or arising out of this Agreement, including, without limitation, loss of profit or business interruption, loss of or deferral of crude oil and/or the receiving or transporting of crude oil, however the same may be caused, whether by the sole, joint or concurrent negligence, fault or liability without fault of any party, their contractors or subcontractors, but shall be limited to actual damages. Notwithstanding the immediately preceding sentence, a party may recover from the other party all costs, expenses or damages (including, without limitation, indirect, special, consequential, incidental, exemplary, punitive and other damages, as well as reasonable attorney's fees) paid or owed to any third party in settlement or satisfaction of claims of the type described herein for which such party has a right to recover from the other party.

Section 8.03 No Waiver.

Any assent, expressed or implied, by the Authority or Company to any breach of any agreement, covenant or obligation contained in this Agreement 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.

ARTICLE 9

GENERAL PROVISIONS

Section 9.01 Compliance.

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

Section 9.02 No Partnership.

The relationship between Authority and Company at all times shall remain solely that of Barge Dock owner and Barge Dock User and not be deemed a partnership or joint venture. This Agreement is for the sole benefit of Authority and Company and no other person, entity or third party unless the benefit to a person, entity or third party is expressly stated in this Agreement.

Section 9.03 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 Agreement.

Section 9.04 Applicable Law

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

Section 9.05 Severability

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

Section 9.06 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.

Section 9.07 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. All the rights and remedies may be exercised and enforced concurrently or whenever occasion for the exercise arises.

Section 9.08 Attorneys' Fees

In the event of a breach or default based upon any of the terms of this Agreement and the parties employs attorney to protect or enforce their rights hereunder, then the prevailing party will be paid its reasonable attorneys' fees by the losing party.

Section 9.09 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 Agreement and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, Company agrees that the disclosure of this 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 Company.

Section 9.10 Authorization

The person executing this Agreement on behalf of the Company personally warrants and represents unto Authority that (a) (if applicable) Company is a duly organized and existing legal entity, in good standing in the state of Delaware, and is fully qualified to transact business in the State of Texas, (b) Company has full right and authority to execute, deliver and perform this Agreement, (c) the person executing this Agreement on behalf of Company 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 Agreement on behalf of Company.

Section 9.11 Recording

Neither this Agreement (including any exhibit hereto) nor any memorandum of it may be recorded without the prior written consent of Authority.

Section 9.12 Interpretation

Both Authority and Company 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 Company in the interpretation of this Agreement or in the resolution of the ambiguity of any provision hereof. Words used in the singular number shall include the plural, and vice-versa, and any gender shall be deemed to include each other gender. Reference to

any agreement means this Agreement as amended or modified and in effect for time to time in accordance with the terms thereof.

Section 9.13 *Force Majeure*

No failure or admission by the Company, the Authority, or any Frequent User or Occasional User of the Barge Dock, with the exception of the failure to make payment due the Administrator in the performance of any obligation under this Agreement, shall be considered a breach of this Agreement or create any liability for damages if and to the extent such failure or omission shall arise from any cause or causes beyond the control of such parties, including but not limited to acts of God, fires, storms, hurricanes, floods, wars (whether or not affecting the United States of America) service interruptions involving a pipeline, rebellions, insurrections, riots, explosions, strikes, lockouts, vandalism, criminal acts, terrorism, transportation embargoes, and compliance with rules, regulations, or orders of any governmental authority ("*force majeure*").

In the event the Company, the Authority, or any Frequent or Occasional User of the Barge Dock is rendered unable, in whole or in part, by *force majeure*, as hereinabove defined, to carry out its obligations under this Agreement or the Barge Dock User Agreement, other than to make payments when due, it is agreed that upon such Company, Authority's, Frequent User or Occasional User's giving notice with reasonably full particulars of such *force majeure*, in writing to the other parties within twenty-four (24) hours after the occurrence of the cause relied upon, the obligations of the Company, Authority, Frequent or Occasional User giving such notice, so far as the obligations are affected by such *force majeure*, shall be suspended during the continuance of any inability caused by the *force majeure* event, but no longer, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

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 9.14 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 Company.

Section 9.15 Assignment.

Except as to Company's affiliates whose credit worthiness is approved by the Authority, the Company shall not assign its interest in this Agreement or any of its rights or obligations hereunder without the written consent of the Port Commission. If the Company assigns its interest in this

Agreement as provided in this Section, the Company shall be jointly and severally liable with the assignee for all of the obligations of the Company hereunder.

Section 9.16 Notices.

Any notice, request or other communication under this Agreement shall be given in writing and shall be delivered by certified mail or by nationally recognized overnight carrier. Any such notice shall be deemed to have been received on the date of the receipt thereof by the receiving party. All notices delivered hereunder shall be made to respective parties at the address specified below:

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

Plains Eagle Ford Pipeline, LLC
Attn: James Pinchback, Director
333 Clay Street, Suite 1600
Houston, Texas 77002

cc: Lawrence J. Dreyfuss

Section 9.17 Entire Agreement

This Agreement, including any exhibits, constitutes the parties' final and mutual agreement with respect to the particular subject matter of this Agreement. There are no written or oral representations or understandings that are not fully expressed with respect to the particular subject matter of this Agreement and the User Agreement, which is attached hereto in this 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.

Section 9.18 Recitals

The recitals are incorporated into this Agreement by reference, as if fully set forth herein at length, and shall be considered terms of this Agreement

Section 9.19 Exclusion of Prior Drafts

Drafts of this Agreement and prior correspondence regarding this Agreement shall not be used by either party as evidence of the intent of the parties or otherwise be admissible in evidence in interpreting this Agreement

[SIGNATURE PAGE ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this agreement in two (2) originals, each of which shall constitute an original, to be and become effective as of the date first above written.

WITNESS:

Port of Corpus Christ Authority

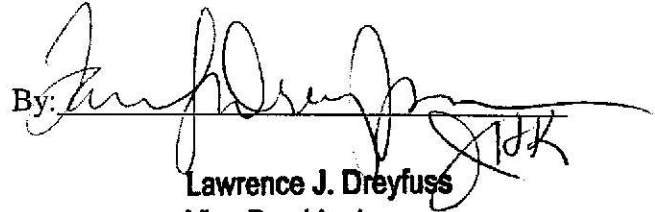
By: _____

John P. LaRue
Executive Director

Date: _____

WITNESS:

Plains Eagle Ford Pipeline LLC

By:  _____

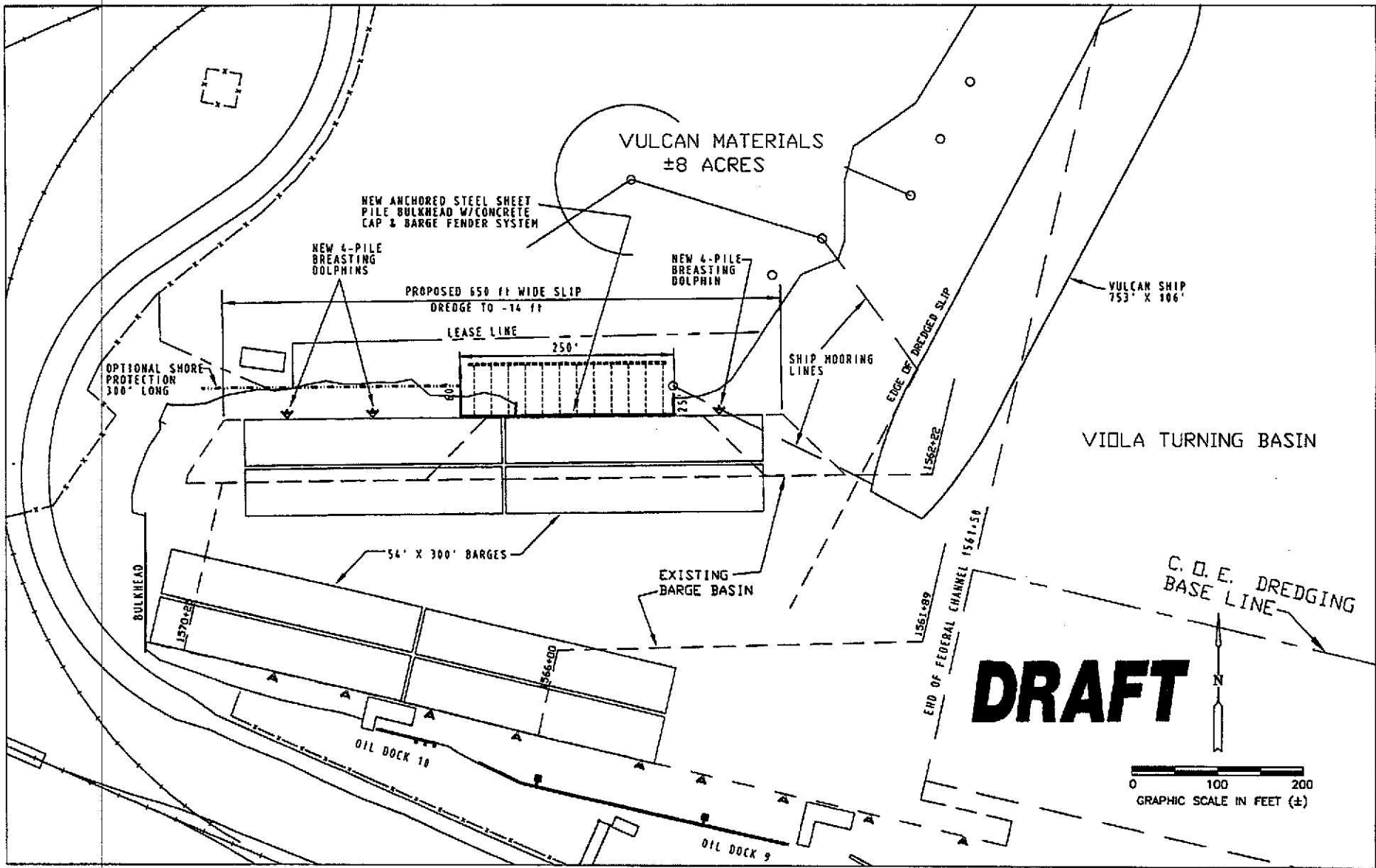
Lawrence J. Dreyfuss
Vice President

Name

Title

Date: _____

EXHIBIT A
DRAWING OF THE VIOLA BARGE MOORING DOCK
AND ADJACENT SLIP



**EXHIBIT 1
USER AGREEMENT**

SEE ATTACHED FREQUENT USERS AGREEMENT

**EXHIBIT 2
DRAWINGS OF THE
AUTHORITY BARGE DOCK
AND COMPANY FACILITIES**

VULCAN MATERIALS
±8 ACRES

VULCAN SHIP
753' X 196'

VIOLA TURNING BASIN

C. D. E. DREDGING
BASE LINE

END OF FEDERAL CHANNEL 1561+50


GRAPHIC SCALE IN FEET (A)
0 100 200

CONCEPTUAL
DRAFTING IN PROGRESS
12/2/2011

THIS DRAWING IS RELEASED FOR THE PURPOSE OF
CONCEPTUAL USE ONLY UNDER THE AUTHORITY OF
STEPHEN C. HEWITT, P.E. 23483 ON 12/2/2011.

OPTION 8
BARGE DOCK SITE PLAN
SCALE 1"=50'

THIS PLAN HAS BEEN
PREPARED UNDER MY
CLOSE PERSONAL SU-
PERVISION, TO THE
BEST OF MY KNOW-
LEDGE IT COMPLIES
WITH ALL REQUIRE-
MENTS.

LAHMAN & ASSOCIATES CONSULTING ENGINEERS 400 S. BROADWAY SUITE 1100 HOUSTON, TEXAS 77002-1111 PROJECT NO. 1072-11		 PLAINS MARKETING, L.P.
SHEET NO. 1072-11-01 DATE: 12/2/2011		
NEW BARGE TERMINAL PROJECT BARGE DOCK SITE PLAN OPTION 8		
REV.	DESCRIPTION	DATE

SHEET NO. 1072-11-01	DATE 12/2/2011	DRAWING NO. 1072-11-01	PROJECT NO. 1072-11
SHEET NO. 1072-11-01	DATE 12/2/2011	DRAWING NO. 1072-11-01	PROJECT NO. 1072-11

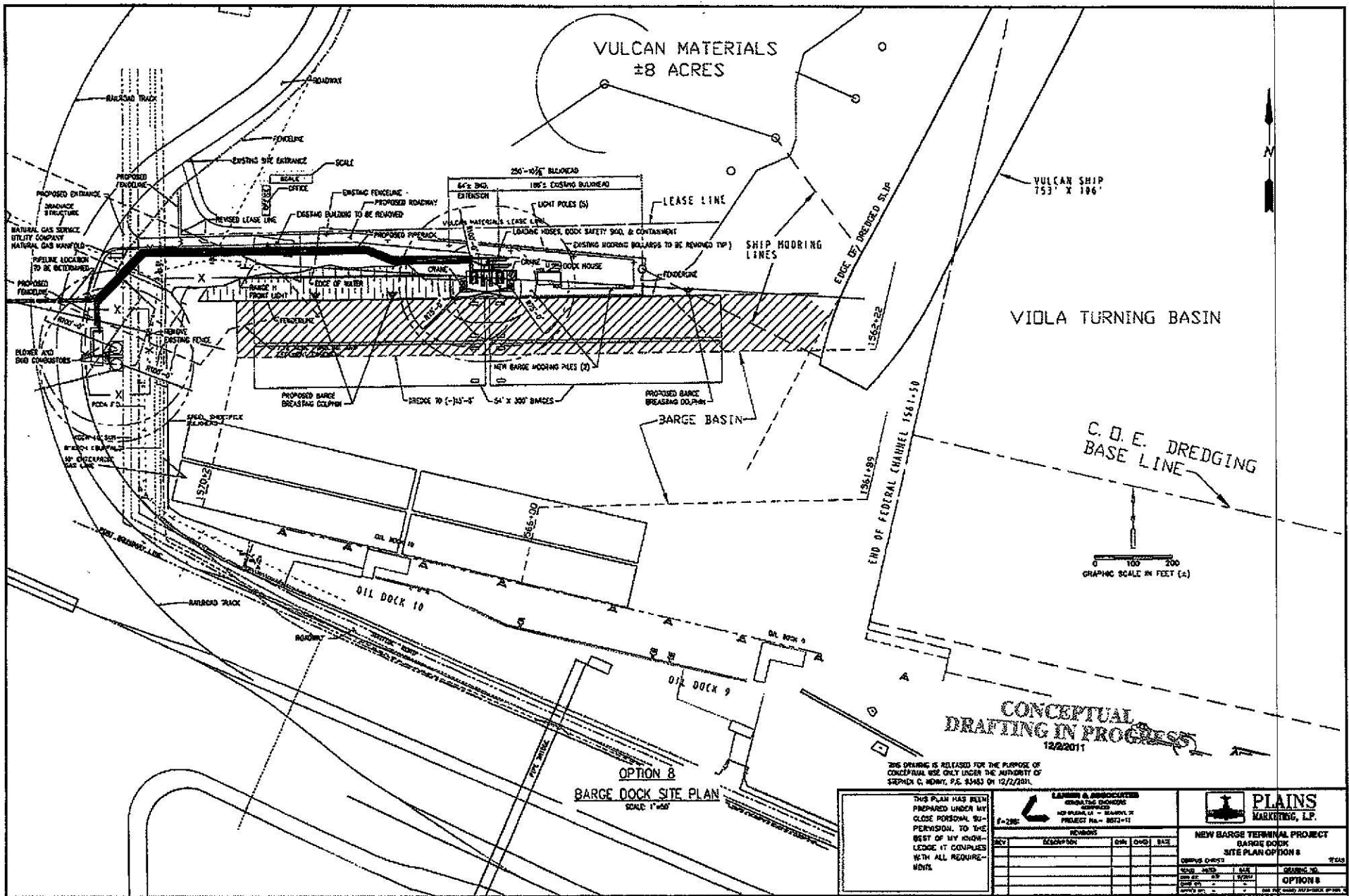


EXHIBIT 3
INSURANCE COVERAGES TO BE
PROVIDED BY THE CONTRACTORS
FOR AUTHORITY AND FOR COMPANY

- A. Workers Compensation Insurance (Coverage A) for statutory requirements including protection for liability under the Federal Longshoremen's Harbor Workers' Compensation Act.
- B. Employers Liability Insurance (Coverage B) with limits of not less than \$5,000,000 per occurrence. Coverage B will provide coverage for liability under the Jones Act, Death on the High Seas Act, and General Maritime Law for all employees or all employees except members of the crew of vessels if full crew liabilities are covered by limits under the Protection and Indemnity policies. Such Maritime Coverage will include protection against the liability of employer to provide transportation wages, maintenance and cure to any maritime employees. Coverage B will be amended to provide that a claim "*in rem*" will be treated as a claim against the employer.
- C. Comprehensive General Liability Insurance including Contractual Liability covering obligations assumed herein with limits of not less than \$5,000,000 including an endorsement for sudden and accidental environmental impairment liability. If waterborne craft or vessels are to be used, the watercraft exclusion endorsement must be deleted from the policy. Authority and Company will be named as additional insureds; and by endorsement, underwriters will agree to waive subrogation against Authority and Company.
- D. In lieu of maritime coverage under the Employers Liability Insurance and Maritime Liability Coverage under the Comprehensive General Liability Insurance, Occasional User may provide an alternate Protection and Indemnity Insurance on each vessel owned and/or operated by said Occasional User. Such insurance must include collision liability coverage and environmental impairment (oil pollution) coverage in an amount of not less than \$5,000,000. Authority and Plains Eagle Ford Pipeline LLC will be named as Additional Insureds; and by endorsement, underwriters will agree to waive subrogation against Authority and Plains Eagle Ford Pipeline LLC.

Authority shall be furnished by Company, to the attention of Authority's Real Estate Manager, and Company shall be furnished by Authority, to the attention of _____, prior to each Contractor commencing any work, as proof of the insurance policies (the "Policies" required of Contractor, 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 and Company. 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, and to name Company, its officers, officials, employees and agents as additional insureds, (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: Real Estate Manager and to Company, attention: _____ and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") or any language in any policy of insurance held by Company ("Company Insurance" to the effect that the Authority Insurance is primary or Company Insurance is primary, the policy or policies held by Contractor are primary coverage and the Authority Insurance or Company Insurance is non-contributory.

Contractor shall deliver to Authority and Company 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 and Company if either exceeds \$50,000.00; and, in such event, Authority may decline to approve this Contractor's contract without any liability to Contractor. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Contractor neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority or Company may procure such insurance at Contractor's expense, and Authority or Company is entitled to reimbursement from Contractor for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Contractor receives Authority's or Company's notice of payment until reimbursement.

**AGREEMENT
OF THE
FREQUENT USERS
AND THE
PORT OF CORPUS CHRISTI AUTHORITY
FOR VIOLA BARGE MOORING DOCK (PUBLIC OIL DOCK NO. 5)**

I. PURPOSE

- A. The purpose and intent of this Agreement (the "Agreement") entered into on March 26 2012 by Plains Eagle Ford Pipeline LLC hereinafter ("Plains") and the Port of Corpus Christi Authority (hereinafter "the Authority") is to provide for the use of Authority's Viola Barge Mooring Dock located in the Inner Harbor of the Port of Corpus Christi, its, Dock Houses, Breasting Structures, Mooring Facilities, and Dock Spill Containers (hereinafter "the Barge Dock"), access to certain equipment (hereinafter "the Facilities"), by Plains, the initial Frequent User, and the Occasional Users (as hereinafter defined). In addition to Plains, it is contemplated that one or more parties may become Frequent User(s) under this Agreement.
- B. The Barge Dock is owned by the Authority.
- C. The Facilities shall be owned by the Frequent User(s) and administered by the Dock Administrator (hereinafter "Administrator" as hereinafter defined).
- D. Occasional Users that use the Barge Dock and Facilities for the purpose of loading or unloading operations more than twelve (12) times per year are qualified to apply to become "Frequent Users" for the purposes of this Agreement, pursuant to Article VII.
- E. All other users that use the Barge Dock and Facilities for the purpose of loading or unloading operations other than Frequent Users are referred to in this Agreement as "Occasional Users".

II. FREQUENT AND OCCASIONAL USERS

The individuals, corporations, and partnerships, which use the Barge Dock and Facilities, are referred to in this agreement as "Users". Users that use the Barge Dock and Facilities for the purpose of loading or unloading operations more than twelve (12) times per year are classified as "Frequent Users" for the purposes of this Agreement. All Users that use the Barge Dock and Facilities for the purpose of loading or unloading operations other than Frequent Users are referred to in this Agreement as "Occasional Users". Frequent Users shall be entitled to the rights and subject to the obligations of Frequent Users under this Agreement. However, Frequent Users shall pay their pro rata share of all maintenance charges and capital expenditures as specified in Paragraphs IX and X of this Agreement. Occasional Users shall pay a fee, as determined by the Frequent Users, to the Administrator to recover costs incurred due to their use of the Barge Dock

and Facilities. Occasional User fees shall be credited to the current expense account maintained by the Administrator (see Paragraph VI). Both Frequent and Occasional Users must be familiar with all regulatory, safety, and operating requirements of bulk loading/unloading of petroleum and chemical products. The parties to this Agreement are Users of the Barge Dock subject to this Agreement unless otherwise noted in Appendix I.

III. ADMINISTRATOR

Plains Eagle Ford Pipeline LLC ("Company") shall serve as Administrator when Public Oil Dock No. 5 becomes operational and shall continue serving as Administrator until the initial ten (10) year term of this Agreement expires, or until Company relinquishes its service as Administrator. After the initial expiration, if there are three (3) or more Frequent Users party to the Agreement, the Frequent Users shall agree to and will select by vote of a simple majority, one (1) of the Frequent Users to act as the Administrator for the Users. The elected Administrator shall serve in this capacity for a period of two (2) years, at the end of such period, the Administrator duties and responsibilities may remain with the current Administrator or rotate to one of the other Frequent Users, by another vote of the simple majority. In the event there are only two (2) Frequent Users, the Administrator position will rotate between the two (2) Frequent Users unless the current Administrator agrees to continue with the consent of the other Frequent User; and in the event there is only one (1) Frequent User who is a party to this Agreement, such Frequent User shall serve as the Administrator until such time as there are more than one (1) Frequent Users who execute this Agreement at which time the provisions in this Agreement relating to the rotation of Frequent Users serving as Administrator shall be followed. Should a serving Administrator resign or no longer be a Frequent User of the Barge Dock, a new Administrator shall be elected by the remaining Frequent Users, as described above, and shall serve for a period of two (2) years from the date of its election. The Administrator may be removed at any time by the majority vote of the Frequent Users at a special meeting, which may be called by any Frequent User. Each Frequent User must be given at least three (3) working days written notice of the date, time, place, and purpose of any such special meeting.

IV. ADMINISTRATORS DUTIES AND RESPONSIBILITES

The Administrator shall be responsible to purchase, contract, service, and maintain the common items and services included in this Agreement. The Administrator shall submit to any other Frequent Users a quarterly accounting of all purchases, expenses, and each Frequent User's credit/debit balance. The method of accounting shall be agreed upon by a simple majority vote of the Frequent Users. All materials purchased by the Administrator shall be the common property of the Frequent Users in undivided equal shares. The Administrator shall maintain records, which specify the cost of materials, contracts, and services purchased, contracted, or otherwise provided for in order to carry out the intent of this agreement.

V. OPERATION OF THE BARGE DOCK

Authority agrees that Company has, during the Term of the Barge Dock Improvement and Use Agreement, a priority right (the "Docking Right") to use the Barge Dock which is that, except for vessels moving military cargoes at Public Oil Dock No. 5, a vessel that is bound for the Barge Dock to load or unload a cargo for the Company across the Barge Dock, to or from a pipeline or storage tanks of the Company, shall be scheduled by the Harbormaster to the Barge Dock ahead of any other vessel bound for the Barge Dock. The Company's Docking Right, however, does not include the right to require the Harbormaster to order a vessel moored at the Barge Dock and engaged in loading or unloading cargo from such vessel to depart the Barge Dock until after such vessel has completed its loading or unloading at the Barge Dock.

VI. OBLIGATIONS OF OCCASIONAL USERS

Occasional Users shall pay to the Administrator a fee of \$1,200.00 per barge and \$2,400.00 per a larger vessel for each loading or unloading operation that they conduct at the Barge Dock and Facilities. Each barge or any other larger vessel constitutes a separate vessel for the purpose of this Agreement. Such fee shall be reviewed and adjusted annually with final approval required from the Authority for any fee increases, acting in a commercially reasonable manner. Billing for use by an Occasional User will be done within fourteen (14) calendar days with payment due upon receipt of the invoice. All fees collected by the Administrator shall be credited to an operating expense account for the operating period in which the fees were collected. The Occasional User agrees by its use of the Barge Dock and the Facilities to be fully responsible and liable for, and **will defend, indemnify and hold harmless the Frequent Users, the Administrator, Plains Eagle Ford Pipeline LLC and Authority, (for the purposes of this Section V, the "Indemnified Parties") from and against any and all expenses and liabilities for, and resulting from, the sole, joint, concurrent, or comparative negligence of the Occasional User, its agents or employees (collectively, "Occasional User Parties"), in connection with the exercise by the Occasional User Parties of the rights and privileges granted herein (each an "Indemnified Claim") EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE INDEMNIFIED PARTIES; provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the Occasional User Parties and the Indemnified Parties, then Occasional User Parties obligation to the Indemnified Parties shall only extend to the percentage of the total responsibility of the Occasional User Parties in contributing to such Indemnified Claim. In Indemnified Claims against any Indemnified Party by or for an employee of a Occasional User Party, the Occasional User Party's indemnification obligation under this Section V shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Occasional User Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.**

The Occasional User also agrees by its use of the Barge Dock and Facilities to adhere to all applicable operating, safety, and security procedures and federal, state, and local laws and regulations (see Appendix I).

The Authority's Harbormaster has the right to assign barges or larger vessels to Public Oil Dock No. 5 for uses other than loading and unloading of liquid bulk cargo. Barges or vessels so assigned by the Harbormaster will not be considered an Occasional User at Public Oil Dock No. 5. Such use may not interfere with the scheduling of Company's barges for the loading or unloading nor Company's actual loading or unloading of barges.

VII. NEW FREQUENT USERS

- A. After the date of this Agreement, any Occasional User that wants to become a Frequent User shall be required to make a lump sum payment to the Administrator, as a condition to such User becoming a Frequent User, which payment shall be a prorated share of the original cost of the common Facilities (as well as any subsequent improvements and/or replacements) equal to the higher of:
- (1) the original equipment, (as well as any subsequent improvements and/or replacements), and materials then in use on the Barge Dock) or
 - (2) the replacement cost, less depreciation.
- The prorated share shall equal the cost of the then common Facilities divided by the number of Frequent Users that will thereafter use the Facilities.
- B. An Occasional User that wishes to become a Frequent User ("Candidate") shall give the Administrator written notice that it wishes to become a Frequent User, Notice must be delivered via certified mail.
- C. The Administrator, any existing Frequent Users and the Candidate(s) will have forty-five (45) days to agree upon all material terms relating to the applicant(s)' becoming a Frequent User., including the replacement cost that will be used for determining the prorated share of common Facilities cost that the Candidate must pay prior to becoming a Frequent User.
- D. If following expiration of forty five (45) days after the Candidate's written notice has been received by the Administrator, good faith effort fail to result in a written agreement about the replacement cost amount and any other material terms related to the Candidate becoming a Frequent User, Administrator shall commence proceedings to resolve the impasse by determination of third party neutrals selected by the Parties as follows:
- 1) Administrator shall appoint one neutral, and Candidate shall appoint one neutral.
 - 2) The two neutrals shall select a third neutral who shall have no less than ten (10) years experience in construction of similar marine and dock facilities.
 - 3) If either the Administrator and the Frequent User fails to appoint a neutral within thirty (30) days after the replacement cost determination proceeding

commences, or if the neutrals so appointed fail within fifteen (15) days after the appointment of the second of them, to agree on a third neutral, the process of determining the replacement costs shall be referred to mediation by the three neutrals as a panel.

- 4) The panel so constituted shall fix a reasonable time and place for a meeting to resolve the Parties' replacement cost determination impasse. Each of the Parties shall submit to the panel of neutrals at the meeting its proposed resolution of the impasse, together with such supporting evidence as each such Party may desire to present to the panel of neutrals. The panel of neutrals shall consider only the proposed resolutions and evidence as presented by the Parties.
 - 5) Within thirty (30) days after the conclusion of such meeting(s), the panel of neutrals shall select the proposed resolution presented by a Party that most closely represents the consensus of the panel of neutrals.
 - 6) The action of a majority of the members of the panel of neutrals shall govern and their decision in writing shall be final and binding on the Parties.
 - 7) Unless otherwise agreed in writing, a neutral appointed under this procedure shall be disinterested individuals who are not and never have been officers, directors, employees, consultants, or attorneys of Administrator, Frequent User(s) or New Frequent User candidate.
- E. The amount determined in accordance with the foregoing, upon payment, shall be credited to the existing Frequent Users' accounts in equal shares.
- F. From the date the Occasional User becomes a Frequent User, expenses shall be shared by all Frequent Users according to the procedures specified in the provisions of this Agreement. Frequent Users shall also be responsible for their share of maintenance costs and legal compliance costs on a prorated basis.
- G. To memorialize the original cost and dates of construction for, and is proposed to become, common Facilities, the cost, depreciation schedule, and dates of original improvements and any subsequent improvements and/or replacements will be provided to Administrator, with copy to and in a format acceptable to Authority, which generally breaks down improvement(s) and cost(s) by constructable element or feature with supporting documentation. This improvement information to be provided to Authority for approval within 60 days after the improvements become operational, and Administrator will maintain the approved information for future use in determining condition for New Frequent Users.

VIII. FACILITIES, SERVICES, AND UTILITIES

The Facilities are identified in Appendix IV hereto and are for the use of all Users. The Facilities are owned by various of the Frequent Users individually or by the Authority, but will be operated and maintained by the Administrator on behalf of all Frequent Users.

The Facilities and services to be provided by the Administrator on behalf of all Frequent users shall consist of safety equipment, fire extinguishers, life rings, ladders, gangways, telephone, air, dock drain lines, dock sumps, sump pumps, motors, and controls. The Administrator shall also maintain the dock potable water lines to the eye and safety showers from Authority's potable water supply line.

The Authority shall furnish electrical power from the service entrance to the distribution panel in the dock house and to all existing branch circuits. The Administrator, on behalf of all the Frequent Users, shall be responsible for all additional circuits and/or service requirements.

The Authority shall be responsible for the maintenance of the Barge Dock, breasting structures, mooring facilities, and dock house. The Authority shall have no responsibility for the maintenance of the Facilities owned by the Frequent Users, or operated by the Administrator on behalf of the Frequent Users.

All Frequent Users shall bear their appropriate pro rata costs and expenses for Homeland Security, United States Coast Guard and any other similar, regulatory matters imposed by any governmental authority.

IX. MAINTENANCE RESPONSIBILITY

The Administrator shall provide a level of maintenance consistent with industry standards for the equipment used on the Barge Dock. The maintenance shall include, but not be limited to:

- A. Repair, replacement, and maintenance of all Facilities and equipment operated by the Administrator excluding the Barge Dock, which shall be maintained by the Authority. All other items owned by the individual Frequent Users will be both provided and maintained by the respective individual owner.
- B. Repair, replacement, and maintenance of all safety equipment, fire extinguishers, life rings, ladders, gangways, telephone, air, dock drain lines, dock sumps, sump pumps, motors, and controls operated by the Administrator.
- C. Weed control under and adjacent to the pipelines of the Frequent Users.
- D. All Frequent Users shall bear their appropriate pro rata maintenance costs and expenses for Homeland Security, United States Coast Guard and any other similar, regulatory matters imposed by any governmental authority.

X. MAINTENANCE CHARGES AND CAPITAL EXPENDITURES

A. In the event the cost of a single maintenance item or capital project is estimated to exceed Five Thousand Dollars (\$5,000.00), the Administrator will summarize the scope and cost in writing to each Frequent User. All such items or projects shall require the approval of all the Frequent Users.

B. In emergency situations, the Administrator may undertake corrective maintenance action with the telephone approval of the Frequent Users, such approval to be subsequently confirmed in writing.

C. Existing Facilities shall be maintained and replaced unless it is determined by a unanimous vote of the Frequent Users that they are no longer needed.

D. Maintenance charges and capital expenditures described above shall be the actual cost to the Administrator. Should the Administrator provide any maintenance from its own in-house workforce or provide any equipment from its own warehouse stock, the price considered paid by the Administrator shall be equal to the Administrator's company costs only.

E. The cost to each Frequent User will be based on the percentage of total volume moved across the Barge Dock during the previous six (6) month period. The Authority will furnish the individual volume information for the previous six (6) month period for each Frequent User upon request of the Administrator. Payment shall be due fourteen (14) days from the date of the receipt of an invoice from the Administrator. At the end of each calendar year, the Frequent Users' apportioned share of the yearly costs will be reviewed and may be modified by unanimous consent of the Frequent Users.

F. Any equipment needed by one (1) or more of the Frequent Users may be installed and maintained subject to this Agreement with the prior written approval of the Authority. Title to any such equipment individually installed will be solely in the entity that installed the equipment. Such equipment shall not infringe upon the existing use of the Barge Dock and Facilities by the other Frequent Users.

G. All maintenance costs, whether under \$5,000 or over \$5,000, shall be borne by each Frequent Users, unless properly objected to and the objection is determined to be valid.

XI. RESPONSIBILITIES OF ALL PARTIES

A. This Agreement does not and shall not relieve any of the Frequent or Occasional Users that have loading/unloading equipment on the Barge Dock from the responsibility of properly operating and maintaining its own pipe manifolds, communications equipment, and their other equipment on the Barge Dock.

B Each Frequent and Occasional User must have a current U. S. Coast Guard Letter of Adequacy and shall ensure that its employees, agents, servants, and contractors are in compliance with all other applicable U. S. Coast Guard requirements. Upon request, Frequent Users and Occasional Users ("Users") shall provide the Administrator with insurance certificates in compliance with Article XIII and Appendix III hereto which shall name Administrator and Authority as additional named insureds under User's policy.

C. Each Frequent and Occasional User must have a current Texas General Land Office Discharge Prevention and Response Certificate and insure that it is in compliance with all applicable regulations of the Texas Oil Spill Prevention and Response Act of 1991, the Oil Pollution Act of 1991, and any regulations published thereunder.

D. Each Frequent and Occasional User is responsible for dock cleanup after each use of the Barge Dock, for promptly removing any temporary facilities or equipment from the Barge Dock after each use of the Barge Dock, and for restoring the Barge Dock to the same condition it was in prior to the installation of said temporary facilities or equipment, normal wear and tear excepted. If cleanup and restoration of a dock is not performed to the satisfaction of the next User, said next User must first notify the Administrator and prior User, if known, prior to initiating any cleanup or removal of temporary facilities and equipment. The Administrator shall charge the prior User for all actual costs incurred by the next User in making the Barge Dock ready for its use.

XII. OIL/CHEMICAL SPILLS

In the event any oil/chemical spill or other pollution results from operations at the Barge Dock, the first Frequent or Occasional User to observe the spill should initiate those appropriate actions to control and stop the spread of the spill. If the source of the spill is determined to be from one of the Frequent User's equipment, the Frequent User should be immediately notified of the spill so that it can initiate a response. If a spill occurs or is caused during Barge Dock usage by a Frequent User, the Frequent User will initiate and provide a response. If a spill occurs while no User is at the Barge Dock, and is not caused by a specific User's equipment, then the Administrator will respond to the spill upon notification of the spill. Whoever responds to the spill will also immediately notify the U. S. Coast Guard, Authority, and other governmental authorities (i.e. Texas General Land Office, Texas Commission on Environmental Quality, etc.) to the extent required by federal, state, and local laws and ordinances.

The Frequent or Occasional User responsible for the spill shall be responsible for the cleanup and attendant costs to include any penalty or fine imposed by any federal, state, or local entity. If the party responsible for the spill is not readily apparent, the Administrator, on behalf of all the Frequent Users, shall assume control of the cleanup response until such time that the responsible party is identified. If the responsible party can not be identified, the cost of the response on behalf of the Users will be distributed and prorated per the normal formula based on Barge Dock usage.

Upon completion of the cleanup, the responsible party shall document and report the spill to the Administrator on the form attached to this Agreement as Appendix II. **The responsible party**

shall defend, indemnify, and hold harmless the Authority, all other Frequent and Occasional Users, and the Administrator for all damages resulting from the spill.

XIII. DOCK EMISSIONS

It is the intent of the Frequent Users to manage their individual marine loading operations at the Barge Dock in compliance with throughput and emission limitations to voluntarily limit emissions at the Barge Dock. To the extent of its authority, the Authority will require compliance with these limitations on all current and future Users.

XIV. INSURANCE REQUIREMENTS

The Authority and the Frequent Users agree that no party is required to carry any insurance for any other party, except for the additional insureds as provided in Appendix III attached hereto. Each party may acquire and maintain such insurance as it deems proper to protect itself against third party claims or damage to its property. Such insurance shall inure solely to the benefit of the party procuring same; provided, however, that such insurance shall provide for waiving all rights by subrogation or otherwise against all other parties hereto.

Upon request, Frequent Users and Occasional Users shall provide proof of insurance to the Administrator and the Authority as set out under Appendix III hereto.

XV. INDEMNITY PROVISIONS

The Administrator shall defend, indemnify, and save Frequent Users, Occasional Users, and Authority, harmless from any losses, costs, expenses (including reasonable attorneys' fees and other litigation costs), damages, judgments, or other liabilities arising from or out of the gross negligence of the Administrator in the performance of its obligations hereunder, which result in the death or injury to any person or damage to the property of any person, firm, or corporation, including the employees of the Frequent Users, Occasional Users, Authority, and their contractors. It is agreed, however, that the Administrator's liability to the Frequent Users, Occasional Users, Authority, and their officers, agents, representatives, and employees shall not include liability for contingent, consequential, special, or indirect damages.

Each Frequent User, Occasional User, and (to the extent permitted by law) Authority, will defend, indemnify and hold harmless the Administrator (for the purposes of this Section XIV, its individual capacity only and not as a Frequent User), the "Indemnified Party") from and against any and all expenses and liabilities for, and resulting from, the sole, joint, concurrent, or comparative negligence of the Frequent User, Occasional User, and (to the extent permitted by law) Authority its agents or employees (collectively, "User Parties"), in connection with the exercise by the User Parties of the rights and privileges granted herein (each an "Indemnified Claim") EVEN IF THE INDEMNIFIED CLAIM IS CAUSED BY THE JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE OF THE INDEMNIFIED PARTIES; provided, however, to the extent an Indemnified Claim arises out

of the joint, concurrent, or comparative negligence of the User Parties and the Indemnified Parties, then User Parties obligation to the Indemnified Parties shall only extend to the percentage of the responsibility of each of the User Parties in contributing to such Indemnified Claim. In Indemnified Claims against Indemnified Party by or for an employee of a User Party, the User Party's indemnification obligation under this Section XIV shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the User Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. It is agreed, however, that any liability pursuant to the indemnity set forth in this paragraph shall not include liability for contingent, consequential, special, or indirect damages.

Except as qualified by the previous paragraphs in this Agreement, all Frequent Users, Occasional Users, and (to the extent permitted by law) Authority (the "User Parties"), will defend, indemnify and hold harmless each other (the "Indemnified Parties") from and against any and all expenses and liabilities for, and resulting from, the sole, joint, concurrent, or comparative negligence of the such User Party, in connection with the exercise by the User Party of the rights and privileges granted herein (each an "Indemnified Claim"); provided, however, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence of the User Party and the Indemnified Parties, then the User Party's obligation to the Indemnified Parties shall only extend to the percentage of the responsibility of each User Party in contributing fault or liability to such Indemnified Claim. In Indemnified Claims against any Indemnified Party by or for an employee of a User Party, the User Party's indemnification obligation under this Section XIV shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the User Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.

XVI. DEMURRAGE

The parties to this Agreement recognize that the Barge Dock is a public facility with vessel scheduling and berthing controlled by the Authority's Harbormaster. Therefore, any demurrage, which results from the Authority's Harbormaster's scheduling a vessel or vessels into the Barge Dock, will not be for the account of the Frequent Users or the Administrator.

XVII. FORCE MAJEURE

No failure or admission by the Administrator, the Authority, or any Frequent User or Occasional User which is a party hereto, with the exception of the failure to make payment due the Administrator in the performance of any obligation under this Agreement, shall be considered a breach of this Agreement or create any liability for damages if and to the extent such failure or omission shall arise from any cause or causes beyond the control of such parties, including but not limited to acts of God, fires, storms, hurricanes, floods, wars (whether or not affecting the United States of America) service interruptions involving a pipeline, rebellions, insurrections, riots,

explosions, strikes, lockouts, vandalism, criminal acts, terrorism, transportation embargoes, and compliance with rules, regulations, or orders of any governmental authority ("*force majeure*").

In the event the Administrator, the Authority, or any Frequent or Occasional User to this Agreement is rendered unable, in whole or in part, by *force majeure*, as hereinabove defined, to carry out its obligations under this Agreement or the Barge Dock User Agreement, other than to make payments when due hereunder, it is agreed that upon such Administrator's, Authority's, Frequent User or Occasional User's giving notice with reasonably full particulars of such *force majeure*, in writing to the other parties within twenty-four (24) hours after the occurrence of the cause relied upon, the obligations of the Administrator, Authority, Frequent or Occasional User giving such notice, so far as the obligations are affected by such *force majeure*, shall be suspended during the continuance of any inability caused by the *force majeure* event, but no longer, and such cause shall, so far as possible, be remedied with all reasonable dispatch.

XVIII. AUDIT

The Administrator shall keep and maintain a complete and accurate set of books and records which relate to the use of the Barge Dock and shall reconcile and provide Authority and other parties to this Agreement with an accurate accounting of any and all expenses incurred for the operations and maintenance of the Facilities under this Agreement, and the parties shall have the right to audit such records at any reasonable time or times within two (2) years after the termination of this Agreement or their use of the Barge Dock under this Agreement, whichever occurs first; provided, however, the Administrator shall not be required to maintain records after any trailing twenty four (24) month period.

XIX. TERM AND CANCELLATION

This agreement shall continue in effect for 120 consecutive calendar months from the date first mentioned above (until ~~March 26~~ March 26, 2022), and then from year-to-year thereafter, provided, however, that the Authority or any Frequent User may terminate its participation in this Agreement at the end of said 120 month period or at the end of any other term thereafter by giving ninety (90) days prior written notice of termination to the Administrator and the other parties to this Agreement. In addition, any party may terminate its participation in this Agreement if the Frequent Users cannot agree on a new Administrator to replace an Administrator that has resigned or is removed or whose term has expired.

Any charges incurred by the Administrator prior to termination by any Frequent User shall be chargeable against said Frequent User in accordance with Paragraphs IV, IX, X and XI herein. In addition, said Frequent User may be informed of any maintenance, the need for which arose in whole or in part prior to or on the termination date and which is then being performed or will be performed within six (6) months, and the cost of said maintenance shall be chargeable in whole or in part against said Frequent User in accordance with Paragraph IX herein. Said maintenance will be performed and a bill rendered to said Frequent User within six (6) months after the aforementioned termination date.

XX. NOTICES

All notices, invoices, statements, bills, and papers provided for in this Agreement shall be in writing and shall be given by mail directed to the post office address of the parties hereto as indicated in Appendix V or to such other address, with notice thereof given by registered or certified letter addressed to the Authority and other Frequent Users.

XXI. SUCCESSORS AND ASSIGNS

This Agreement shall inure to and be binding upon the parties hereto and their respective personal representatives, successors, and assigns. In the event any purchaser or assignee is no longer a Frequent User, it shall not remove any equipment affixed to the Barge Dock nor shall it be entitled to any return of any monies deposited in any accounts maintained by the Administrator. However, for so long as Plains is the only Frequent User at the Barge Dock, Plains may remove improvements from the Barge Dock at Plains' expense.

XXII. ENTIRE AGREEMENT

This document and all attachments hereto constitute the entire Agreement among the parties, and it shall not be modified, altered, amended, or rescinded except through a written document, which is signed by the appropriate representatives of each of the parties hereto or their respective successors in interest. This Agreement supercedes any and all proposals, negotiations, and representations, of the parties, made or had prior to the execution hereof, relative to the subject matter of this Agreement. This Agreement is being entered into by each of the Frequent Users at the request of the Authority and is intended to facilitate the use and coordinate the maintenance of the Barge Dock and Facilities, as well as the remediation of any oil spill resulting, or threatening to result from Users' Activities. By entering into this Agreement, the undersigned do not intend to create a partnership, joint venture, or affiliation for profit between or among them. This Agreement is for the sole benefit of Authority, Frequent Users, Occasional Users and the Administrators and no other person, entity or third party unless the benefit to a person, entity or third party is expressly stated in this Agreement.

IN WITNESS WHEREOF, the parties have executed this agreement in two (2) originals, each of which shall constitute an original, to be and become effective as of the date first above written.

WITNESS:

Port of Corpus Christ Authority

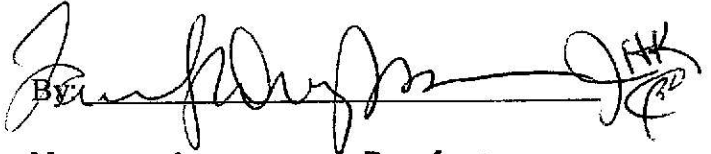
By: _____
John P. LaRue

Executive Director

Date: _____

Plains Eagle Ford Pipeline LLC

WITNESS:

By:  _____

Name: Lawrence J. Dreyfuss
Vice President

Title: _____

Date: _____

**APPENDIX I
BARGE DOCK
OCCASIONAL USERS FORM**

DOCK OPERATOR	
Name	
Street Address	
P. O. Box	
City/State/Zip	
Telephone Number	

Occasional User must attach a copy of Letter of Adequacy as required in Part 154.110 of the U.S. Coast Guard Pollution Prevention Regulations.

LIST OF PRODUCTS TO BE LOADED/UNLOADED	

TIMEFRAME FOR PRODUCT MOVEMENT	
Starting Date	
Completion Date	

PIPELINE ON DOCK NO. _____ TO BE USED

PIPELINE OWNER

HAZARD MATERIALS OFFICER FOR NUECES COUNTY AREA	
Name:	
Title:	
Address:	
Business Phone:	24-Hr Phone:

**ALTERNATE HAZARD MATERIALS OFFICER
FOR NUECES COUNTY AREA**

Name:

Title:

Address:

Business Phone:

24-Hr Phone:

DUTIES OF OCCASIONAL USERS

1. The Port of Corpus Christi Authority (Authority) and several companies (the Frequent Users) have entered into an agreement addressing the operation of Oil Barge Dock ("the Users Agreement"). The Users Agreement anticipates that other parties will use the Barge Dock on an infrequent basis and provides that such parties will have certain obligations to the Authority, to the Frequent Users, and to the Administrator of the Barge Dock. These obligations are set forth below. A copy of the Users Agreement is available for your inspection during normal business hours at the offices of the Authority and at the offices of the Administrator for the Barge Dock.
2. Occasional Users must be familiar with all regulatory, safety, and operating requirements of bulk loading/unloading of petroleum and chemical products.
3. Upon request, the Barge Dock Frequent Users and Occasional Users ("Users") shall provide the Administrator and the Authority with insurance certificates in compliance with Appendix III hereto which shall name Administrator and Authority as additional named insureds under User's policy.
4. **Occasional Users agree by their use of the Facilities, and may be required to agree in writing, to be fully responsible and liable and defend and indemnify the Frequent Users, the Administrator, and the Authority for any pollution and environmental damage, cleanup, injury or death to any person, and for any damage to the Frequent User and/or any other third party's equipment and facilities and/or the Authority's Barge Dock or lands, both submergent and fast, which may be caused or contributed to by the Occasional User, and to adhere to all applicable operating, safety, and security procedures and federal, state, and local laws and regulations.**
5. Each Occasional User will be responsible for dock cleanup, for promptly removing any temporary facilities or equipment from the Dock after use, and for restoring any dock to the same condition it was in prior to the installation of said temporary facility or equipment, normal wear and tear excepted.
6. Each Occasional User will ensure that the dock is left in a clean condition, and Occasional User cleanup action will include those items listed in its operation manual.

7. Any offending Occasional User will be responsible for the cleanup and attendance costs either with its own personnel and equipment, its contractors, or through the Corpus Christi Area Oil Spill Association.
8. Each Occasional User agrees that the entity determined to be responsible for any oil/chemical spill or other pollution will pay any penalty or fine imposed by any local, state, or federal authority or agency.
9. Each Occasional User is responsible for properly operating and maintaining its own pipe manifolds, communication equipment, tool houses, or other equipment on the Barge Dock.
10. Each Occasional User must have a current U.S. Coast Guard Letter of Adequacy for its operations manual and will ensure that its employees, agents, servants, and contractors are in compliance with all other applicable U.S. Coast Guard requirements.
11. Each Occasional User must have a current Texas State General Land Office Discharge Prevention and Response Certificate and insure that it is in compliance with all applicable regulations of the Texas Oil Spill Prevention and Response Act of 1991, the Oil Pollution Act of 1990, and any regulations promulgated thereunder.
12. **Any offending Occasional User will defend, indemnify, and hold harmless the Authority, the Frequent Users, and the Administrator for all damages resulting from any oil or chemical spill or other pollution.**
13. **Each Occasional User, its agents and servants, will defend, indemnify, and save the Administrator (in his or its individual capacity only and not as a Frequent User) harmless from any losses, costs, expenses, damages, judgments, or other liabilities arising from or out of its acts or omissions or those of their respective contractors, agents, servants, or employees, in the performance of its obligations hereunder, which result in the death or injury to any person or damage to the property of any person, firm, or corporation, including the employees and property of the Frequent Users, Occasional Users, Authority, their agents or servants, and their contractors.**
14. Each Occasional User will maintain insurance policies, which comply with the provisions of Appendix III to the Users Agreement. A true and correct photocopy of Appendix III is attached hereto.

Respectfully submitted,

PLAINS: _____

BY: _____

NAME: _____

TITLE: _____

DATE: _____

Mail form to: Administrator for Barge Dock

**APPENDIX II
BARGE DOCK
OIL SPILL NOTIFICATION FORM**

DOCK OPERATOR	
Name	
Street Address	
P. O. Box	
City/State/Zip	
Telephone Number	

OIL SPILL NOTIFICATION	
Date:	Time:
U.S. Coast Guard	883-3162
Port of Corpus Christi Harbormaster	882-1773 or 885-6151
Administrator for Barge Dock	
Oil Spill Association	884-1651

OIL SPILL CONTAINED	
Date:	Time:

CLEANUP OPERATIONS STARTED	
Date:	Time:
Contractors Used	

CLEANUP OPERATIONS COMPLETED	
Date:	Time:

NOTIFICATION OF COMPLETED OPERATIONS	
U.S. Coast Guard	883-3162
Port of Corpus Christi Harbormaster	882-1773 or 885-6151
Administrator for Barge Dock	

Respectfully submitted,

PLAINS: _____

BY: _____

NAME: _____

TITLE: _____

DATE: _____

Mail form to: Administrator for Barge Dock

**APPENDIX III
INSURANCE SCHEDULE**

- A. Workers Compensation Insurance (Coverage A) for statutory requirements including protection for liability under the Federal Longshoremen's Harbor Workers' Compensation Act.
- B. Employers Liability Insurance (Coverage B) with limits of not less than \$5,000,000 per occurrence. Coverage B will provide coverage for liability under the Jones Act, Death on the High Seas Act, and General Maritime Law for all employees or all employees except members of the crew of vessels if full crew liabilities are covered by limits under the Protection and Indemnity policies. Such Maritime Coverage will include protection against the liability of employer to provide transportation wages, maintenance and cure to any maritime employees. Coverage B will be amended to provide that a claim "*in rem*" will be treated as a claim against the employer.
- C. Comprehensive General Liability Insurance including Contractual Liability covering obligations assumed herein with limits of not less than \$5,000,000 including an endorsement for sudden and accidental environmental impairment liability. If waterborne craft or vessels are to be used, the watercraft exclusion endorsement must be deleted from the policy. Authority and Plains Eagle Ford Pipeline LLC will be named as Additional Insureds; and by endorsement, underwriters will agree to waive subrogation against Authority and Plains Eagle Ford Pipeline LLC.
- D. In lieu of maritime coverage under the Employers Liability Insurance and Maritime Liability Coverage under the Comprehensive General Liability Insurance, Occasional User may provide an alternate Protection and Indemnity Insurance on each vessel owned and/or operated by said Occasional User. Such insurance must include collision liability coverage and environmental impairment (oil pollution) coverage in an amount of not less than \$5,000,000. Authority and Plains Eagle Ford Pipeline LLC will be named as Additional Insureds; and by endorsement, underwriters will agree to waive subrogation against Authority and Plains Eagle Ford Pipeline LLC.

**APPENDIX IV
FACILITIES LISTING BY DOCK**

A. Facilities operated and maintained by the Administrator:

All Loading Arms
Transfer Hoses
Cranes and/or Hoists
Piping and Racks
Drain Piping, Sumps, and Sump Pumps (Complete with all electrical wiring to motors, starters, controls, and alarms.)
Spill Containment
Safety Skids
Utility Piping And Wiring
Fire Extinguisher
Gangway
Life Ring
Telephone In Dock House
Furnishings In Dock House
Service Air and Gas Systems
All Oil Spill Pollution Control Equipment

B. Facilities Installed by the Authority to be Operated and Maintained by the Administrator:

None

**APPENDIX V
FREQUENT USER/AUTHORITY
MAILING/PHONE LIST**

Administrative Contact

ATTN: _____

_____, Texas _____
_____, (Office)
_____, (FAX)
_____, (Mobile)

Operations Contact
(FREQUENT USER OF BARGE DOCK)

ATTN: _____

_____, Texas _____
_____, (Office)
_____, (FAX)
_____, (Mobile)

(FREQUENT USER OF BARGE DOCK)

ATTN: _____

_____, Texas _____
_____, (Office)
_____, (FAX)
_____, (Mobile)

ATTN: _____

_____, Texas _____
_____, (Office)
_____, (FAX)
_____, (Mobile)

(OWNER OF BARGE DOCK)

Port of Corpus Christi Authority
ATTN: Greg Brubeck
Deputy Director of Engineering Services
P. O. Box 1541
Corpus Christi, Texas 78403
885-6138 (Office)
881-5161 (FAX)
816-3609 (Mobile)

Port of Corpus Christi Authority
ATTN: Greg Brubeck
Deputy Director of Engineering Services
P. O. Box 1541
Corpus Christi, Texas 78403
885-6132 (Office)
881-5163 (FAX)
816-8823 (Mobil)

PARENT COMPANY GUARANTEE

This PARENT COMPANY GUARANTEE (this "Guarantee") is given and effective as of this 30th day of March 2012, by **Plains All American Pipeline, L.P.**, a Delaware limited partnership, with its principal place of business at 333 Clay Street, Suite 1600, Houston, Texas 77002 (hereinafter referred to as the "Guarantor") for the benefit of **Port of Corpus Christi Authority of Nueces County, Texas**, a government agency and body politic and corporate of the State of Texas, with an address at P.O Box 1541, Corpus Christi, Texas 78403 (hereinafter referred to as "PCCA").

WHEREAS, Guarantor has an interest in **Plains Eagle Ford Pipeline LLC**, a Delaware limited liability company (hereinafter referred to as "Company"); and

WHEREAS, Guarantor desires to induce PCCA to enter into that certain Barge Dock Improvement and Use Agreement dated the 30th day of March 2012, (hereinafter referred to as the "Agreement") with Company, pursuant to which, among other things, PCCA will design and construct certain improvements to the Viola Barge Mooring Dock and the dock slip adjacent to such, which are owned by PCCA and located in Nueces County, Texas, and in which Company agrees to throughput certain minimum volumes of commodities and pay associated tariff fees for such throughput and further in which the Company otherwise undertakes to pay for certain obligations under the Agreement necessary to or useful in the business of PCCA; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meaning prescribed to them in the Agreement; and

WHEREAS, PCCA is willing to enter into the Agreement upon the condition that Guarantor guarantees the full and faithful payment by Company of all payment obligations and liabilities pursuant to the terms, covenants and conditions of the Agreement;

NOW, THEREFORE, in consideration of PCCA entering into the Agreement, and in order to induce PCCA to enter into the Agreement, Guarantor hereby agrees as follows:

1. Obligation of Guarantor. Guarantor hereby irrevocably and unconditionally guarantees to PCCA the prompt and complete payment by Company when due of all payment obligations and liabilities pursuant to the terms contained in the Agreement to be paid by or on the part of Company, including the full payment when due, whether by acceleration or otherwise, of all fees, rents, charges, costs, expenses, and any other sums which the Agreement expressly provides may be or become payable by Company to PCCA or its successors and permitted assigns. Notwithstanding any other provisions herein, Guarantor's maximum aggregate liability under this Guarantee, inclusive of legal fees and enforcement costs, is limited to the revised Cost of Construction of the Barge Dock Project as determined pursuant to Section 3.01 of the Agreement.

2. Term of Guarantee. This Guarantee may not be revoked or terminated and shall continue in full force and effect until all of the terms and conditions of the Agreement have been duly satisfied by Company; and Guarantor shall not be released from its obligations hereunder so long as any claim of PCCA against Company arising out of the Agreement has not been satisfied and discharged in full.

3. Consents; Renewals; Waivers. Guarantor agrees that PCCA and Company may, without notice to or consent of Guarantor, mutually agree to modify, extend, supplement, renew, or otherwise amend the Agreement and/or the obligations and liabilities thereunder without in any way impairing or affecting this Guarantee. Upon failure by Company to make payment due under the Agreement, PCCA shall make written demand for payment to Guarantor and such demand shall state the amount that Company has failed to pay and state that PCCA is calling upon Guarantor to pay under this Guarantee. Subject to the requirement of the foregoing demand for payment, Guarantor hereby irrevocably waives notice of acceptance of this Guarantee, and also presentment, protest and notice of protest or dishonor of any of the obligations or liabilities hereby guaranteed, notice of nonpayment, and demand for payment, and agrees that no act or omission of

any kind on the part of PCCA, its officers, agents, employees, representatives, successors and/or assigns, shall adversely affect, diminish or impair this Guarantee or the obligations of Guarantor hereunder.

4. Character of Obligation. Except as otherwise provided herein, the liability of Guarantor under this Guarantee is direct, immediate, absolute, continuing and unconditional. This Guarantee is a primary obligation binding upon Guarantor, which shall be enforceable by PCCA, or its successors and permitted assigns before or after proceeding against Company and shall be effective and binding upon Guarantor irrespective of the solvency or insolvency of Company, and notwithstanding any discharge, reduction, extension or modification of any or all of the Company's obligations or liabilities under the Agreement or by reason of any law (whether relating to bankruptcy, insolvency or otherwise) or any reorganization, merger, consolidation or any other change in the composition, nature, structure, personnel or location of Company; nor shall the obligations of Guarantor hereunder be in any manner modified, diminished or discharged by reason of any of the foregoing. Without limiting the generality of the foregoing, PCCA shall not be required to exhaust or pursue any recourse or remedy or take any action whatever against the Company, any other guarantors of any of the obligations or liabilities of Company, or any collateral held by PCCA, as a condition precedent or otherwise to enforcing the liability of Guarantor hereunder. Notwithstanding the foregoing, Guarantor reserves to itself all rights, setoffs, counterclaims, and other defenses to which Company may have to payment of any guaranteed obligation; provided, however, Guarantor does not reserve (a) defenses arising from the bankruptcy or insolvency of Company, and (b) any other defenses expressly waived by Company in the Agreement or otherwise expressly waived by Guarantor in this Guarantee.

5. Controlling Law & Venue. The validity, interpretation and performance of the Guarantee, and dispute connected herewith, shall be governed and construed in accordance with the laws of the State of Texas. Guarantor hereby irrevocably and unconditionally submits for Guarantor and in respect of Guarantor's property to the jurisdiction of any state court or any United States federal court located in Nueces County, Texas over any suit, action or proceeding arising out of or relating to this Guarantee. Guarantor hereby irrevocably waives, to the fullest extent permitted by law, any objection that Guarantor may now or hereafter have to the laying of venue in any such court, any claim that any such court is an inconvenient forum, and any claim that Guarantor is not subject to personal jurisdiction in such jurisdiction. Guarantor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any state court, or any United States federal court, sitting in the State of Texas may be made by certified or registered mail, return receipt requested, directed to Guarantor at its address set forth in this Guarantee or to a subsequent address of which PCCA received actual notice from Guarantor in accordance with the notice provisions hereto. Nothing herein shall affect the right of PCCA to serve process in any manner permitted by law or limit the right of PCCA to bring proceedings against Guarantor in any other court or jurisdiction.

6. Benefit. The Guarantee shall inure to the benefit of PCCA, its successors and permitted assigns, and shall be binding upon Guarantor and its legal representatives, successors and permitted assigns. Neither Guarantor nor PCCA shall assign this Guarantee or any right or transfer any obligations hereunder without the prior written consent of the other, such consent not to be unreasonably withheld. The term Company as used in this Guarantee shall include any of Company's affiliates to which the Agreement is assigned pursuant to Section 9.15 of the Agreement.

7. Authority to Sign. Any person who signs as an officer or agent for a corporation, partnership or other entity warrants that he has authority from such corporation, partnership or other entity to enter into this Guarantee on its behalf.

8. Notices. All notices, requests, waivers, approvals, consents and demands required hereunder, and all responses thereto, shall be in writing and shall be deemed to have been properly given or served when personally delivered or deposited in the mail, certified or registered, return

receipt requested, postage prepaid, or delivered to a nationally recognized overnight courier service with all delivery charges paid or provided for, addressed to the addresses set forth below. ~~All notices, requests and demands, and all responses thereto, shall be effective (a) upon receipt if personally delivered, (b) one business day after deposit if sent by overnight courier or (c) three business days after deposit in the mail if mailed as referenced above.~~ For purposes of this Guarantee, the following addresses apply (unless otherwise changed by the party by delivering at least ten (10) days' advance written notice to the other party):

If to Guarantor: Plains All American Pipeline, L.P.
c/o Plains All American GP LLC
333 Clay Street, Suite 1600
Houston, Texas 77002
Attn: Director, Financial Services
Fax: (713) 993-5119

with a mandatory copy to:

Plains All American Pipeline, L.P.
c/o Plains All American GP LLC
333 Clay Street, Suite 1600
Houston, Texas 77002
Attn: Lawrence J. Dreyfuss, Vice President &
General Counsel – Commercial & Litigation

If to PCCA: Port of Corpus Christi Authority
Mailing address:
PO Box 1541
Corpus Christi TX 78403
Delivery address:
222 Power Street
Corpus Christi, Texas 78401
ATTN.: Executive Director

with a mandatory copy to:

Jimmy Welder
Welder Leshin LLP
800 N. Shoreline Blvd., Ste. 300 North
Corpus Christi TX 78401

9. Representations and Warranties. Guarantor represents and warrants that (i) it has full corporate power and authority to execute, deliver and perform this Guarantee, (ii) the execution, delivery and performance of this Guarantee by Guarantor has been duly and validly authorized by all necessary corporation action, and (iii) Guarantor has duly executed and delivered this Guarantee, and it constitutes the legal, valid and binding obligation of Guarantor in accordance with its terms, subject to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or other similar laws relating to or affecting creditors' rights generally.

10. No Recourse to Other Persons. No past, present or future director, officer, partner, employee, incorporator, manager, stockholder, unitholder or member of Guarantor, PAA GP LLC, Plains AAP, L.P. or Plains All American GP LLC, and no past, present or future director, officer, partner, employee, incorporator, manager, stockholder, unitholder or member of any subsidiary of

Guarantor shall have any liability for any obligations of Guarantor or for any claim based on, in respect of, or by reason of, any obligations or their creation as such. By acceptance of this Guarantee, PCCA, for itself and each of its related parties, if any, waives and releases all such liability.

11. Subordination of Subrogation Rights. Guarantor subordinates any and all claims that Guarantor has or may have against the Company by reason of subrogation for payments or performances under this Guarantee or claims for any other reason or cause. Guarantor agrees not to assert any claims by reason of subordination under this Guarantee until all of the terms and conditions of the Agreement have been duly satisfied by Company.

[Signature Page Follows]

IN WITNESS WHEREOF, Guarantor has hereunto set his legally binding signature, duly
witnessed, all as of the date first above written.

GUARANTOR

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PAA GP LLC, Its General Partner

By: Plains AAP, L.P., Its Sole Member

By: Plains All American GP LLC, Its General Partner

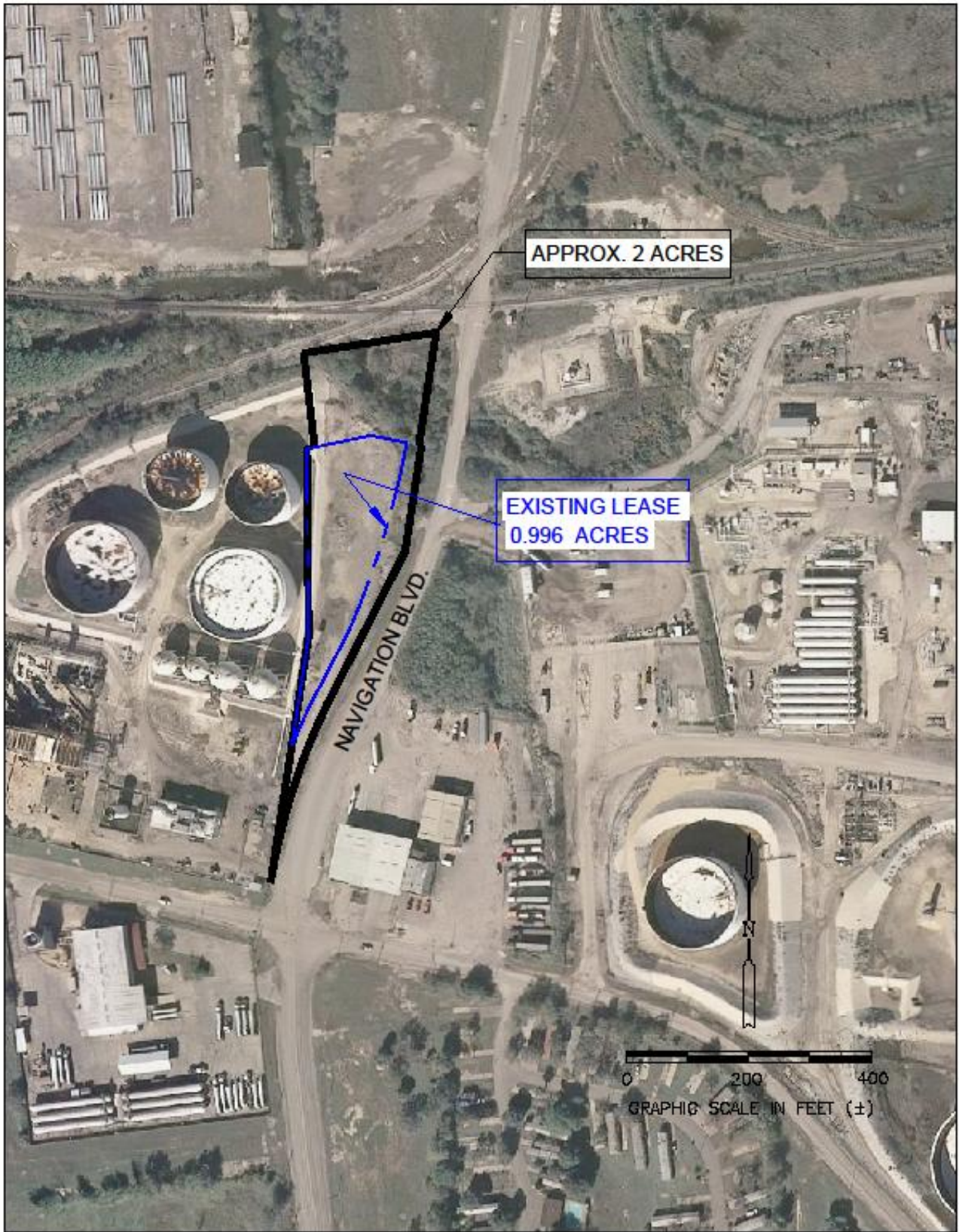
BY:



NAME: Charles Kingswell-Smith

TITLE: Vice President and Treasurer

DATE: _____





March 26, 2012
L0003/12

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

Subject: LEASE OF BARRACKS / GALLEY FACILITES AT EX- NAVAL
STATION INGLESIDE

Dear Mr. Carrell,

The current lease between VSE Corporation and POCCA for barracks (Buildings 134/138) and galley facilities (Building 146) at ex-Naval Station Ingleside expires 30 April 2012. VSE requests that this lease be extended until 31 May 2012 for rooms listed in Exhibit A (attached). It is also requested that the lease be modified to include use of Building 101 for the period of April and May 2012. All other terms and conditions shall remain the same.

Please contact Gary T. Froestad, GLOBAL Logistics Manager at (703) 329-4650 or via e-mail at gffroestad@vsecorp.com, if you have any questions. Your assistance in this matter is greatly appreciated.

Very truly yours,

VSE Corporation

A handwritten signature in black ink, appearing to read "H. Eugene Hosier". The signature is written in a cursive style with a large, looping initial "H".

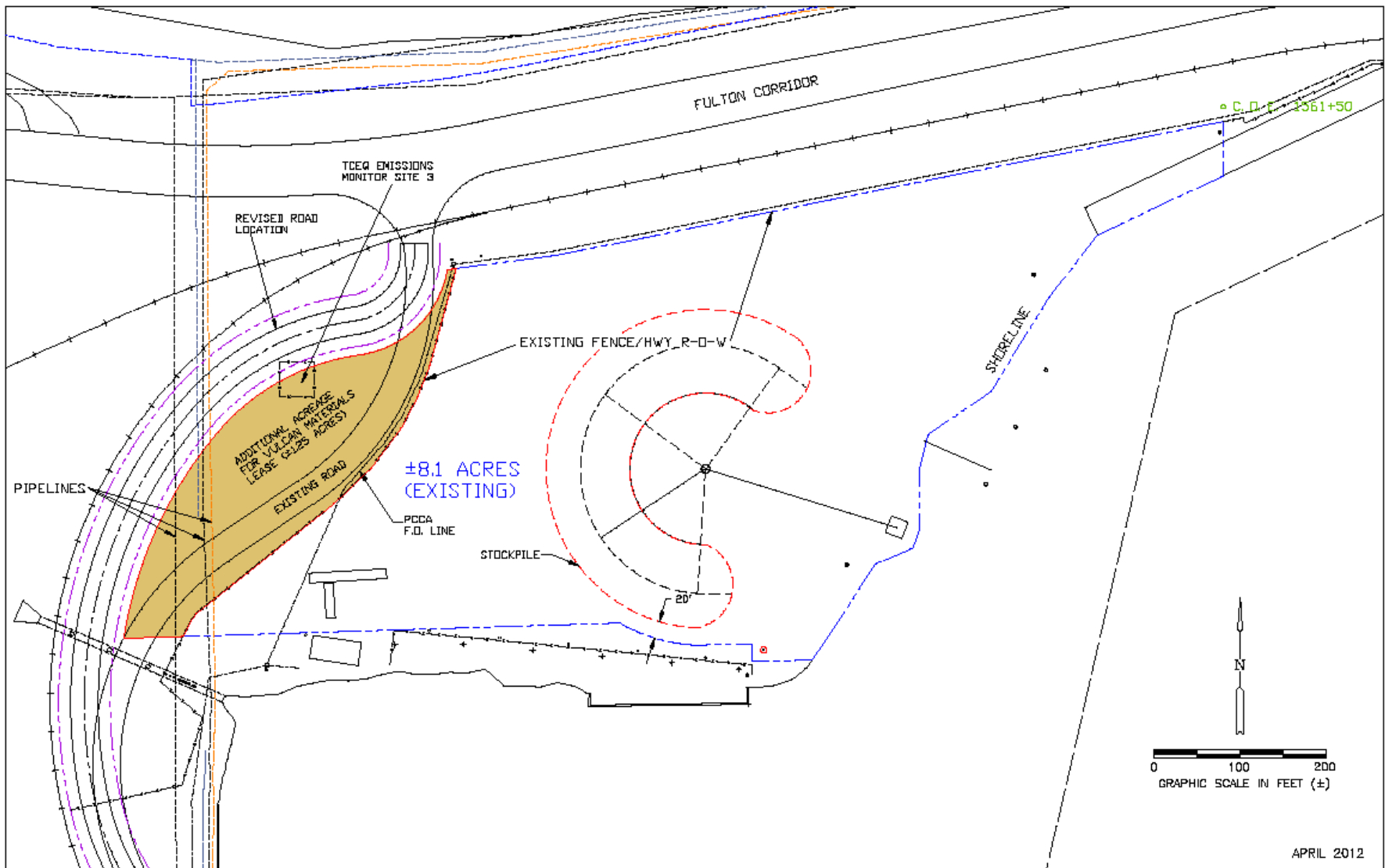
H. Eugene Hosier
Vice President
Director of Facilities



BLDG	ROOM	RATE	MONTH	AMOUNT
138	118	\$975.00	1.00	\$975.00
138	129	\$975.00	1.00	\$975.00
138	132	\$975.00	1.00	\$975.00
138	136	\$975.00	1.00	\$975.00
138	208	\$610.00	1.00	\$610.00
138	211	\$610.00	1.00	\$610.00
138	212	\$610.00	1.00	\$610.00
138	216	\$610.00	1.00	\$610.00
138	219	\$610.00	1.00	\$610.00
138	221	\$610.00	1.00	\$610.00
138	227	\$610.00	1.00	\$610.00
138	309	\$610.00	1.00	\$610.00
138	310	\$610.00	1.00	\$610.00
138	312	\$610.00	1.00	\$610.00
138	314	\$610.00	1.00	\$610.00
138	321	\$610.00	1.00	\$610.00
134	126	\$975.00	1.00	\$975.00
138	214	\$610.00	0.75	\$457.50
138	225	\$610.00	0.75	\$457.50
138	226	\$610.00	0.75	\$457.50
138	322	\$610.00	0.75	\$457.50
134	128	\$975.00	0.75	\$731.25
138	120	\$975.00	0.25	\$243.75
138	122	\$975.00	0.25	\$243.75
138	124	\$610.00	0.25	\$152.50
138	126	\$610.00	0.25	\$152.50
134	118	\$975.00	0.25	\$243.75
146		\$2,500.00	1.00	\$2,500.00
101		\$2,500.00	2.00	\$5,000.00

Galley
April / May

\$23,292.50



APRIL 2012

Port Commissioners
Agenda Item No. 11-C
April 10, 2012

Staff recommends approval of this item, which will be placed on next Tuesday's agenda for your review and official action. Should you have any questions, please call me at 885-6189.

Sincerely,



John P. LaRue
Executive Director

Attachment

Equipment Disposal

List of equipment

Description: Projectors

Quantity: 6

Manufacturer: Christie digital

Model: GraphXMaster CX50

Serial: C426FBBB00001; C426FBBB00021; C426FBBB00022; C427FBBB00037;
C427FBBB00023; C426FBBB00013.

Purchased with Grant 1 (02-023C) for approximately \$29,000.00 installed with rear projection enclosures. Items for disposal are projectors only. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052E). Manufacturer offered no trade in value. Estimated value at next to nothing.

Description: Projectors

Quantity: 4

Manufacturer: Christie digital

Model: GraphXMaster CX50

Serial: C543HGGBB00450; C543HGGBB00477; C543HGGBB00474; C543HGGBB00472.

Purchased with Grant 4 (04-033C) for approximately \$29,000.00 each - installed with rear projection enclosures. Items for disposal are projectors only. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052E). Manufacturer offered no trade in value. Estimated value at next to nothing.

Description: PTZ Cameras

Quantity: 11

Manufacturer: COHU

Model: 3955

Original Camera # / Serial #: 1/419948; 4/419648; 5/419666; 6/419667; 13/419662; 14/435111;
15/419930; 16/419947; 17/419651/ 18/418518; 20/419663.

Purchased in Grant 1 (02-023C) for approximately \$6,500.00 each. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052J). Manufacturer offered no trade in value. Estimated value at next to nothing.

Description: PTZ Cameras

Quantity: 1

Manufacturer: COHU

Model: 3965

Original Camera # / Serial #: 90/449832.

Purchased in Grant 4 (04-033C) for approximately \$7,700.00 each. Camera failed in service and is beyond repair. It was replaced with Grant 6 (06-052J). Manufacturer offered no trade in value. Estimated value at next to nothing.

Description: Computers – Camera Sensor Appliances

Quantity: 9

Manufacturer: Vistascape (now Siemens)

Model: SR-CX426PR

Serial #: 32593-16; 32593-15; 32593-10; 32593-F; 32593-G; 32593-A; 32593-H; 32593-C; 32593-B.

Purchased in Grant 1 (04-033C) for approximately \$8,000 each. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052D). Manufacturer offered no trade in value. Estimated value at next to nothing. Hard drives have been destroyed.

Description: Computers – Camera Sensor Appliances

Quantity: 6

Manufacturer: Vistascape (now Siemens)

Model: SR-CX426PR

Serial #: MISSING; 325080; 324315; 324321; 324317; 324323.

Purchased in Grant 2 (03-036C) for approximately \$8,000 each. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052D). Manufacturer offered no trade in value. Estimated value at next to nothing. Hard drives have been destroyed.

Description: Computers – Camera Sensor Appliances

Quantity: 1

Manufacturer: Vistascape (now Siemens)

Model: SR-C3001-00-0260

Serial #: M T806-12-04.

Purchased in Grant 2 (03-036C) for approximately \$8,000. It reached end of manufacture's parts and service support. It was replaced with Grant 6 (06-052D). Manufacturer offered no trade in value. Estimated value at next to nothing. Hard drives have been destroyed.

Description: Computers – Camera Sensor Appliances

Quantity: 1

Manufacturer: Vistascape (now Siemens)

Model: SD T313921

Serial #: 1452715.

Purchased in Grant 2 (03-036C) for approximately \$8,000. It reached end of manufacture's parts and service support. It was replaced with Grant 6 (06-052D). Manufacturer offered no trade in value. Estimated value at next to nothing. Hard drives have been destroyed.

Description: Computers – Camera Sensor Appliances03/8/2012 7:43 AM

Quantity: 3

Manufacturer: Vistascape (now Siemens)

Model: SD T313921

Serial #: 1452715; 1452716; 1452714.

Purchased in Grant 3 (04-001D) for approximately \$8,000. They reached end of manufacture's parts and service support. They were replaced with Grant 6 (06-052E). Manufacturer offered no trade in value. Estimated value at next to nothing. Hard drives have been destroyed.

EXECUTIVE DIRECTOR'S REPORT

For the month of April 2012

BUSINESS DEVELOPMENT

- Attended and participated within the Free Trade Alliance first “Global General Consulates Meeting” which took place in Houston. Presented the port’s strategic location for import/export business to Latin American, European and Asian Consuls.
- Received a delegation of Freight Forwarders and Custom Brokers from Laredo. Presented short and long term port projects and seeking their support for future cargo transport logistics through this area.
- Proppent cargo shipments from Asia continue to arrive every 20 days.
- Invited to present the Port at Del Mar College to the small business entrepreneurs.
- Attended the yearly BNSF rail company event. We’ll pursue additional wind cargo business as well as vehicle transport opportunities.
- Met with various ocean transportation and logistics providers in Houston seeking additional business through this port.
- Participated within the Eagle Ford Consortium in San Antonio and promoting the port for additional frac sand business.
- Continue receiving wind blade components from South America with two vessels per month. In addition, confirm that an additional new wind developer will arrive to PCC in April.
- Presented the port to the Portland Leadership group.
- Continue to monitor and upgrade the port tariff 100-A.
- Working with a strategic inland port in Mexico to develop rail cargo logistics between PCC and strategic manufacturers in central and northern Mexico.
- Within the last World Affairs Council meeting, presented the port to the President of the Korea Society. We’ll receive future invitations to meet with potential Korean business and manufacturers where we’ll seek usage of this port for their import/export cargoes.

COMMUNICATIONS

During the month of March, the Communications Dept planned, attended and/or coordinated employee participation in the following events:

- Menger Elementary Campus Planning Board Mtg. March 5, 2012
- American Diabetes Board Meeting March 7, 2012
- Harbor Wind Project Ribbon Cutting March 12, 2012
- Port Commission Meeting March 13, 2012
- March of Dimes Mtg. with Victor Guzman March 14, 2012
- Professional Staff Training March 20, 2012
- EMS Study Session March 21, 2012
- PCCA Wellness Committee Mtg. March 22, 2012
- EMS Audit (Bulk Terminal) March 23, 2012
- PCCA Mastermind Committee Mtg. March 29, 2012
- CBPCCR Leadership Luncheon
- AAPA Spring Conference and Centennial Celebration – Washington D.C.
- TRI-Port meeting in San Antonio
- Christening of the Signet “Weatherly”
- Annual BNSF meetings and reception - Dallas

Hosted & Upcoming Tours:

- Portland Leadership/Tour March 20, 2012
- DMC Honor Class March 23, 2012
- Turkmenistan April 26, 2012
- Tajikistan June 14, 2012
- Victoria Jr. College July 12, 2012

Speaker’s Bureau:

- Small Business Dev. Center Presentation Ruben Medina March 7, 2012

Walks:

- March of Dimes 5K Walk: Saturday, May 5, 2012
- BUC Days Parade: Saturday, May 5, 2012

Upcoming Events/Sponsorships:

- South TX. Substance Abuse Dinner March 15, 2012
- Tom Keeler Memorial Golf Tournament March 20, 2012
- NuStar NuHope Golf Classic March 25 & 26, 2012
- State of the County March 27, 2012
- Palmer Drug Abuse Annual Gala March 29, 2012
- CC Symphony Orchestra (Pops in the Park) March 31, 2012
- Communities In Schools Gala April 3, 2012

- Aquarium – Beach Ball Gala April 13, 2012
- Fulton Coastcon Island Golf Tournament April 13, 2012
- Aransas Pass Women’s Club Style Show April 14, 2012
- Del Mar College Bernie Crawfish Boil April 20, 2012
- San Patricio Habitat for Humanity April 27, 2012
- Harvey Weil Award Dinner April 28, 2012

Multimedia Specialist Projects:

- Social Media
 - Continuing research for the launch of the Port Corpus Christi Social Media Campaign
 - Meeting with HR, IT, and Legal on updating electronic communications policy
- Photography
 - General “beauty shots” for file
 - Blade vessel, “Industrial Dolphin” enters Port at night
 - Wind Farm ribbon cutting
 - Christening of the Signet “Weatherly”
 - Employees donate blood at blood mobile
- Video
 - Blade vessel, “Industrial Dolphin”, enters port at night in preparation for new Wind Cargo video
 - Wind Farm ribbon cutting
- Public Relations
 - Distribution of photos to participants of Harbor Wind ceremony including:
 - Tibor Hegidus, Revolution Energy
 - Guodian representatives Wang Gonglin, VP; Cheng Jichang, Vice GM; Bing Li, Intl’ Bus Vice GM
 - Yih-Min Jan, PhD, Tang Energy Group
 - Composition and distribution of “Our Port” newsletter
- Press Releases
 - Ongoing update of distribution list database
 - Coordinated release of NSI/Oxidental Chemicals announcement
- Media Relations
 - Assistance w/media at Harbor Wind ceremony
- Marketing
 - Social Media
 - Updates of images on PortofCorpusChristi.com
 - SEO – Search Engine Optimization – added new “meta” tags to PortofCorpusChristi.com to help improve search engine ranking
 - Updating of “general port presentation”
 - Compilation of stories and photos for Our Port newsletter
 - Compilation of marketing materials for NSI
 - Tracking and maintaining a list of Port Corpus Christi in the news
- Continuing Education
 - Attending the “Essential Skills for Managers” Course @ Del Mar

March Media Coverage:

03.06.2012	Caller Times	Sierra Club criticizes Port CC for coal plans
03.06.2012	features.rr.com	Sierra Club criticizes Port CC for coal plans
03.06.2012	Kzstv	Port CC responds to Sierra Club concerns
03.06.2012	Msnbc	Port CC responds to Sierra Club concerns
03.07.2012	MarineLink.com	Signet to deliver and christen newest tug
03.06.2012	kris tv	Port CC responds to Sierra Club concerns
03.09.2012	Caller Times	CC Port's pursuit of coal business appears justified
		Tug built by Signet Maritime in Pascagoula to be christened Saturday in Texas
03.09.2012	Mississippi Press	
03.08.2012	Downstream Today	Corpus Christi LNG finds support at public forum
03.10.2012	BreakBulk	Port CC opens Harbor Wind
03.12.2012	fruitnet.com	Progress for Corpus Christi wind farm
03.12.2012	Caller Times	Port CC wind turbines helping to power local grid
03.12.2012	SiloBreaker	Port CC wind turbines helping to power local grid
03.13.2012	SiloBreaker	Harbor Wind Energy Farm set to open at Corpus Christi
03.13.2012	HeavyLift PFI	Harbor Wind Energy Farm set to open at Corpus Christi
03.13.2012	DemocraticUnderground.com	Port CC wind turbines helping to power local grid
		China's Guodian has first wind turbines operating in US market
03.14.2012	RECHARGE news	
		Port of Corpus Christi hires law firm to appeal wetlands decision at Naval Station Ingleside
03.13.2012	Caller Times	Wind power in Texas: Corpus Christi wind farm with China's Guodian wind turbines
03.14.2012	evwind.com	
03.15.2012	Topix	Port CC wind turbines helping to power local grid
03.12.2012	ReNewsAmericas	Corpus Christi wind farm up and running
03.16.2012	DJC Oregon	Port CC is Seeking Director of Engineering
03.15.2012	American Shipper	Corpus Christi port gets wind farm
03.16.2012		
		Liquefied natural gas terminal planned along CC Ship Channel could represent \$10 billion investment
03.16.2012	Caller Times	Wind power in Texas: Corpus Christi wind farm with China's Guodian wind turbines
03.15.2012	WindTurbines.net	
03.21.2012	bucdays.com	Celebrate Our Port with Fireworks! 4/27@ Buc Days!
		Environment Texas report: CC Bay's Inner Harbor receives fourth most chemical discharges
03.23.2012	Caller Times	Jacobs Awarded Contract for \$1B Pipe Manufacturing Facility in Texas
	Market Watch - Wall Street Journal	Jacobs Engineering Awarded Contract for \$1B Pipe Manufacturing Facility in Texas
03.27.2012	Journal	
03.28.2012	NASDAQ	
	Los Angeles Business	
03.27.2012	Journal	Jacobs Wins Texas Contract
03.28.2012	Zacks Investment Research	Pipeline Project in Jacobs' Kitty
03.28.2012	Caller Times	1950s opened with a new causeway to Padre Island

03.29.2012	Caller Times	Port CC accepts letter to buy part of Naval Station Ingleside
03.29.2012	Zawya	Port Commissioners Approve A New LOI to Sell NSI
03.29.2012	kris tv	Oxidental Chemicals Has Big Plans For Old US Naval Station
03.29.2012	Kiii Tv	OxiChem to Purchase Naval Station Ingleside

March Marketing Projects:

- Creation of Marketing materials for NSI
 - General brochure
 - Virtual tours for the website & possible presentations
 - Marketing Ads
- Production of External Community and Global E-newsletters
- Planning of participation on AWEA 2012
- Planning participation in AAPA Latin America 2012
- Finalize Business Development Marketing placement for 2012
- Development of CREDC & Port Ad for business magazine
- 2012 Marketing approach presentation
- Update of La Quinta and FTZ's brochures
- La Quinta Pop-up banner
- Annual Rail Reception invitations
- Marketing materials for the 400 mile project

Marketing Placement:

We continue to see an active schedule for the year. In March, we worked on finishing the development of the Naval Station Ingleside brochure. We continue to work with BUPIG on revisions to the Corpus Christi Ship Channel and La Quinta Extension Brochure. And we are continuing to work on a collaborative effort with Port San Antonio and Port Laredo to market our region. We are working on a logo and folder for the alliance.

Current Working Projects:

- Naval Station Ingleside (printed this month)
- La Quinta Trade Gateway Pop Up Banner
- FTZ Brochure updates
- TriPort Brochure and Meetings
- La Quinta/CC Ship Channel Brochure Revisions
- Harbor Windfarm Invitations
- Welcome Folder Revisions
- Buc Days Float

Publication/Media Editorial Ad

March 2012

- AAPA Centennial Member Directory - The Port of the Lone Star State.
- *American Jrnl of Trans.* - Latin American Trade TBD
- *Global Trade* - Deep in the Heart of Texas - Texas Bound? Access Here.

- *JOC Asia* e-newsletter - The Port of the Lone Star State.
- *Journal of Commerce* - South America Trade & Transp. –
- *Leonard's Guide* 3PL Directory Big Port & Texas Bound (2 ads)
- *T21 Revista* Various Desde aqui
- *T21.com.mx* Online Banner Ad - Su Puerto en Texas.
- *World Trade 100* - Bulk/Breakbulk/Port Update - Texas Bound? Access Here.

Publication/Media Editorial Ad

April 2012

- America Economia - Online banner ad - Su Puerto en Texas
- Business News America - Online and e-news ad - Su Puerto en Texas
- Guia Maritimo - Intermodal S. America - Texas bound? Access here.
- Journal of Commerce - Texas Trade Advert - Texas bound? Access here.
- Recharge EWEA 2012 - Big components? No problem.
- T21.com - Online Banner - Ad Su Puerto en Texas
- T21 Revista - Various Desde aqui

Cohesive Branding - Latest Collateral Developments:

We recently finished the audit report covers, with the 85th anniversary as our theme. We had a successful Harbor Wind Farm celebration and look forward to that relationship. This year's Buc Days Parade float will be a South Texas theme and will highlight the cargos we handle. We're currently working on revising the graphics.



GOVERNMENT AFFAIRS

During March 2012, Government Affairs promoted and protected port and regional interests at the local, state and federal levels of government.

LOCAL

- Attended Corpus Christi Chamber of Commerce government affairs committee meeting.

STATE

- Assisted business development department with elected officials' participation for Harbor Wind Project ribbon cutting event and dinner.

FEDERAL

- Submitted TIGER 2012 grant application (\$17.5 million) for rail infrastructure at port; award announcement may happen sometime during summer, held meetings in DC with consultants and railroad partners to gain support.
- Attended AAPA Spring conference and US Legislative Policy Committee meeting.
- Attended Gulf Ports Association "Hit the Hill" congressional visits; met with members of Congress to highlight the importance of ports; attended meeting with OMB staff to discuss lack of COE funding for ports.
- Assisted executive director prepare for meeting with USDOT to highlight key infrastructure projects at port.
- Working with congressional offices and consultants to monitor FY 2013 budget, USCOE funding, WRDA, transportation reauthorization bill and freight provisions, homeland security, Harbor Maintenance Trust Fund, US Coast Guard Reauthorization Act, etc.



MEMORANDUM

To: Nelda Olivo
From: Hugo Berlanga
Re: March Activity Report
Date: April 4, 2012

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

In election news, HB 43 State Rep. J. M. Lozano (D-Kingsville) has switched parties. He will now seek election as a Republican. Rep. Lozano will face opponents in both the primary and general elections.

Rep. Ken Legler (R-Pasadena) announced he will not seek re-election.

Rep. Todd Smith (R-Eules) officially announced his candidacy for the Senate District 9 seat. Smith will face Rep. Kelly Hancock (R-North Richland Hills) in the republican primary.

Sales tax collections were up 14.8 percent in the month of February.

Former Secretary of State Roger Williams announced his candidacy in the newly created Congressional District 25. Also, announcing for Congressional District 25 is former Railroad Commissioner Michael Williams. Both had previously announced their intent to run of Congressional District 33 before the final redistricting maps were settled.

Rep. Raul Torres (R-Corpus Christi) announced he will seek election in Senate District 20. SD 20 is currently occupied by Sen. Juan "Chuy" Hinojosa (D-McAllen).

The board of directors of the Texas Windstorm Insurance Association (TWIA) announced John Polak as general manager. Polak was serving as TWIA's interim general manager since April 2011.

The new acting director of the Legislative Budget Board is Ursula Parks.

The Department of Justice (DOJ) has refused preclearance Texas' new Voter ID law. The DOJ found the state failed to meet its burden on proving no retrogression on Hispanic voters who lack a state-issued identification card. The trial for the legislation has been set for July 9th to the 13th. The case will be argued in front of a three judge panel in Washington, D.C.

According to the Texas AgriLife Extension Service, Texas farmers and ranchers lost about \$7.62 billion in 2011 because of the drought. This shatters the previous record loss of \$4.1 billion in the drought stricken year of 2006. Drought loss records have been kept for the last 20 years.

- Attended the Port of Corpus Christi & Harbor Wind Farm Ribbon Cutting Celebration on March 12, 2012.
- Attended meeting with the Nueces County Aviation Committee and Nueces County Commissioners Court at Richard M. Borchard Fairgrounds on March 23, 2012.
- Hosted a reception for Rep. Todd Hunter on March 28, 2012 at the home of Michael and Laurie Mintz.
- Attended a meeting between BP Capital and Assistant Executive Director Frank Brogan regarding port property.
- Attended the Port's special called meeting on March 29, 2012.
- BBC will continue to work with Port staff to coordinate all legislative lobbying efforts;
- BBC will continue communication with the members and staff of Senate IGR, Senate Natural Resources, Senate State Affairs, the Lt. Governor's office and House Transportation & Speaker's Office;
- BBC will continue to send notices regarding meetings and articles of interest to the Port via fax and/or e-mail.

CASSIDY & ASSOCIATES

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Firm Client: Port of Corpus Christi Authority, Texas
Primary Client Team: Barry Rhoads, Steven McKnight, James Lofton, and Andrew Forbes
Services Period: March 1-31, 2012

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

- Substantive consulting on federal government issues on behalf of PCCA
 - ▶ Arranged for meeting for Port Commission and Port Authority representatives with senior Department of Transportation leadership
 - ▶ Reviewed and revised presentation materials for meeting with senior Department of Transportation leadership
 - ▶ Attention to transmission of TIGER IV application to MARAD and other pre-meeting briefing steps for senior Department of Transportation officials
 - ▶ Hosted meeting of TIGER IV grant application team partners from railroads
 - ▶ Discussed status of Harbor Bridge and potential funding opportunities
 - ▶ Investigated opportunity for joint port action on maritime issues
- Legislative Liaison and Monitoring
 - ▶ Joined client for dinner during American Association of Port Authorities conference to engage in Congressional liaison activities
 - ▶ Contacted Congressional office about participation in meeting with senior Department of Transportation officials
 - ▶ Discussed objectives for Congressional meetings during March D.C. visit
 - ▶ Reported developments on transportation legislation to Port
- Client Contact and Team Coordination
 - ▶ Engaged in regular telephone and e-mail contact on PCCA matters with Executive Director John LaRue , Government Relations Manager Nelda Olivo, and Manager of Channel Development David Krams
 - ▶ Hosted to office meetings between Port representatives and Port partners in TIGER IV grant proposal and with Port Commission and Port Authority professionals
 - ▶ Reviewed news media coverage on new economic development at Port and other PCCA activities, discussed same with PCCA representatives

BORSKI ASSOCIATES, LLC

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4015 Fidler Street
Philadelphia, PA 19114
(215) 327-5600 (Cell)
(215) 437-9719 (Fax)

MEMO

To: Port of Corpus Christi
From: Borski Associates
Date: April 2, 2012
Re: Monthly Report

FY13 Budget and Appropriations

On March 29th, the House passed a budget "resolution" for the 2013 fiscal year that cuts an additional \$19 billion beyond the caps specified by last year's debt ceiling deal (the Budget Control Act). While this resolution is not a law, it does set certain procedural hurdles that will limit what the House Appropriations Committee can spend in the coming fiscal year.

The House's budget cuts non-defense discretionary spending - which is essentially non-entitlement, non-defense funding for programs administered by federal departments and agencies (this includes Army Corps and some USDOT programs like TIGER) - by \$27 billion. While the Budget Control Act specified certain spending caps to both defense spending and non-defense spending, the House budget resolution unravels this agreement by cutting an additional \$27 billion from non-defense programs (while defense programs get an \$8 billion increase for an overall net cut of \$19 billion).

Passage of the budget resolution does not guarantee what programs will get cut, but it does bind the Appropriations Committee to this overall spending level. Thus, the House Appropriations Committee will be forced to find an additional \$27 billion in cuts to various domestic programs. The Appropriations Subcommittees will then decide how to spend those allocated funds in the coming weeks and months.

The House budget cuts are so severe, however, that they almost certainly guarantee a long negotiation with the Senate (which will stick to the Budget Control Act caps) and the White House (which has signaled that it expects the budget to adhere to the current caps). We do not anticipate these negotiations to begin in earnest until after the elections, given the highly partisan nature of an election year.

Transportation Reauthorization

On March 14th, the Senate passed a two year surface transportation reauthorization bill. This legislation contains several provisions regarding freight rail infrastructure, including:

- Establishing a National Freight Program, through which the USDOT will designate certain freight corridors and prioritize federal funding for them;
- An authorization allowing states to use up to 10 percent of their federal funding for freight rail and/or maritime projects on the National Freight Program plan; and
- Continuation of the Rail Line Relocation and Rehabilitation Grant Program.

This bill passed the Senate by a vote of 74-22 and is currently stalled in the House, due to a political standoff over several issues. The House, faced with a looming expiration of the entire federal transportation program at the end of March, voted to extend this authorization for another 90 days. The Senate then approved this extension unanimously and the President signed it into law on March 30th.

At this point, it appears that Congress will be unable to come to an agreement on a long term reauthorization before the elections. We are regularly monitoring the status of this legislation and will keep you apprised of any developments.

TIGER

Applications for TIGER IV funding were due on March 19th. We clarified for POCCA the USDOT's definition of "obligation" when it comes to federal funding decisions. We anticipate award decisions perhaps as early as this summer.

OPERATIONS

PORT POLICE

- March 20, 2012 – Citgo FSO Dave Cave and Port PD teamed up to run a Citgo security drill. After-action information reflected that the drill results were positive and enhanced Citgo security effectiveness in access control.
- March 20, 2012 – U.S. Coast Guard Sector Corpus Christi conducted their annual Port of Corpus Christi Facility Security inspection. After a critical examination of related records, systems, and security staff they issued an inspection report that reflected “no discrepancies” for the Facility Security aspect of the inspection. Job well done by all involved.

HARBOMASTER

Ship Arrivals

<u>Tankers</u>	<u>March 2012</u>	<u>March</u>	<u>Tankers</u>	<u>2011</u>	<u>2011 YTD</u>
	<u>Freighters</u>	<u>YTD Ships</u>		<u>Freighters</u>	
83	33	304	85	46	368

Barge Arrivals

<u>Tank</u>	<u>March 2012</u>	<u>March</u>	<u>Tank</u>	<u>2011</u>	<u>2011</u>
<u>Barges</u>	<u>Freight</u>	<u>YTD</u>	<u>Barges</u>	<u>Freight</u>	<u>YTD</u>
	<u>Barges</u>	<u>Barges</u>		<u>Barges</u>	
336	38	1025	319	36	1007

Shifting

<u>Tankers</u>	<u>March 2012</u>	<u>March</u>	<u>Tankers</u>	<u>2011</u>
	<u>Freighters</u>			<u>Freighters</u>
<u>Tank Barges</u>	<u>Freight Barges</u>		<u>Tank Barges</u>	<u>Freight Barges</u>
10	3		13	6
912	30		987	31

	<u>March 2012</u>	<u>March</u>	<u>2011</u>
Average daily ship arrivals:	3.74		4.23
Average daily Barge arrivals:	12.06		11.45

Channel disruptions

March 2012

In March 2012 there were 78.86 hours of channel disruptions. There were 60.92 hours for fog, 15.67 hours for a rig movement and 2.27 hours due to high winds. A total of 18 inbound and 14 outbound were delayed during these disruptions.

March 2011

In March 2011 there was 50.2 hours channel disruption. There were 44.5 hours due to fog, 5.67 hours due to a military movement. A total of 13 inbound and 21 outbound were delayed during these disruptions.

BULK TERMINAL

Current Projects:

- Bulk Terminal rail improvements
- Working with Wood Chip and Bio Mass exporters
- Working with customers on scheduling of coal shipments
- Upgrading electrical components at Rail Unload System
- Working on Rail Unload Conveyor and Hopper
- Progressing on Preventative Maintenance Program

Current Activity:

- Railcars:
 - Loaded rail cars: 284 cars loaded for total of 30,219.69 Short Ton pet coke
 - Unload rail cars: 20 cars unloaded for a total of 1,893.45 Short Ton pet coke
- Bulk Dock #1:
 - 88,747.95 Short Tons Barite
- Bulk Dock #2:
 - 103,186.65 Short Tons Pet Coke loaded
- Pads
 - 109,789.17 Short Tons pet coke
 - 2,957.49 Short Tons sulfur

SAFETY & TRAINING

Safety Committee:

- There were no reported Port vehicle accidents during the month of March.
- Developed a written policy on backing of Port vehicles and equipment and incorporated same into the Port's Vehicle Policy. Human Resources is having the Policy reviewed by the Port attorneys.
- Safety Posters and Logos were distributed to all department Safety Committee members for distribution and posting in all areas.
- A written Lockout/Tagout program continues to be developed.

Safety:

- Hot Work Policy has been developed and training will be provided during the month of April.
- Blood Borne Pathogen training was provided in March for the Port's janitorial crew, one Port Police officer and one Amtex supervisor. Hepatitis B vaccinations are being scheduled.

- The Port's auto insurance provider is working on getting a date set for a driver safety class for Port employees. It will be a three hour class and mandatory for all employees who drive Port vehicles.

Insurance:

- The Port insurance brokers attended the Special Commission meeting on March 29th to present the property insurance renewal proposal and answer Commission/Staff questions. The overall annual increase was 31%.
- Worked on various insurance issues throughout the month.

EMS:

- Conducted the tenth Internal Auditor's study session on 22 March in accordance with our Corrective Action Plan.
- Training for the new Lead Auditor continues through 2012.

Port Damage Claims:

- Awaiting payment on:
 - CD 8 damage in the amount of \$32,264.
 - Warehouse 27 in the amount of \$892.

MAINTENANCE

- Assisted with the Harbor Wind Project Ribbon cutting ceremony.
- Repaired damaged sprinklers system in Bldg 27 caused by Cornell Company employees.
- Conducted interviews for 3 new General Maintenance Employees. Three selected.
- Conducted Shelter in place training for hazardous material releases.
- Advertised for one Electrician. Interviews to be conducted in April.
- Transferred one Senior Maintenance Electrician to Bulk Materials Department.
- Conducted Annual Potable Water Backflow preventer testing, repairs and registration with the City of Corpus Christi Water Department.
- Completed quarterly gasoline vehicle emission testing.
- Completed the Annual U.S. Coast Guard security and facility inspection.
- Conducted Blood Borne Pathogen training for the Janitorial Employees.
- Updated all security signage for the former Naval Station Ingleside.
- Started repairs and upgrades to all security guard stations.

FOREIGN TRADE ZONE

- The annual report for all zone activity was finalized and submitted to the FTZ Board in late March. Reporting of annual FTZ activity is a regulatory requirement for all grantees and operators.

- FTZ Manager continues working with CC Distributors on activation of their recently approved site. A meeting will be set up with Customs and CC Distributors to proceed with activation of the approved site for FTZ use.
- The Foreign-Trade Zones Board released new regulations on February 27, 2012. These new regulations are the first substantial revisions to the regulations in more than 20 years. Effective date for the new regulations is April 30, 2012. FTZ Manager continues to work with all operators to provide information on the new regulations.

ORTIZ CENTER

2012	Guest Attendance	Number of Events	% of Monthly Budgeted Sales	Status
January	4,547	35	142%	Actual
February	5,720	45	148%	Actual
March	9,695	39	112%	Actual
1st Quarter	19,962	119	135.8%	Actual
April	6,576	29	94%	Projected
May	3,201	32	107%	Projected
June	6,290	16	54%	Projected
2nd Quarter	16,067	77	85%	Projected
July	3,796	15	102%	Projected
August	1,503	9	55%	Projected
September	1,981	11	34%	Projected
3rd Quarter	7,280	35	59%	Projected
October	7,623	24	65%	Projected
November	5,994	21	57%	Projected
December	4,035	15	71%	Projected
4th Quarter	17,652	60	64%	Projected
2012	Guest Attendance Estimate	Number of Events	% of Yearly Budgeted Sales	Status
	60,961	291	82%	Projected

March Close:

- In March, Mary Lou Gonzalez, Director of Sales, attended Eagle Ford Shale Consortium February 28-March 1st. The event was by invitation only and in an effort to work directly with those involved in the gas & oil industry that is growing very rapidly in South Texas. During the event, it was decided that they would host another event in the fall. It will be held at the Ortiz Center. Revenue projections are a work in progress.
- Ovations hosted a mixer for *NSIDE* Magazine, directed at local medical field & business professionals. We were able to gain four new leads from the event with cardiology, radiology, orthopedic groups & the Texas Alliance.
- We were once again able to exceed budgeted revenue. This has enabled the Ovations team to be more than \$100,000 ahead of budget at the end of the first quarter.

ENGINEERING SERVICES

As of March 31, 2012, the Port of Corpus Christi Authority Department of Engineering Services had completed 6 projects and has 78 projects in progress. These projects consist of 41 Capital, 19 Maintenance, and 24 Professional Service projects. During March \$598,000 was invoiced for ongoing work. To date this year approximately \$2,013,000 has been invoiced for work performed. Below is a table detailing the 2012 budget amount and the “to date” cost, for the capital, maintenance and professional services.

Engineering Services March 2012 Report			
Project Type	No. of Projects	2012 “Revised” Budget Amount	Expended To Date
Capital	83	\$28,978,150	\$1,315,000
Maintenance	34	\$3,752,500	\$375,000
Professional Services	37	\$1,980,000	\$323,000
Total	158	\$34,710,650	\$2,013,000

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

CAPITAL PROJECTS

Security Grant Improvements

Grant Seven: Guard station and inspection canopy are nearing completion at the Northside Gate Project on Ave F. This project should be complete in early May.

Grant Eight: Bids opened January 24, 2012 and approved at the February commission meeting. A pre-construction meeting was held and the contractor is preparing to mobilize.

Grant Nine: Design work is underway on the north and south Sigmor gates and Ave F motorized gate projects.

Grant Ten: Funding has been released for three of the four projects.

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. Project will include hoist foundation(s) and support for a new gangway. Staff has combined this project with project (11-028A), Avery Point Oil Dock Platform Extensions & Evacuation Catwalk. Contract has been awarded to Russell Marine and staff is currently in submittal review.

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

Orion Construction has completed all sheet pile wall section and this project is substantially complete with this project. Staff is currently developing the final change order for additional work.

Fulton Corridor – Phase II (09-026A)

Ballenger construction is bringing up the limestone base on the northside lane and shoulder and also completing drainage structures. Expected completion in May 2012.

Fire Pressurization on Oil Docks (08-046A)

Notice to Proceed issued on January 20, 2012, and construction is underway.

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

This project has been placed on hold due to budget adjustments; however efforts continue to have the pipeline owners relocate lines within the site boundaries.

Nueces River Rail Yard (09-037A)

The COE permit has been issued. CH2M Hill is working on various options for the unit train track location adjacent to the Viola yard. A 2012 Tiger Grant application for a \$10 million grant has been submitted to the FedDOT to construct this rail project.

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

Preliminary engineering phase is complete. Project is on hold.

Oil Dock 9 Allision Repairs (10-029A)

CCC Group is lacking the installation of anodes to complete project.

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

One very high bid was opened on October 28, 2010. This project on hold.

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

Project is substantially complete and contractor is currently addressing punch list items.

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

At March 13th commission meeting bids were rejected because they came in substantially over budget. Staff will explore other less costly design options and/or program more money in 2013 and re-bid original scope of work in 2013. In the meantime timber fender repairs will be made.

Bulk Terminal Expansion Master Plan (11-047A)

The design team has been meeting with the customers and consultants to develop recommended rail, conveyor, pad and material handling system improvements at the Bulk Terminal.

Provide Dock Space for Gangway at Oil Dock 1 (11-013A)

Design work is underway and will include barge fender panel replacement.

Truck Loading Station at Bulk Dock 2 (12-001A)

The TCEQ granted an air permit amendment at Bulk Dock 2 to allow the construction of a new conveyor and truck loading station. This will improve the efficiency of unloading coal from rail cars at the rail dump station and loading the material into trucks. The design team has completed review of the 60% set of design drawings. This project should be ready to bid in early May.

Purchase of Vehicles (12-009A)

Vehicles are currently on order.

Viola Barge Dock Upgrades (11-054A)

Design in progress to increase barge mooring capacity to four (4) 30,000 bbl barges. Project projected to bid in May 2012.

MAINTENANCE PROJECTS

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

LNV, Inc. is currently on hold as staff determines how they should proceed based on what option serves the most benefit.

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

Russell Marine is currently furnishing staff with submittals for review.

Replace Stairs on Gantry Crane (11-035A)

The design is approximately 98% complete. This project will be put out for bid in May.

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

Cardinal Construction has completed the sealing all areas at Oil Docks 1 and 2. This job is complete. No further report will be made.

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. ExxonMobil has installed five monitor wells at the site in September 2011. ExxonMobil's consultant has notified us that a report documenting the monitor well installation activities will be completed by the end of February or early March and that a summary report of all the soil remediation activities will be completed by May. 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. To date, the report has not been completed.

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. On June 13, 2011, the program was recertified and includes the Bulk Terminal, Maintenance Facility, Public Cargo Dock and associated laydown.

The 2011 Annual Report is being compiled for presentation to Senior Management. A combined Core Team Meeting and Steering Committee Meeting was held in March to select the 2012 significant aspects and set the 2012 objectives and targets.

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. To date, 188 bags of trash have been picked up. Additionally, they adopted the Public Fishing Area by the high lines and removed 26 bags of trash at the last pick up event.

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.

Assumption of Maintenance for Deepening the La Quinta Channel Extension (11-050B)

Feasibility study in progress under Section 204 (f) of WRDA 1986 for the Federal government to assume the operation and maintenance of the La Quinta Ship Channel Extension should the Port deepen the authorized La Quinta Ship Channel Extension from -39' to -45' at its own expense to match the depth of other portions of the La Quinta Channel. Studies, reviews and negotiation of a Memorandum of Agreement are projected to be complete in January/February 2013. Initial draft of the Feasibility Study scheduled to be submitted to the Corps of Engineers – Galveston District in April 2012.

DREDGING

Corps of Engineers (COE) Dredging for FY 2012

COE is currently soliciting bids for a contract for maintenance dredging the Corpus Christi Ship Channel in select reaches from the Inner Basin to the Viola Turning Basin and Rincon Canal. Contract will include options for maintenance dredging various PCCA public dock facilities. Contract award is anticipated by May 2012.

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 was completed in 2010 to construct DMPA 14. Fifty-eight million in federal funds were appropriated in May 2011 enabling the COE to solicit additional construction contracts. COE awarded two (2) contracts in September 2011; one to extend the La Quinta Ship Channel and the other to construct the Ecosystem Restoration project adjacent to Ingleside-on-the-Bay, Texas. The dredging associated with La Quinta Ship Channel Extension is about 10% complete and the Ecosystem Restoration project is approximately 80% complete.

Deepening and widening of the CCSC and the addition of barge shelves is still undergoing re-evaluation and the studies are projected to be complete in the summer of 2012. Draft re-evaluation confirmed these two project components are still in the Federal interest.

UPCOMING BID OPENINGS

**Port of Corpus Christi Authority
Organizational Chart
March 31, 2012**

DEPARTMENTS	Exempt	Non-Exempt	Temporary	Total
Executive Director	3	0	0	3
Human Resources	2	3	0	5
Deputy Port Director of Eng & F/A	2	0	0	2
Engineering Services	11	2	0	13
Finance & Admin.	1	1	0	2
Accounting	2	7	0	9
Information Tech	7	0	0	7
Deputy Port Director of BD & Ops	1	1	0	2
Business Development	3	0	0	3
Communications	3	0	0	3
Operations	5	0	0	5
Maintenance	5	38	0	43
Harbormaster's Office	1	8	0	9
Bulk Handling Facility	3	15	0	18
Security/Police Dept.	4	41	0	45
Temporary Employees at NSI	0	0	8	8
TOTAL	53	116	8	177

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

AGENDA ITEM NO. 13

No Attachment

- PCCA will reserve the littoral rights belonging to the property beyond the bulkhead line, but PCCA will grant the buyer a franchise or similar right to cross the bulkhead line and dredge PCCA's submerged land to reach the Ship Channel.

Staff believes that this opportunity presents significant economic benefits to the PCCA and local governments with jurisdiction over this property and requests authorization to sell this property by sealed bid. This item is included on the agenda of the April 10, 2012 commission meeting for your consideration and action. Should you have any questions, please call me.

Sincerely,



John P. LaRue
Executive Director

Attachment



AGENDA ITEM NO. 15

No Attachment

AGENDA ITEM NO. 18

No Attachment

AGENDA ITEM NO. 17

No Attachment