Notice of Meeting of the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, on Tuesday, April 18, 2017, at 8:30 AM At the Solomon P. Ortiz International Center 402 North Harbor Drive, Corpus Christi, Texas

The Agenda for this meeting of the Port Commission ("Commission") of the Port of Corpus Christi Authority ("PCCA") is set forth below.

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 intéprete 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.

---

1. **Call to Order**
2. **Safety Briefing**
3. **Pledge of Allegiance**
4. **Invocation**
5. **Receive Conflict of Interest Affidavits.**
6. **Review**

6.a. Review the Role of the Port Commission and the Operating Rules of the Port Commission and related matters.
Role of Port Commission
Vendors Code of Ethics

7. MINUTES

7.a. Approve minutes of the March 21, 2017 Commission meeting.
March 21, 2017 Minutes

8. Public Comment (Each speaker is limited to three minutes)

9. Receive Report from Security Committee.

10. Receive Report from Audit Committee.

11. Receive Report from Long-Range Planning Committee.

12. PRESENTATIONS

12.a. Receive update from Flatiron Dragados on the Harbor Bridge project.

12.b. Receive presentation by Design-Build Institute of America (DBIA) representative on value and benefits of using design-build.

13. OPEN AGENDA

13.a. Approve the PCCA Comprehensive Annual Financial Report for the year ending December 31, 2016.
2016 Audit Report

13.b. Adopt a Resolution to Approve a Design Agreement with the Department of the Army for Design for the Corpus Christi Ship Channel - Channel Improvement Project.
CIP Design Agreement - Resolution
CIP Design Agreement - Memo
CIP Design Agreement - Agreement

13.c. Approval of a Professional Engineering Services Agreement with Amec Foster Wheeler Environment & Infrastructure, Inc. in the amount of $247,000 for engineering and consulting services related to environmental permitting.

13.d. Award a Construction Contract in the Amount of $393,381.00 to J.M. Davidson LTD, the Lowest and Best Bidder Based on Bids Received on March 24, 2017, for Repairs to the PCCA Bridge at Oil Dock 12.
OD 12 Bridge - Memo
OD 12 Bridge - Exhibit
OD 12 Bridge - Bid Tab

13.e. Approve termination of NuStar Oil Dock 17 Lease Agreement.
NuStar Oil Dock 17 - Letter of Termination
NuStar Oil Dock 17 - Termination Request

13.f. Approve Purchase Orders with US Ecology Landfill and Republic Services El Centro Landfill for the Disposal of Hazardous and Regulated Wastes Generated During the Demolition of Properties Acquired Under the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Assistance Program.
US Ecology & El Centro - Memo

13.g. Approve a Third Amendment to Service Order No. 9 in the Amount of $509,727 with CH2M Hill Engineers Inc., under Professional Services Master Agreement No. 13-05, for Engineering Services Associated with the New Oil Dock 15 Project.
CH2M Hill - Memo
CH2M Hill - Amendment

13.h. Approve Amended & Restated Dock Use Agreement between Port of Corpus Christi Authority and Gravity Midstream Corpus Christi, LLC for Public Oil Dock 14.
Gravity Midstream - Memo
Gravity Midstream - Agreement

13.i. Approve Temprary Rule Change to Tariff 100-A for 4-Hour Notice to Harbormaster for vessel movements.
Tariff Rule Change - Memo
Tariff Rule Change - Notice
Tariff Rule Change - Exhibit

13.j. Approve a Resolution electing to operate under Chapter 2267 of the Texas Government Code and adopting Guidelines for Public-Private Partnerships.
P3 - Memo
P3 - Resolution
P3 - Guidelines

13.k. Authorize Executive Director to execute Reimbursement Letter Agreement & Supplemental Letter Agreement with TxDOT for the

Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation program.

TxDOT Reimbursement - Memo

TxDOT Reimbursement - Attachment A

TxDOT Reimbursement - Attachment B

14. CONSENT AGENDA

14.a. Approval of a Consulting Services Contract for a Term of Three and One-Half Years with Trinity Consultants in the Amount of $166,250 for Consulting Services Related to Environmental Management System Internal Auditing.

Trinity Consultants - Memo

Trinity Consultant - Contract

14.b. Approve a Lease Agreement with M & G Resins USA, LLC for a 6 acre Temporary Construction Laydown Area at the South Shore Dredge Material Placement Area Through April 17, 2018

M & G South Shore DMPA 6 ac Laydown - Memo

M & G South Shore DMPA 6 ac Laydown - Letter Exhibit

M & G South Shore DMPA 6 ac Laydown - Lease Summary

M & G South Shore DMPA 6 ac Laydown - Lease Agreement

14.c. Approve a Lease Agreement with M & G Resins USA, LLC for a 10 acre Temporary Construction Laydown Area at Rincon Industrial Park Through April 17, 2018

M & G Laydown Rincon - Memo

M & G Laydonw Rincon - Letter Exhibit

M & G Laydown Rincon - Lease Summary

M & G Laydown Rincon - Lease Agreement

14.d. Approve Service Order No. 10 in the Amount of $5,655 with 360factors EHS Consulting Services, Under Professional Services Master Agreement No. 04-14, for Environmental Consulting Services to Conduct Soil Sampling Activities at Avery Point.

360factors - Memo

360Factors - Service Order

14.e. Award a Contract in the amount of $150,000 to J.M. Davidson, LTD., the Lowest and Best Bidder Based on Bids Received on March 23, 2017, for Maintenance Painting at the Bulk Terminal.

JM Davidson - Memo

JM Davidson - Bid Tab

14.f. Approve an Amendment to the Cooperative Research and Development Agreement with the U.S. Army Engineer Research and Development Center to Prepare a Site Management and Monitoring Plan associated with Placement of Dredge Materials from the Entrance Channel of the Corpus Christi Ship Channel - Channel Improvement Project (Contract 1).
ERDC CRADA Amendment - 1-Memo.docx
ERDC CRADA Amendment - 2-Exhibit.pdf
ERDC CRADA Amendment - 3-Att.pdf

14.g. Authorize staff to issue a Request for Proposals for Energy Management Services.
Energy Management Services - Memo

14.h. Approve a Change Order in the Amount of $227,381 with Russell Marine, LLC, for Additional Work Associated with the Construction of Oil Dock 15 Project.

Russell Marine - Memo
Russell Marine - Change Order

14.i. Award a Consulting Services Contract to EnSafe Inc. in the amount of $86,308 for consulting services related to development and implementation of the Occupational Health & Safety Management System and Health & Safety Policies and Manuals.
Safety - Memo
EnSafe - Contract

14.j. Authorize Purchase of Vehicles Using Government Pricing From the State of Texas BuyBoard Cooperative Program
PC Patrol Vehicles - Memo
PD Patrol Vehicles - Quote

15. STAFF/COMMISSION COMMENTS

15.a. Executive Director's Report
Safety
Government Affairs
Berlanga
Erben
Borski
Business Development
Communications
Hillcrest Report
Community Relations
Information Technology

Operations
Security
Emergency Management
Environmental
Engineering

15.b. Receive comments from Commissioners.

16. EXECUTIVE SESSION

16.a. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of certain real property on the south side of the Inner Harbor.

16.b. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of certain real property accessible to the La Quinta Channel.

16.c. The Commission will go into executive session pursuant to §551.087 of the Texas Government Code to deliberate offering financial or other incentives to a business prospect that PCCA is encouraging to locate in San Patricio County and with which PCCA is conducting economic development negotiations.

16.d. The Commission will go into executive session pursuant to §551.072 and §551.087 of the Texas Government Code to deliberate (i) leasing certain PCCA real property on the north side of the Inner Harbor, and (ii) offering financial or other incentives to a business prospect that PCCA is encouraging to locate on the north side of the Inner Harbor and with which PCCA is conducting economic development negotiations.

16.e. The Commission will go into executive session pursuant to §551.074 of the Texas Government Code to receive a report from the Executive Director on the evaluation of the Chief Commercial Officer.

16.f. The Commission will go into executive session pursuant to §551.074 of the Texas Government Code to deliberate the evaluation of the Executive Director and the Deputy Executive Director & Chief Operating Officer.

17. Adjourn

RESOLUTION RELATED TO GOVERNANCE OF PORT COMMISSION OF THE PORT OF CORPUS CHRISTI AUTHORITY

WHEREAS, on January 27, 2015, the Port Commission ("Commission") of the Port of Corpus Christi Authority ("PCCA") met in Special Session at the Ruben Bonilla Center for Global Trade, located at 222 Power Street, Corpus Christi, Texas; and

WHEREAS, Agenda Item No. 8 included a workshop ("workshop") to discuss the Commission's governance practices, the Commission's policymaking responsibilities, the management responsibilities of the Executive Director, the Commission Operating Rules, compliance with open meetings and open records laws, lobbying by vendors, and related matters; and

WHEREAS, the workshop included a presentation by Leigh | Fisher entitled "The Role of the Commission;" and

WHEREAS, the Commission agreed to adopt generally the recommendations and rationales contained in "The Role of the Commission" and to review the presentation, or an updated version, at future governance workshops;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF CORPUS CHRISTI AUTHORITY AS FOLLOWS:

Section 1. The Commission hereby approves and adopts the "The Role of the Commission," including the recommendations and rationales contained therein, in the form presented at the January 27, 2015, Special Session, and attached hereto as "Exhibit A."

Section 2. The Commission will conduct governance workshops annually to review "The Role of the Commission," or an updated version of it, as well as other matters pertaining to the Commission's operations, including without limitation the Commission's Operating Rules and open meetings and open records laws.

Section 3. This resolution is adopted by the Commission this 17th day of February, 2015.

The Role of the Commission

Prepared for
Port of Corpus Christi Authority

January 27, 2015



Summary of Port Commission and Port Management Roles

The recommendations of the Organization Review assume distinct, separate and complementary roles for the Port Commission and Port management.

The Role of the Port Commission

The Port Commission is responsible to *govern* the Port by the *establishment* of broad policies, standards and regulations, and to *enable success* by the establishment of clear objectives.

Specifically, the role of the Commission should include three primary elements: *governance, policy* and *performance oversight* (further detail on following page).

The Role of Port Management

Port management is responsible to the Port Commission -- to *manage* the Port by *implementing* the broad policies, standards, regulations and objectives established by the Commission.

Relationship between Commission Role and Management Role

Typically, an effective Board or Commission recognizes and respects the distinction between "governance" and "management". Boards and Commissions focus on *establishing* policies, goals and desired outcomes. Management focuses on *implementing* policies and actions to achieve goals and desired outcomes. Boards and Commissions invariably become less effective as they become more involved in reviewing and participating in day-to-day management decision-making.

Management becomes less effective when boards become too involved in detail, and management's focus is diverted to responding to board members, rather than implementing strategy and policy.

Rationale for Separation of Commission and Management Roles

Clear separation of the roles of Commission Members and management is fundamental to the success of an enterprise, for three practical reasons:

- ***Objectivity –*** Commissions exist to provide a source of objective, independent, long-range leadership for an enterprise. The more Commission Members become involved in management activities, the more they lose their ability to view issues objectively and independently

- ***Authority –*** Commissions set policy, and management executes policy. The more Commission Members become involved in day-to-day management activities, the more their authority is compromised, because they become "players" in events, rather than remaining separate from those events

- ***Accountability –*** Commissions cannot hold management accountable for the achievement of outcomes if Commission Members involve themselves in management – the interface between Commission and management becomes blurred, assignment of responsibility becomes confused and accountability for outcomes is fundamentally compromised.

Specific Roles of the Port Commission

The role of the Commission should include the following elements of governance, policy and performance oversight:

1. **Governance**
   - Provision of vision, leadership and continuity
   - Maintenance of accountability and transparency
   - Establishment and adoption of by-laws, rules and regulations
   - Appointment of Commission Committees
   - Appointment of a Port Executive Director

2. **Policy**
   - Establishment of standard policies to direct all aspects of Port operations
   - Approval of contracts, in accordance with Port procurement policies
   - Adoption of a Port strategic plan – definition of Port goals, objectives and performance targets
   - Provision of adequate resources to enable achievement of the Port's goals and objectives
   - Adoption of annual operating and capital budgets
   - Adoption of an annual business plan
   - Approval of management compensation, and staff pension, benefits and welfare programs

3. **Performance Oversight**
   - Monitoring of Port performance in relation to Strategic Plan goals, objectives and performance targets
   - Monitoring of Port performance against operating and capital budgets
   - Support for management as required with business development and growth initiatives
   - Ensuring Port compliance with federal, State and local laws, regulations and policies, through an independent audit program

PCCA 551

Commission Members Do…….

Some of the key things that Commission Members should do include the following;

- Maintain an objective, “big-picture”, long-term view
- Think strategically, provide clear direction
- Consider the broad interests of the Community in strategy and policy formation
- Keep “current” on industry trends, regulations and issues
- Be an active and constructive contributor – add value
- Represent the enterprise positively and professionally
- Provide advice and counsel, in a supportive and friendly way
- Maintain confidentiality as appropriate (Section 3 – PCCA Board Operating Rules)
- Communicate with staff with Executive Director’s consent (Section 8 – PCCA Board Operating Rules)
- Refer all questions through the Executive Director (Section 8 – PCCA Board Operating Rules)
- Foster team spirit – support fellow Commission Members and Management
- Behave in a consistently civilized, polite and courteous manner
- Act as “exemplars” of the core values of the enterprise
- Act ethically and legally (see PCCA Code of Ethics)
- Avoid conflicts of interest
- Adhere to confidentiality policies per State and federal laws (Section 3 – PCCA Board Operating Rules)

Commission Members Do Not……

Some of the key things that Commission Members should not do include the following:

- Try to run the operation – seek to become involved in daily operations
- Interfere with day-to-day routines
- Lobby staff directly
- Lecture management and staff – tell them what they should be doing
- Allow themselves to be lobbied directly by contractors or others seeking an advantage
- Become involved in personnel decisions and/or violate confidentiality with regard to personnel matters
- Speak aggressively or disrespectfully to other Commission Members or staff
- Foment conflict, show favoritism, pursue “witch-hunts”
- Use a Commission seat to advance personal agendas or ambitions unrelated to the enterprise
- Make demands of management or other Commission Members
- Disregard conflicts of interest
- Spend money frivolously on Commission activities, travel, entertainment, etc.

Specific Roles of Port Management

The role of Port management is to manage the Port by implementing the broad policies, standards, regulations and objectives established by the Commission. This role includes the following elements:

- Development and implementation of action plans to achieve the Port's Strategic Goals and Objectives
- Development of annual operating and capital budgets
- Management of Port financial affairs in relation to approved operating and capital budgets
- Implementation of policies and procedures approved by the Commission
- Recruitment, application and motivation of resources necessary to achieve the Port's goals and objectives
- Development of facilities to maximize the economic contribution of the Port, consistent with the Port Strategic Plan
- Ensuring safety and security in all aspects of Port operations
- Ensuring full compliance with all applicable local State and federal policies, regulations and standards

OPERATING RULES OF THE PORT COMMISSION OF THE
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Section 1. Officers; Terms of Office.

The officers of the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas ("PCCA") are Chair, Vice Chair and Secretary. The officers of the Port Commission will be elected by the Port Commission each calendar year at the first meeting of the Port Commission held during such calendar year. A vacancy in any office will be filled by a vote of the Port Commission. Election of officers and filling of vacancies will be by a vote of a majority of the Port Commissioners then serving. Each officer shall hold office until his or her successor has been elected, or until the officer is no longer a Port Commissioner.

Section 2. Meetings.

The Port Commission's regular monthly meeting will be on the third Tuesday of each month. The Chair may change the date of a regular Port Commission meeting for a particular month when circumstances necessitate a change of date.

The Chair or any four (4) Port Commissioners may schedule a special meeting or an emergency meeting of the Port Commission by providing the Executive Director with written instructions concerning the date, time, place and primary purpose of the meeting.

The Chair and the Executive Director will establish the agenda for each Port Commission meeting. Any two Port Commissioners may request in writing that a matter be placed on the agenda for a particular Port Commission meeting, and such request will be carried out by the Executive Director. The Executive Director will send a draft of the agenda for each Port Commission meeting to the Port Commissioners by the close of business on the sixth day before such meeting.

All meetings of the Port Commission shall be conducted in accordance with the statutes and laws of the State of Texas applicable to governmental bodies in Texas, and in particular the Texas Open Meetings Act as codified in Chapter 551, Texas Government Code.

Notice of and the agenda for all regular or specially called meetings of the Port Commission shall be posted in compliance with the Texas Open Meetings Act, and in the manner applicable to a district or political subdivision extending into fewer than four counties.

All materials, including but not limited to memorandums, agreements, financial information, recommendations and correspondence, provided by PCCA's staff or professional advisors to the members of the Port Commission to be used by the members of the Port Commission in addressing or taking action on an agenda item at a Port Commission meeting (collectively referred to herein as the "Supporting Materials") shall be provided to the members of the Port Commission electronically by the close of business on the fifth day prior to the day of the meeting at which the agenda item will be considered (the "Supporting Materials Deadline").

If the Supporting Materials for a posted agenda item are provided to the members of the Port Commission after the Supporting Materials Deadline for that agenda item, then, in that event, the agenda item shall be tabled for consideration at a subsequent regular or specially called meeting of the Port Commission.

Should the Supporting Materials for a properly posted agenda item be provided to the members of the Port Commission after the Supporting Materials Deadline for that agenda item, but PCCA's staff or professional advisors, advise the members of the Port Commission that consideration of the agenda item is an emergency, or that failure to act on the agenda item at that time will cause material harm to PCCA or its customers, then, in that event, with the approval of a at least five members of the Port Commission, the members of the Port Commission may consider and take action on the agenda item.

At or before the commencement of each Port Commission meeting, any Port Commissioner who intends to abstain from participating in the discussion of, and voting on, an agenda item in accordance with Section 1.04 of the Amended and Restated Code of Ethics of Port of Corpus Christi Authority of Nueces County, Texas ("PCCA Code of Ethics") shall file the required affidavit with PCCA's official record keeper and abstain from participating in, or voting on, such agenda item.

At any meeting of the Port Commission the presiding officer may permit the public to comment with respect to an agenda item during its consideration or during the Public Comment section of the agenda. Comments by the public are encouraged, but will be limited to three minutes per speaker. When there are several persons who wish to speak for or against a matter, the presiding officer may limit the total amount of time allocated to each side and the respective sides will decide who among them will speak.

At each meeting of the Port Commission a staff person designated by the Executive Director will provide a sign-in sheet near the main entrance to the meeting room for those members of the public wishing to speak at the meeting. Any person wishing to speak at a Port Commission meeting shall write the following information on the sign-in sheet: his or her name, address and the subject about which the person wishes to speak.

Section 3. Closed Meetings.

Closed meetings of the Port Commission shall be held in accordance with Subchapter E of Chapter 551 of the Texas Government Code, as amended. Closed meetings are confidential and it is the desire of the Port Commission that neither Port Commissioners, staff members nor any other person attending such meetings should reveal to others the nature or content of such meetings.

If a Port Commissioner determines that he or she has a conflict of interest with respect to any matter to be discussed at a closed meeting, the Commissioner shall announce that he or she has a conflict of interest with respect to such matter and shall excuse himself or herself from the meeting while that matter is being discussed.

Section 4. Port Commission Committees.

The Port Commission has two standing committees – the Audit Committee and the Security Committee. The Port Commission may establish additional standing committees from time to time by an amendment to these Operating Rules.

The functions of the Audit Committee are to review the financial affairs of PCCA, to make recommendations with respect to the selection of PCCA's auditors, to meet with PCCA's auditors to

review their annual audit report of PCCA's activities, and to act as a designated investment committee advising the investment officer of PCCA pursuant to Section 2256.0005(e), Texas Government Code, and PCCA's Investment Policy, as amended from time to time. The Audit Committee shall consist of three Port Commissioners.

The functions of the Security Committee are to periodically review and make recommendations regarding the security of PCCA and the Port of Corpus Christi and to consult with PCCA's Chief of Police or a regular basis concerning these matters. The Security Committee shall consist of three Port Commissioners.

The Chair may establish or abolish special committees from time to time in the Chair's sole discretion. The Chair will appoint the members and the chairperson of each standing or special committee as soon as practicable after the Chair's election or the establishment of such committee, as the case may be.

The Chair will also appoint PCCA's representatives on the governing boards or committees of any outside organizations to which PCCA has the right to appoint representatives. The Port Commission will elect the directors of PCCA's Industrial Development Corporation in accordance with the bylaws of the corporation.

Section 5. Duties and Authority of Officers.

The Chair will preside at all meetings of the Port Commission and decide the order in which the agenda items will be acted upon. The Chair will put to a vote all questions which are properly moved or necessarily arise in the course of the proceedings and announce the result of each vote. The Chair will decide all questions of parliamentary procedure, and there is no appeal from the decision of the Chair. Counsel for the Port Commission may advise the Chair on matters of parliamentary procedure.

If the office of Chair is vacant, the Vice Chair shall perform the duties and have the authority to exercise the powers of the Chair. The Vice Chair will act as the presiding officer of any Port Commission meeting at which the Chair is absent or whenever the Chair chooses not to act as the presiding officer.

The Secretary will review and sign the minutes of the meetings of the Port Commission and will, when appropriate, attest the execution of documents by PCCA's officers or the Executive Director.

The Chair, Vice Chair, Secretary, or Executive Director may execute agreements and other documents approved by the Port Commission and approved as to legal form by Counsel for the Port Commission.

Section 6. Quorum; Voting.

Four (4) Port Commissioners constitute a quorum for the purpose of conducting business at any meeting of the Port Commission. The affirmative vote of a majority of the Port Commissioners present and voting at any meeting at which a quorum is present, but not less than the affirmative vote of three Port Commissioners, is sufficient for the adoption of any motion or resolution except where a vote of greater than a majority of Port Commissioners present and voting at the meeting is required by law, statute or these rules. Each Port Commissioner present at a meeting shall be entitled to vote on any issue put to a vote of the Port Commission at such meeting, except as provided in PCCA's Code of Ethics, or Chapter 171 of the Texas Local Government Code. When a Port Commissioner present at a meeting abstains from voting on a matter taken up by the Port Commission, the record will reflect the Port Commissioner's abstention , and any certifications regarding the voting record on such matter shall reflect the Port Commissioner's abstention. If a Port Commissioner is absent from a meeting of the Port Commission, the minutes of the meeting shall reflect the Port Commissioner's absence.

Section 7. Robert's Rules of Order.

The rules contained in the current edition of Robert's Rules of Order Newly Revised shall govern the Port Commission in all cases to which they are applicable and in which they are not inconsistent with any law, statute, or rule of the Port Commission.

Section 8. Contact With Staff.

The Port Commissioners shall not give directives to any members of PCCA's staff other than the Executive Director.

Section 9. Amendments.

These Operating Rules may only be amended by a vote of two-thirds of all Port Commissioners.

ADOPTED BY THE PORT COMMISSION the 17th day of February, 2015, as a complete amendment and restatement of the prior Operating Rules of the Port Commission.

PORT OF CORPUS CHRISTI AUTHORITY
VENDORS CODE OF ETHICS
POLICY STATEMENT

PURPOSE

The purpose of this policy statement is to apprise current and prospective vendors of the Port of Corpus Christi Authority (PCCA) as to the code of business ethics expected of them in their conduct of business with the Port Commissioners, Officers and Employees of the Authority.

DEFINITIONS

Vendors - The term vendors means all current or prospective suppliers of goods or services to PCCA, including professionals and consultants in all areas of specialized expertise.

Sound Business and Ethical Practices - For the purposes of this policy statement the term "Sound Business and Ethical Practices" means actions that conform to the highest standards of moral duty and obligations as expressed and implied in the laws governing doing business with PCCA.

Business Entertainment - The term business entertainment includes, but is not limited to meals, lodging, travel, ticket events and gifts.

POLICY

It shall be the policy of PCCA that all current and prospective vendors conduct their business with the representatives of PCCA in conformity with sound business and ethical practices which will bring continuing respect to the vendors and PCCA, and avoid any questionable conduct that could bring discredit to any of the parties.

What constitutes “Sound Business and Ethical Practices" is a legal matter of prudent judgment coupled with moral and legal considerations. Accordingly, it is not possible to describe every circumstance or relationship that reflects unsound business or unethical practices; however, vendors shall not offer to any Port Commissioner, Officer, or Employee of PCCA any benefits or gratuities in any form that could be construed as an attempt to influence such person in the exercise of performance of his or her official duties in conducting the business of PCCA, including but not limited to the following:

A. Payments, such as bribes, kickbacks, or any other payments or transfers of value.

B. Excessive or extravagant business entertainment.

C. Vacations or pleasure/hunting/fishing trips.

D. Unusual discounts or extravagant gifts.

E. Gratuitous products or services.

F. Loans or advances (other than normal loans from a financial institution).

G. Any other unusual favors.

RESPONSIBILITIES

Vendors

All current and prospective vendors are expected to comply with the provisions of this policy when conducting or discussing PCCA business with any Port Commissioner, Officer or Employee of PCCA.

Port Commissioners, Officers and Employees

All PCCA Officers and Employees shall report any situation that appears to be in violation of this policy statement to the Executive Director (or to the Chairman of the Port Commission if the situation involves the Executive Director). The Executive Director and the Port Commissioners shall report apparent violations of this policy to the Chairman of the Port Commission or to the Port Commission as a whole.

Executive Director

The Executive Director shall be responsible for administering this policy in a fair and equitable manner. Common sense and good judgment shall be utilized in arriving at reasonable conclusions consistent with the intent of this policy. The Executive Director is also authorized to promulgate, as needed, instructions, guidelines, or interpretations.

The Executive Director shall evaluate any reported violation by a vendor and take appropriate corrective action, including sanctions and reporting the situation to the Port Commission.

Port Commission

The Port Commission shall evaluate any violation reported or coming to its attention and take appropriate corrective action, including sanctions and initiation of lawsuits as deemed appropriate.

CERTAIN SECTIONS OF THE PENAL CODE ARE APPLICABLE TO VENDORS

Vendors should be aware that unethical behavior may also be illegal behavior under certain sections of Chapter 36 (Bribery and Corrupt Influences) of the Texas Penal Code. As a reminder:

DRAFT

Section 36.02 (Bribery) states that:

(a) A person commits an offense if he intentionally or knowingly offers, confers, or agrees to confer on another or solicits, accepts or agrees to accept from another:

(1) any benefits or consideration for the recipient's decision, opinion, recommendation, vote, or other exercise of discretion as a public servant, party official, or voter;

(2) any benefit as consideration for the recipient's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or

(3) any benefit or consideration for a violation of a duty imposed by law on a public servant or party official.

(e) An offense under this section is a felony of the second degree.

Section 36.08 (Gift to Public Servant by Person Subject to His Jurisdiction) states that:

(d) A public servant who exercises discretion in connection with contracts, purchases, claims, or other pecuniary transactions of government commits an offense if he solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of his discretion.

(h) An offense under this section is a Class A misdemeanor.

Section 36.09 (Offering Gift to Public Servant) states that:

(a) A person commits an offense if he offers, confers, or agrees to confer any benefit on a public servant that he knows the public servant is prohibited by law from accepting.

(b) An offense under this section is a Class A misdemeanor.

DRAFT

OFFICIAL MINUTES OF PORT COMMISSION MEETING
MARCH 21, 2017

The Port Commissioners of the Port of Corpus Christi Authority convened at the Solomon P. Ortiz International Center, 402 Harbor Drive, Corpus Christi, Texas, on Tuesday, March 21, 2017 at 9:00 a.m., for the regular monthly meeting of the Port Commission.

Present:	Mr. Charles Zahn
	Mr. Wayne Squires
	Ms. Barbara Canales
	Mr. David P. Engel
	Mr. Richard Valls
	Mr. Richard L. Bowers
Absent:	Mr. Wes Hoskins
Present:	Mr. John P. LaRue
	Mr. Sean Strawbridge
	Mr. Jarl Pedersen
	Mr. Darrin Aldrich
	Ms. Rosie Collin
	Mr. Dennis DeVries
	Mr. Tyler Fuhrken
	Ms. Sarah Garza
	Mr. David Krams
	Mr. Ruben Medina
	Ms. Sandra Terrell-Davis
	Ms. Nelda Olivo
	Ms. Lynn Angerstein
	Ms. Audre Debler
	Ms. Sherry DuBois
	Mr. Sam Esquivel
	Mr. Brett Flint
	Ms. Donna James-Spruce
	Mr. Dan Koesema
	Ms. Sonya Lopez
	Mr. Dave Michaelsen
	Ms. Tara Perry
	Ms. Maggie Turner
	Mr. Eddie Martinez
	Mr. Bennie Benavides
	Ms. Natasha Fudge
	Ms. Jennifer Powell
	Mr. Jesse Samu
	Ms. Pamela Mota

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

Others Present: Capt. Jay Rivera
Aransas/CC Pilots Assn.
Mr. Kevin Miller
Mr. David Cave
CITGO
Mr. Xavier F. Valverde
G&H Towing
Ms. Denise Skinner
NuStar
Ms. Jalyn Stineman
Capt. Mike Cunningham
Capt. Hahn
US Coast Guard
Capt. Mike Kershaw
Consultant
Mr. Scott Harris
LAH
Mr. Rob Tully
ExxonMobil
Ms. Carol Scott
Consultant
Mr. Will Nichols
Cheniere
Mr. Tom Moore
Consultant
Ms. Darcy Schroeder
Capt. Joe Harrington
Valero
Mr. Bob Paulison
Port Industries
Mr. Iain Vasey
CC Regional EDC
Mr. Terry Arnold
Consultant
Mr. Jeffery Taylor
Ms. Del Richardson
OPC/DRA
Mr. William Goldston
WFGCON/ACEC
Ms. Sue Zimmermann
Zimmermann Consulting

Mr. Chris Ramirez
Caller-Times
Mr. Fred Nardini
San Patricio County
Dr. Flavius Killebrew
Texas A&M University

1. MEETING CALLED TO ORDER.

2. SAFETY BRIEFING PRESENTED.

3. PLEDGE OF ALLEGIANCE RECITED.

4. INVOCATION GIVEN.

5. CONFLICT OF INTEREST AFFIDAVITS. Mr. Engel submitted an affidavit for agenda item 12j, stating he would not participate in the consideration of, nor vote on, this agenda item because he is a member of the board of the CHRISTUS Spohn Health Organization.

Mr. Valls submitted an affidavit for agenda item 13i stating he would not participate in the consideration of, nor vote on, this agenda item because he is a beneficiary of a trust that has a minority ownership interest in Port Corpus Terminal, Inc.

6. MINUTES. On motion made by Mr. Valls and seconded by Bowers, the Commission approved the minutes of the February 21 and March 9, 2017 Commission meetings, in the form presented to the meeting.

7. PUBLIC COMMENTS. There were no public comments.

8. PRESENTATIONS.

8a. On motion made by Mr. Valls and seconded by Ms. Canales, the Commission approved the following resolution:

Resolution of Appreciation
For
The Honorable Fred P. Nardini,
San Patricio County Commissioner, Precinct 2

WHEREAS, Commissioner Fred P. Nardini, emigrated with his parents from Germany in pursuit of the American dream and settled in South Dakota; and

WHEREAS, Commissioner Fred P. Nardini worked at H.E.B .for 19 years and went on to become an entrepreneur with his wife Judy to establish multiple businesses, including a meat market, catering and U-Haul businesses for 21 years; and

WHEREAS, Commissioner Fred P. Nardini is a graduate of the VG Young Judges and Commissioners Leadership Academy class and has completed academic hours in the Curriculum 2000 Advanced Studies in County government from the VG Young program at Texas A & M University, College Station; and

WHEREAS, Commissioner Fred P. Nardini honorably served for five terms as County Commissioner in San Patricio County during which time his visionary leadership to the County was instrumental in its prosperity; and

WHEREAS, Commissioner Fred P. Nardini was appointed by then-Governor George W. Bush, and reappointed by Governor Rick Perry as Chairman of the Regional Review Committee; and

WHEREAS, Commissioner Fred P. Nardini serves on the San Patricio County Economic Development Board, De-Go-La RC & D Board, Corpus Christi Metropolitan Planning Organization, Coastal Bend Council of Governments and was the representative for San Patricio County on the Texas Conference of Urban Counties Aggregation Project; and

WHEREAS, Commissioner Fred P. Nardini also serves as a member on the Education Committee of the County Judges & Commissioners Association of Texas and as Vice President of Finance for the Texas Conference of Urban Counties; and

WHEREAS, Commissioner Fred P. Nardini's insightful leadership catapulted San Patricio County's economic development efforts through support for projects including the Tianjin Pipe Company, Cheniere, voestalpine Texas and Occidental Chemical Company which brought hundreds of jobs to the region and a brighter future to for Coastal Bend; and

NOW THEREFORE BE IT RESOLVED that the Port Commission of the Port of Corpus Christi Authority, for itself and on behalf of Port staff and the Port community as a whole, expresses its sincere gratitude and appreciation to County Commissioner Fred P. Nardini for his honorable and outstanding service to San Patricio County and the entire Coastal Bend community; and

BE IT FURTHER RESOLVED that this resolution be made a part of the permanent minutes of this Port Commission and that a signed original of this Resolution be furnished to Commissioner Fred P. Nardini and his wife Judy.

8b. On motion made by Mr. Engel and seconded by Ms. Canales, the Commission adopted the following resolution:

Resolution of Appreciation
For
Dr. Flavius C. Killebrew, President Emeritus
Texas A&M-University-Corpus Christi

WHEREAS, Dr. Flavius C. Killebrew, began his journey as a professor at West Texas A&M University and rose through the ranks in Canyon, Texas and achieved status of Provost/Vice President of Academic Affairs; and

WHEREAS, for 44 years, Dr. Flavius Killebrew has provided visionary leadership that led to key milestones in Texas A&M University Corpus Christi's history, helping grow the University to become a premier institution of higher education in the Coastal Bend; and

WHEREAS, in January 2005, Dr. Killebrew assumed presidency of Texas A&M-Corpus Christi and during the 12 years he served the Island University, enrollment grew from 7,823 students to more than 12,000 students; and

WHEREAS, Dr. Flavius Killebrew implemented the University's Momentum 20/20 Strategic Plan, which put the Island University on the path to attaining Emerging Research University status; and

WHEREAS, Dr. Flavius Killebrew initiated 19 new degree programs, including six new doctoral programs and two bachelor's degrees in engineering, and was instrumental in expanding distance education opportunities for A&M-Corpus Christi students; and

WHEREAS, Dr. Killebrew launched the Harte Research Institute ($46 million), acquired 27 acres of land for campus expansion, completed a $9.9 million fundraiser for its new Art Museum building, raised $70 million in new institutional funding and launched a $350 million dollar building expansion; and

WHEREAS, Dr. Flavius Killebrew played a crucial role in attaining one of six Federal Aviation Administration sites for testing and research on the integration of unmanned aircraft systems into the national airspace; and

WHEREAS, Dr. Flavius Killebrew established the "Texas Collaborative," which received over $50,000,000 in funding for various math/science projects as well as various research projects on environmental and other issues; and

WHEREAS, Dr. Flavius Killebrew, was bestowed the title of President Emeritus for his lifetime of achievements in education and the advancement of scholars by the Texas A&M System Board of Regents; and

NOW THEREFORE BE IT RESOLVED that the Port Commission of the Port of Corpus Christi Authority, for itself and on behalf of Port staff and the Port community as a whole, expresses its sincere gratitude and appreciation to Dr. Flavius C. Killebrew for his honorable and outstanding service and dedication to the Coastal Bend community and the thousands of lives he has impacted through his leadership at Texas A&M University-Corpus Christi and the A&M System; and

BE IT FURTHER RESOLVED that this resolution be made a part of the permanent minutes of this Port Commission and that a signed original of this Resolution be furnished to Dr. Killebrew, and his wife Kathy Killebrew.

8c. On motion made by Mr. Squires and seconded by Ms. Canales, the Commission adopted the following resolution:

Resolution of Appreciation
For
Captain Michael Cunningham
United States Coast Guard

WHEREAS, for 27 years, Captain Michael Cunningham has worked diligently for the United States Coast Guard, helping to protect, defend and save mariners on the sea; and

WHEREAS, Captain Michael Cunningham began his journey as an officer in the United States Coast Guard at Marine Safety Office Long Beach, California as a marine inspector; and

WHEREAS, on July 1, 2012, after 23 years of dedicated service, Michael Cunningham was promoted to the rank of Captain; and

WHEREAS, on July 7, 2015, Captain Michael Cunningham's honor, respect and devotion to duty over many years earned him the position of Deputy Sector Commander, Sector Corpus Christi; and

WHEREAS, throughout his tour in Corpus Christi, Captain Michael Cunningham expertly managed several high risk cases, including the allision of a 480-foot cargo vessel and barge in the main ship channel; the allision of an uninspected towing vessel with a sunken World War II wreck; and a 27,000 gallon ultra-low sulfur diesel spill, ensuring the safety and security of personnel and the marine environment; and

WHEREAS, Captain Michael Cunningham championed safety and security throughout the multi-port complex through numerous port security working groups and Area Safety and Security Committee meetings and further forged strategic partnerships as well as increased contingency preparedness; and

NOW THEREFORE BE IT RESOLVED that upon his retirement effective June 30, 2017, the Port Commission of the Port of Corpus Christi Authority, for itself and on behalf of Port staff and the Port community as a whole, expresses its sincere gratitude and appreciation for the decades of service that Captain Michael Cunningham has given to the United States Coast Guard, the citizens of the United States, and to the maritime industry; and

BE IT FURTHER RESOLVED that this resolution be made a part of the permanent minutes of this Port Commission and that a signed original of this Resolution be furnished to Captain Cunningham, and his wife, Liana Cunningham.

8d. The Commission received a presentation from the Coastal Bend Bays & Estuaries.

8e. The Commission received an update on the La Quinta Terminal Upland Buffer Area project.

9. SECURITY COMMITTEE REPORT. The Chairman of the committee reported on the committee's activities since the last regular Commission meeting.

10. AUDIT COMMITTEE REPORT. The Chairman of the committee reported on the committee's activities since the last regular Commission meeting.

11. LONG-RANGE PLANNING COMMITTEE REPORT. The Chairman of the committee reported on the committee's activities since the last regular Commission meeting.

12. OPEN SESSION AGENDA.

12a. On motion made by Mr. Bowers and seconded by Mr. Valls, the Commission approved, in the form presented to the meeting, an Interlocal Cooperation Contract with Texas A&M University – Corpus Christi for Operation, Maintenance, Repair and Management of the Corpus Christi Physical Oceanographic Real-Time System (CC PORTS®).

12b. PCCA issued a request for bids for PCCA's purchase of a floating dock platform with a hose tower and crane, a marine vapor combustion unit, and a dock safety unit associated with PCCA's Floating Dock Platform – Oil Transfer Operation System Project. The bids were opened on March 16, 2017. NuStar Logistics L.P. submitted bids for all three bid items. No other bids were received. NuStar's bids were as follows:

Item #1 (Floating dock platform with a hose tower and crane) -- $1,100,000
Item #2 (Marine Vapor Combustion Unit) -- $500,000
Item #3 (Dock Safety Unit) -- $200,000

On motion made by Mr. Engel and seconded by Mr. Valls, the Commission awarded a contract to NuStar Logistics L.P., as seller, in the amount of $1,800,000 for PCCA's purchase of the three items described in NuStar's bids.

12c. On motion made by Mr. Engel and seconded by Ms. Canales, the Commission approved a Purchase Order in the amount of $4,946,240 for PCCA's cost-share for the operation and maintenance of levees at Dredge Material Placement Area 13 associated with U.S. Army Corps of Engineers Construction Contract to increase DMPA capacity for Federal, PCCA, and Third Party use.

12d. On December 9, 2016, PCCA issued an RFP pursuant to Texas Water Code § 60.405 soliciting quotations for the following insurance coverages: (1) property insurance; (2) primary and excess wind/windstorm insurance; (3) flood, excess of National Flood Insurance Program; (4) boiler & machinery (equipment breakdown); and (5) terrorism. The incumbent agent, Carlisle Insurance Agency, Inc. ("CIA"), was the sole proposer to meet all RFP specifications. On motion made by Mr. Engel and seconded by Mr. Valls, the Commission authorized the purchase of Property, Terrorism and Equipment Breakdown Insurance coverage through Carlisle Insurance Agency, Inc., in accordance with the terms and conditions of the Letter of Award – Request for Proposals for 2017-2018 Property Insurance (Project No. 16-511A) – presented to the meeting and authorized the Executive Director to execute the Letter of Award with CIA on behalf of PCCA.

12e. On motion made by Mr. Bowers and seconded by Mr. Squires, the Commission rejected all bids received on January 27, 2017 for the Bulk Dock 1 Storage Building Upgrades Project.

12f. On motion made by Mr. Valls and seconded by Ms. Canales, the Commission approved, in the form presented to the meeting, a Release of Easement granted to PCCA by Occidental Chemical Corporation, as Successor-in-Interest to Transamerica Natural Gas Corporation.

12g. On motion made by Mr. Valls and seconded by Mr. Squires, the Commission approved, in the form presented to the meeting, a new Easement Agreement between Occidental Chemical Corporation, as grantor, and PCCA, as grantee, for a road located between PCCA's Good Hope DMPA property and State Highway 361.

12h. On motion made by Mr. Engel and seconded by Mr. Valls, the Commission approved PCCA's 4th Quarter Investment Report, in the form presented to the meeting.

12i. On motion made by Mr. Bowers and seconded by Mr. Valls, the Commission approved, in the form presented to the meeting, a Vessel Purchase Agreement between PCCA, as buyer, and Joey P. Sulak, as seller, for the purchase of the fire boat "J.S. Bracewell", Official Number 655455, for a purchase price of $180,000 pursuant to the public health or safety exception in Texas Water Code § 60.412(a)(2).

12j. On motion made by Mr. Bowers and seconded by Mr. Squires, the Commission approved a one-year contract extension of the Port of Corpus Christi Health and Dental Benefits Plan with Entrust, Inc., effective January 1, 2018. Mr. Engel abstained from voting on this item.

12k. On motion made by Mr. Bowers and seconded by Mr. Valls, the Commission approved a one-year contract extension of PCCA's existing Group Long-Term Disability, Group Life and AD&D, Group Voluntary Life and AD&D, and Stand Alone Voluntary AD&D Benefit Plans effective January 1, 2018.

13. CONSENT AGENDA. Individual Commissioners requested that Consent Agenda Items 13b, 13c, 13d, 13f, 13g, 13i, 13j, 13m, 13o and 13p be considered separately. Then, Mr. Engel moved the approval of the remaining Consent Agenda Items by one vote (the "Consent Agenda Motion"), in accordance with the respective staff recommendations and agreements furnished to the Commission at the meeting. Mr. Bowers seconded the motion and the motion passed without objection, with Mr. Valls abstaining from voting on Agenda Item 13.i.

13a. By approval of the Consent Agenda Motion, the Commission approved a Work Uniform Services contract through the Texas Cooperative Purchasing Program.

13b. By separate motion duly made and seconded, the Commission approved, in the form presented to the meeting, the Consent to Assignment of Master Agreement 05-14 and Service Order No. 10 from E2 ManageTech Inc. to EnSafe Inc.

13c. By separate motion duly made and seconded, the Commission approved, in the form presented to the meeting, a Consulting Services Contract with EnSafe,

Inc. in the amount of $50,465 for consulting services related to implementation of the Intelex Software Platform.

13d. By separate motion duly made and seconded, the Commission approved, in accordance with the staff recommendation furnished to the Commission at the meeting, the Grant Application for five Port security projects under the Port Security Grant Program FY-2017, with the understanding that PCCA will not accept grant funding for any project unless and until the Security Committee has vetted the project and the Commission has formally authorized acceptance of grant funding for the project.

13e. By approval of the Consent Agenda Motion, the Commission awarded a Construction Contract in the amount of $102,077.66 to JM Davidson, Ltd., the lowest and best bidder based on bids received on February 24, 2017, for repairs on the east trestle at Bulk Dock 1.

13f. By separate motion duly made and seconded, the Commission agreed to table a Professional Engineering Services Contract in the amount of $58,500 with Diverse Design Solutions, PLLC for engineering services associated with the Ortiz Center Chiller Replacement project until the Ad-hoc Committee has reviewed and made a recommendation on the contract.

13g. A separate motion was duly made and seconded to approve, in the form presented to the meeting, a Consulting Services Contract with EnSafe Inc. in the amount of $86,308 for consulting services related to development and implementation of the Occupational Health & Safety Management System and Health & Safety Policies and Manuals. The motion failed by a vote of 3-3. Then, by a separate motion duly made and seconded, the Commission voted to reject all proposals received in response to PCCA's Request for Proposals for an Occupational Health & Safety Management System and Health & Safety Policies and Manuals. The Commission then authorized staff to either issue a new Request for Proposals for an Occupational Health & Safety Management System and Health & Safety Policies and Manuals or negotiate a contract with a firm to provide the services described in the RFP pursuant to the public health or safety exception in Texas Water Code § 60.412(a)(2).

13h. By approval of the Consent Agenda Motion, the Commission rescinded the Purchase Contract awarded to QuayQuip B.V. ($23,938) in February 2017 and awarded additional bid items to TEKMarine System LLC ($28,830) for the purchase of dock fenders and panels.

13i. By approval of the Consent Agenda Motion, the Commission approved an Assignment, Assumption, and Consent Agreement by and between Billy Pugh Company, Inc., and Port Corpus Terminal, Inc., and the Port of Corpus Christi Authority for a 2.13-Acre Lease Agreement dated January 14, 2003 by and between the Port of Corpus Christi Authority and Billy Pugh Company, Inc. Mr. Valls abstained from voting on this item.

13j. By separate motion duly made and seconded, the Commission approved, in the form presented to the meeting, a Corrective Second Amendment of Lease Agreement with Superior Weighting Products, LLC for a 12.07-acre tract of land in Nueces County, Texas.

13k. By approval of the Consent Agenda Motion, the Commission approved a Deductive Change Order in the amount of $85,805 with Russell Marine, LLC, to remove the pipeline pig trap system requirement from the construction of Oil Dock 15 project.

13l. By approval of the Consent Agenda Motion, the Commission approved an Easement Agreement with NuStar Logistics, L.P. for a 30-inch pipeline and a 100' by 125' valve site to connect to new Oil Dock 15 lease site to NuStar's existing pipeline connecting to the NuStar's 10-acre terminal facility lease site.

13m. By separate motion duly made and seconded, the Commission approved, in the form presented to the meeting, the Second Amendment and Supplement of Professional Consulting Services Contract with AECOM in an amount not-to-exceed $54,760.000 for additional scope of work related to the Waterway Planning Study of the Corpus Christi Ship Channel System.

13n. By approval of the Consent Agenda Motion, the Commission approved a Change Order in the amount not-to-exceed $75,000 with W.T. Byler Company for improvements to a material borrow site associated with the Nueces River Rail Yard – Phase II project.

13o. The Chairman announced that the Commission would receive legal advice regarding Agenda Item 13o in executive session pursuant to §551.071 of the Texas Government Code and would consider Agenda Item 13o in Open Session after the Executive Session closes.

13p. PCCA and Maritime Berthing Inc. (MBI) entered into a lease agreement on December 14, 2010, under which PCCA leased to MBI a berth at Cargo Dock 14/15 and a berth at Bulk Dock 3 in the Inner Harbor. The lease is scheduled to terminate on March 31, 2017. By separate motion duly made and seconded, the Commission approved a Third Amendment to the MBI Lease, which extended the lease of the berth at Cargo Docks 14 and 15 until September 30, 2017, but did not extend the lease of the berth at Bulk Dock 3.

13q. By approval of the Consent Agenda Motion, the Commission approved a change in cooperative purchasing program for previously approved purchase of a 2017 Ford Transit-350 XL 15-Passenger Van from Chastang Ford.

14. EXECUTIVE DIRECTOR REPORT AND COMMISSIONER COMMENTS:

14a. The Executive Director submitted his report on upcoming community events, PCCA events and activities of the following PCCA departments during the preceding month – Safety, Community Relations, Communications, Government Affairs, Business Development, Foreign Trade Zone, Ortiz Center, Human Resources, Security, Operations, Engineering Services, Finance, Real Estate, and Environmental.

Mr. Zahn then asked for comments from the Commissioners.

15. EXECUTIVE SESSION: At 1:05 p.m., Mr. Zahn announced the Commission would go into executive session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate agenda items 13o, 15a, 15b, and 15c, which were described in the agenda of the meeting as follows:

13o. Approve a Change Order in the amount of $226,000 with EMCO Wheaton USA Inc. to provide a 16-inch instead of an 8-inch loading arm for the Public Oil Dock 15 Project.

15a. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of certain real property on the south side of the Inner Harbor.

15b. The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate the purchase of certain real property accessible to the La Quinta Channel.

15c. The Commission will go into executive session pursuant to §551.07 of the Texas Government Code to receive legal advice from PCCA's counsel regarding the enforceability of the Memorandum of Understanding described in agenda item 16a.

16. RECONVENE IN OPEN SESSION. The Chairman reconvened the meeting in open session at 2:22 p.m., to take action on agenda items 13o and 16a.

13o. On motion duly made and seconded, the Commission approved, in the form presented to the meeting, a Change Order in the amount of $201,972 with EMCO Wheaton USA Inc. to provide a 16-inch instead of an 8-inch loading arm for the Public Oil Dock 15 Project.

16a. On motion made by Mr. Bowers and seconded by Mr. Engel, the Commission tabled consideration of a proposed Memorandum of Understanding with the City of Portland.

17. ADJOURN. On motion duly made and seconded, the meeting was adjourned at 2:24 p.m.



PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Years Ended December 31, 2016 and 2015

PORT CORPUS CHRISTI®

The 90th Anniversary of Port Corpus Christi marked a decade of growth, expansion, and new heights. Each photo on the financial report covers highlights the year's milestones.

- Cover: Harbor Bridge Groundbreaking Ceremony with Governor Greg Abbott
- Introductory: Groundbreaking Ceremony, Oil Dock 15 Construction
- Financial: Groundbreaking Ceremony, Oil Dock 15 Construction
- Supplemental: Nueces River Rail Yard, Phase I Completion, Phase II Construction
- Statistical: M&G Chemicals in full construction mode
- Single Audit: voestalpine Texas begins production
- Continuing Bond: Cheniere in full construction mode



PORT CORPUS CHRISTI®

Comprehensive Annual Financial Report

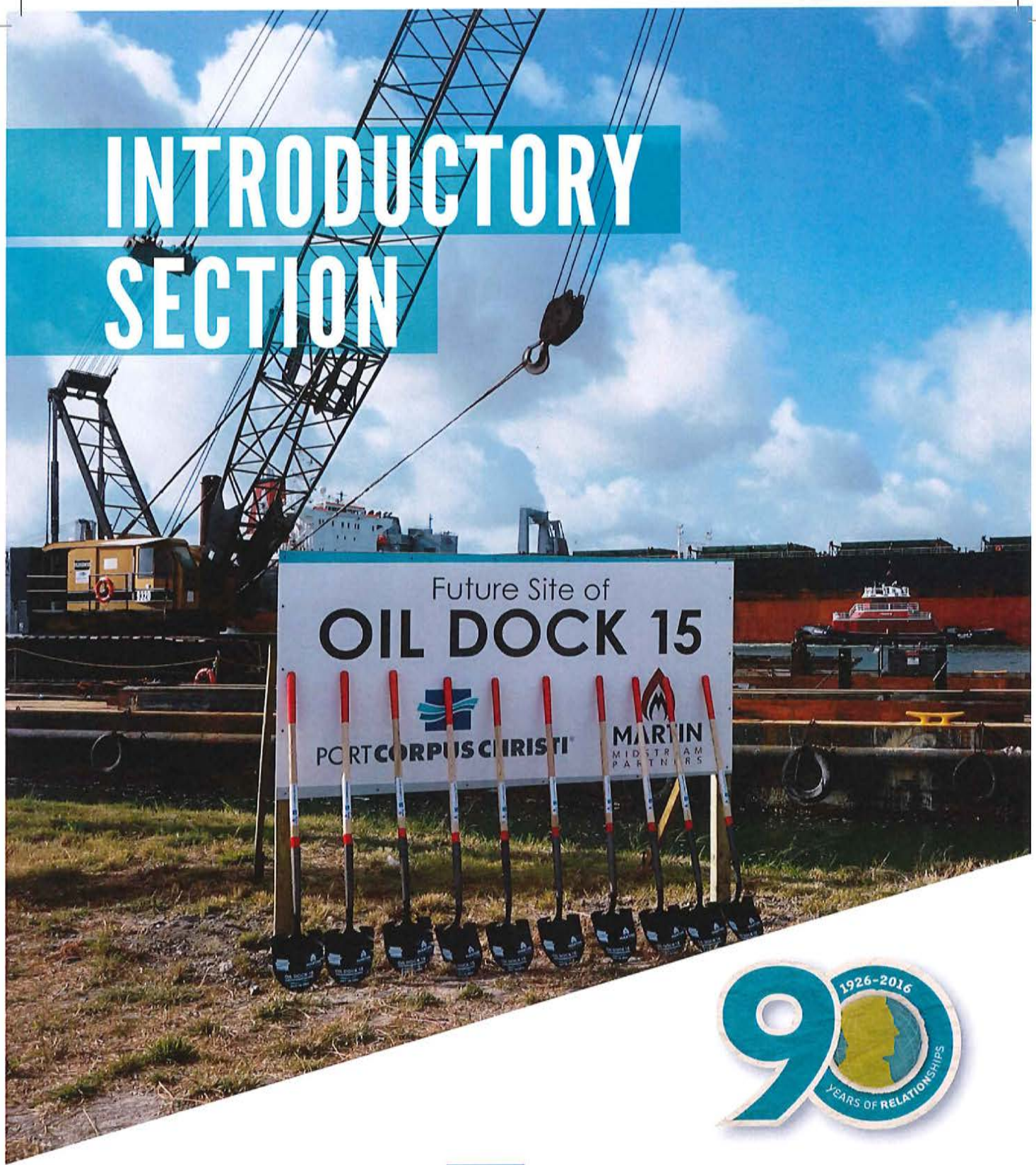
Port of Corpus Christi Authority of Nueces County, Texas

For the Years Ended December 31, 2016 and 2015

Prepared by the Finance Department

Dennis J. DeVries
Chief Financial Officer

INTRODUCTORY SECTION



1926-2016
90
YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Table of Contents
December 31, 2016

	TABLE	PAGE
INTRODUCTORY SECTION		
Table of Contents		i
Letter of Transmittal		iii
GFOA Certificate of Achievement		xi
Organizational Chart		xii
Port Officials		xiii
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis		5
Basic Financial Statements:		
Statement of Net Position		18
Statements of Revenues, Expenses and Changes in Net Position		19
Statements of Cash Flows		20
Notes to Financial Statements		21
Required Supplementary Information:		
Schedule of Changes in Net Pension Liability and Related Ratios		50
Schedule of Employer Contributions to the Pension Plan		51
Schedules of Funding Progress		52
Supplemental Schedules:		
Schedule of Revenues and Expenses-Actual and Budget (GAAP Basis)		53
Schedules of Maintenance and Operations and General Administrative Expenses		54
Schedules of Facilities Financing Bonds		55
STATISTICAL SECTION (UNAUDITED)		
Financial Trends:		
Changes in Net Position	1	59
Revenues by Source	2	60
Expenses by Type	3	61
Financial Performance Indicators	4	62
Revenue Capacity:		
Port Commerce By Commodity	5	63
Vessel Traffic	6	65
Tariff Rates	7	67
Ten Largest Customers	8	68
Debt Capacity:		
Ratios of Outstanding Debt	9	69
Revenue Bond Coverage	10	70
Demographic and Economic Information:		
Demographic and Economic Statistics	11	71
Principal Employers	12	72
Operating Information:		
Employees by Functions	13	73
Capital Asset Statistics	14	74
Analysis of Funding Progress - Pension Plan	15	75
Schedule of Insurance in Force	16	76
Miscellaneous Statistical Data	17	77

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Table of Contents
December 31, 2016

	TABLE	PAGE
ADDITIONAL INFORMATION (CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12:		
Port Commerce By Commodity-Table 1	18	79
Revenues by Source-Table 2	19	80
Expenses by Type-Table 3	20	81
Leases-Tables 4 & 5	21	82
Changes in Net Position-Table 6	22	83
Projected Operating Results and Debt Service Coverage-Table 7	23	84
Debt Service Requirements-Table 8	24	85
Pension Plan-Table 9	25	86
Current Investments-Table 10	26	92
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		93
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		95
Federal Schedule of Findings and Questioned Costs		97
Independent Auditor's Report on Compliance for Each Major State Program and on Internal Control Over Compliance in Accordance With the State of Texas Single Audit Circular		99
State Schedule of Findings and Questioned Costs		101
Schedule of Expenditures of Federal and State Awards		102
Notes to Schedule of Expenditures of Federal and State Awards		103

April 12, 2017

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, 2016.

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 unmodified ("clean") opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)'s financial statements for the year ended December 31, 2016. 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 conference center. The Authority also owns a grain elevator, and cotton warehouses that are leased to third parties. 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's docks consists of both Authority owned and privately owned facilities. The Authority owned docks consist of seven general cargo docks, thirteen liquid bulk docks, two bulk material docks, several layberthing areas, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a 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, layberth areas, and cotton warehouses that are leased. Most of the privately owned facilities at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants, crude oil terminals, and other industries that line the Corpus Christi Ship Channel. Approximately fifty privately owned and/or operated docks are located at the Port of Corpus Christi, some of which 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; it is the third ranked petrochemical/hydrocarbon port in the United States The Authority has served the local economy for ninety years, and is continually diversifying, upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made significant 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 that 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: "leverage commerce to drive prosperity" and it is the vision of the Port of Corpus Christi "to be the energy port of the Americas." In pursuit of this mission, the Authority shall be guided by the following basic principles: (1) conduct affairs in a positive, open, and cooperative manner; (2) the Authority shall be operated in a fiscally responsible manner; (3) the Authority shall be a positive and proactive force in the protection of

the region's marine and water related resources; and (4) the Authority 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 investment dollars to the area and broadening the tax base that supports all public services. The findings from a 2015 Port Economic Impact Study reinforce the Authority's mission statement as being the economic catalyst for the region. Martin Associates of Lancaster, Pennsylvania studied the economic impact of the Authority operations including the Congressman Solomon P. Ortiz International Center. The previous economic impact study for the Authority was in 2011. Four years later, the 2015 report showed similar increases. In 2011, the Authority created 66,502 jobs, generated $314.9 million in state and local taxes, and provided $13.1 billion in business revenue. Today, the Authority creates approximately 76,377 jobs with 13,770 direct jobs generated from marine cargo and vessel activity. The Authority generates an additional 14,456 induced jobs that are the result of purchases by the direct jobs. The remainder of total jobs is comprised of 16,212 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority and 31,938 related user jobs from shippers and consignees. The 76,377 jobs provided $4.7 billion in personal income for families throughout the Coastal Bend. Authority operations generated $15 billion in revenue for businesses providing services to the Authority and port industries, and the Ortiz Center. More than $353.41 million was paid in state and local taxes due to the activity created by the Authority. 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 commerce dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life for everyone in the local surrounding region. The Authority is regularly updating the Port's Economic Impact Study. Since the last study, the Authority has experienced significant growth from the effects of expansions at existing plants and new industries coming on line. Accordingly, the Authority anticipates that the next update to the study will reveal further increases in the impact the Authority has on the local region.

LONG-TERM FINANCIAL PLANNING

The Authority has a number of major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, revenue bond proceeds, and the Authority's unrestricted net position of $180 million.

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 a depth of 39 feet, and (5) constructing ecosystem restoration features to protect endangered species, wetlands and sea grass. In December 2009, the U.S. 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 was completed in 2012, and the channel extension was completed in late 2013. In 2014, the Port deepened the extension to a depth of 45 feet and the COE agreed to assume the channel maintenance. The Channel Improvement Project was re-authorized in May 2014 by the Water Resources Reform and Development Act of 2014 and a Limited Reevaluation Report was completed in December 2015 to update project costs and benefits of the remaining elements of the authorized project. Follow-on contracts to deepen and widen the Corpus Christi Ship Channel and to add barge shelves are pending appropriation of funding. In December 2016, the Water Infrastructure Improvements Act for the Nation (WIIN) Act was signed into law. The WIIN Act, which includes the Water Resources Development Act (WRDA) of 2016, authorizes port, waterway, flood protection improvements and other water resources infrastructure critical to the Nation's economic growth, health and competitiveness. The WIIN Act is a major victory for the Port's Corpus Christi Ship Channel – Channel Improvement Project as it includes numerous provisions that will benefit the project:

- It modernizes the cost share depth for deep draft channel projects changing the Port's cost share for the Channel Improvement Project from 50% to 25% for dredging depths between 20 feet and 50 feet.
- Includes language that clarifies that the remaining unconstructed separable elements of the congressionally authorized Channel Improvement Project can begin the next phase of work. This important provision will allow the Army Corps of Engineers to enter into a Project Partnership Agreement with the Port to continue and construct the remaining work on the project.
- Includes feasibility studies to investigate navigation projects including the widening and deepening of the La Quinta Ship Channel from 45 feet to 52 feet to match the authorized depth of the Channel Improvement Project and construction of a new turning basin near the entrance to the Inner Harbor.

La Quinta Multi-Purpose Facility

In early 2011, in conjunction with the planned extension of the La Quinta Ship Channel, the Authority completed preliminary engineering studies for development of the Authority's 1,000-acre La Quinta property site. The envisioned development included a multi-purpose cargo dock and terminal facility with a capacity for a wide variety of general cargo such as military equipment, automobiles, project cargo, wind turbine components, steel pipe and other bulk and breakbulk commodities. Designs for an initial phase of both the water and land-side infrastructure improvements for the multipurpose facility began in 2014 and are essentially complete. Development of a cargo dock and storage yard at the La Quinta site is considered a strategic project and will be executed after a source of revenue is identified.

In mid-2013, the Authority secured an anchor tenant on a major portion of the La Quinta property site with the signing of a lease agreement with Austrian steelmaker, voestalpine Texas Holding, LLC, for approximately 475 acres. voestalpine's initial construction of a hot briquetted iron (HBI) facility including a 1,000-foot long dry bulk dock along the La Quinta Channel extension was completed and production started in October of 2016. The HBI plant provides 190 direct jobs and will produce 2 million tons of HBI per year.

The Port is also supporting potential industrial development in the general area of the La Quinta Gateway Terminal that could result in the construction of an initial phase of the planned general purpose cargo dock, a liquid bulk dock, and related upland and road facilities. In additional plans to develop a vegetated buffer area between the La Quinta property and adjacent

residential neighborhoods is proceeding. The buffer area will provide a visual, light, and sound buffer between the industrial area and residential housing.

Nueces River Rail Yard

As part of the Authority's north side rail master plan, the Viola Channel site was identified as the best location to construct a new rail yard. This rail yard will become the main rail exchange for the three Class 1 railroads serving the Authority. The Authority purchased approximately 36 acres at the western end of the harbor for this purpose. This project consists of two phases. Phase I includes a 9,800-foot long unit train siding and four additional 4,000-foot parallel tracks providing storage for 200 railcars. Phase I of the project was completed in 2015 at a cost of $18.9 Million. Funding was provided by a $10 million USDOT TIGER Grant and Authority cash reserves, with half of the Authority's funding being recovered from the railroads through a special surcharge. Phase II calls for extending four of the tracks under Phase I to full unit train sidings and constructing four additional unit train sidings, for a total of eight sidings averaging 8,500 feet long. The total cost of Phase II is approximately $28 million, with $22 million in funding from TXDOT and the remainder from revenue bond proceeds. Phase II of the project is under construction with completion scheduled in first quarter 2017. The new rail yard, once completed, will be capable of more efficiently handling the increased number of unit trains and cars loading and unloading operations at the Authority.

MAJOR INITIATIVES – 2016

Environmental Management System

Through the Authority's Environmental Management System (EMS), the Authority has remained 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 tenth year of ISO 14001 certification and its twelfth year of implementation. In 2016, the Authority was in the top 2-3% worldwide that achieved ISO 14001 certification to the newly revised standard and well ahead of the 2019 mandate to comply with the new standard. The EMS program is driven by a team of Authority employees from the various operational areas with the full support of management. During the past ten years, the program has identified numerous significant aspects impacting the environment such as spills, electrical consumption, storm water runoff, water consumption, and air emissions. Environmental Management Programs are established to reduce the environmental impact and to help reduce the Authority's environmental footprint. Targets for reductions or improvements are also set. The Port Commission approved a revised Environmental Policy. The Environmental Policy states that all new business operations and developments in the port will consider and address five environmental precepts: (1) air quality, (2) water quality, (3) soils and sediments, (4) wildlife habitat, and (5) environmental sustainability. In 2016, the Authority continued to purchase 10% of its total electricity from green energy sources which equated to 870,059 kilowatt hours. The Authority has maintained a very successful recycling program that has recycled over 943,914 pounds of material that would have otherwise gone as waste to a landfill. Additionally, 60,071 gallons of liquids have been recycled. In 2016, the Authority Bulk Terminal was recognized by the Regional Health Awareness Board for its efforts in reducing dust through the implementation of an air monitoring network. Also in 2016, the Authority obtained Green Marine certification which is a program for ports, terminals and shipyards that demonstrates a commitment to continually reduce an organizations environmental footprint. The certification process is rigorous and transparent. Environmental improvements are benchmarked and reported annually. Green Marine publishes the results of all its members annually.

Wind Energy

In 2016 American wind farms provided 5.5% of the supply to the electrical grid in the US. In five heartland states more than 20% of the electrical consumption was supplied from wind farms last year. Wind Power installations in Texas led the way in 2016 with over 20,000 megawatt (MW) installed capacity, while the United States in total has 82,000 megawatts (MW) and over 52,000 wind turbines installed across more than 1,000 large scale wind projects. The Port of Corpus Christi Authority provides access to general cargo docks, close by staging areas, three class I rail roads and uncongested highway systems, which offers the necessary transportation modes to assure efficient and cost effective deliveries for all types of project cargo, including wind turbine components. In 2016, the wind turbine cargo volume moving through the Port increased over 10% compared to the previous year and with the 5-year extension of the Production Tax Credit (PTC), it is expected to result in continued strong volume of wind energy cargo over the coming years. Wind-rich Texas leads the nation with most wind power projects under construction. The Port is well located with easy access to major Wind Power project sites in Texas, the Great Plains and strives to maintain its established position within this renewable energy industry as the preferred "Wind Energy Port of the Gulf", thus adhering to its vision to be THE energy port of the Americas.

Crude Oil - Eagle Ford and Permian Basin Shale Plays

The Eagle Ford Shale Play in South Texas and Permian Basin in West Texas continues to be a significant economic stimulator for the Region, State and the Nation. The startup in April 2015 of the Cactus Pipeline from West Texas to South Texas provides an efficient route for moving crude oil from the prolific Permian Basin to the Port of Corpus Christi. The lifting of the 40-year ban on crude oil export in December 2015 allows U.S. crude oil producers to export crude oil to global markets and on December 31, 2015, the Port of Corpus Christi made history as the tanker Theo T sailed to Europe with crude oil from the U.S. Although the price of crude oil has dropped since the peak in 2014 of more than $100 per barrel of West Texas Intermediate and caused drilling exploration to slow down, the Port Authority continues to play a vital role as a major refinery hub, as well as logistical and distribution center for cargoes used in drilling, fracturing, and pipeline projects. Our proximity to the Gulf Coast and the deep draft ship channel allow us to be an ideal solution for oil and gas companies looking to build marine terminals and storage hubs to import heavy crude and export refined products or transport light crude oil and condensate to refineries worldwide. Barite continues to come by dry bulk vessels from China, Morocco, India and Mexico, while frac-sand comes by rail and barge from the upper Midwest USA. The Authority continues to invest in new rail infrastructure and liquid docks to support the current needs and continued growth potential of the Eagle Ford and Permian Basin Shale.

On-going Construction Projects

Projects that carried over, were completed or ongoing, or were initiated in 2016 include construction of Phase II of the Nueces River Rail Yard, Oil Dock 14, Oil Dock 15, the reconstruction and upgrade of Sam Rankin road that provides access to the Southside Terminal and Al Speight Cargo Yard, repairs and upgrades to Bulk Dock 2 marine structures, installation of temporary Aids to Navigation at the San Patricio Turning Basin on the La Quinta Channel, La Quinta Terminal Mitigation Aquatic Habitat Development (Phases I and II), improvements at existing open storage yards, , and several security grant projects that added security lighting, security fencing, and upgrades and replacement of security cameras and surveillance equipment. Security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded. Other projects completed in 2016 included the installation of electrical upgrades and new roofing for the maintenance facility buildings, new roofing of the bulk terminal facility building, construction of a waterline extension at the Joe Fulton International Trade Corridor, drainage improvements at Savage Lane

railroad, repairs to the bridge at Oil Dock 11, fire line improvements at Oil Dock 2, construction of a new dock house at Oil Dock 10, the replacement of conveyor idlers at the Bulk Terminal, the replacement of the chiller at the Annex Building, and roadway and parking lot improvements at various port facilities.

In addition to the Port projects, construction of the New US Highway 181 Harbor Bridge over the Corpus Christi Ship Channel was initiated. This 205-foot high bridge is being constructed by the Texas Department of Transportation (TxDOT), and with the main bridge span at 1,661 feet long, it will be the longest in the USA. As the main towers are located on port property and the bridge crosses port property and the ship channel, significant coordination between the bridge developer, Flatiron – Dragados, LLC, TxDOT, and the Port are required to allow bridge construction and port operations to proceed smoothly and with minimal mutual impact. In conjunction with the New Harbor Bridge Project, the Port is administering a voluntary property purchase program to allow residents near the new harbor bridge to sell their property and relocate. The Port will take position of properties sold for future port related development.

Marketing and Business Development Focus

To continue the growth of the Authority's cargo tonnage, the strategy is on cargo diversification including three focus areas for the Business Development team: 1) Wind Energy/Project Cargo, 2) Dry Bulk/General Cargo and 3) Latin American Trade Development. However, energy commodities will continue to be the major revenue source for the Port and the Energy Reform in Mexico creates new opportunities for export of Diesel, Gasoline and Propane via rail to major population centers inland Mexico. The Port is located close to Monterrey, Mexico and is pursuing trade development opportunities and logistics solutions to support the steel and automobile manufacturing sector, etc. The Authority continues to implement a targeted marketing effort for pro-actively identifying new business development opportunities and seeking to attract new foreign direct investments. The abundance of Natural Gas and security of supply is a big driver for companies considering to build a manufacturing plant in the Corpus Christi region. Similarly, the increasing production of ethane gas and the 500-mile ethane pipeline header system from Corpus Christi via Mont Belvieu's massive storage caverns to the Mississippi River, creates an opportunity to attract new ethane cracker facilities for production of ethylene and ethylene glycol and polyethylene plastics plants using ethylene as feedstock.

The South Texas Alliance for Regional Trade (START) continues to be a very important marketing resource for the Authority. START is a cooperative effort among three Texas Ports formed to strengthen the region's response to logistics and transportation needs, the driving forces of our diverse economy. The Alliance is anchored by Port San Antonio to the north, Port Corpus Christi on the waters of the Gulf of Mexico, and Port Laredo located on the United States – Mexico border. Our Ports have long-standing business relationships, bolstering the efforts and resources of our region.

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, 2015. This was the thirty-third 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
Chief Financial Officer

Government Finance Officers Association

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, 2015

Executive Director/CEO

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Organization Chart
December 31, 2016

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director	**John P. LaRue**
Chief Operating Officer/Deputy Executive Director	**Sean Strawbridge**
Chief Financial Officer	Dennis J. DeVries
Chief Accountant	Audre Debler
Manager of Procurement & Financial Analysis	Lynn Angerstein
Risk Program Manager	Donna James-Spruce
Director of Information Technology	Tyler Fuhrken
Director of Human Resources	Sandra Terrell-Davis
Chief Commercial Officer	Jarl Pedersen
Manager of Foreign Trade Zone	Carol Carrasco Rodriguez
Manager of Business Development Wind Energy & Project Cargo	Maggie Iglesias-Turner
Market Strategy & Financial Analysis	Tara Perry
Director of Business Development	Ruben C. Medina
Director of Real Estate	Darrin Aldrich
Director of Communications	Patricia Cardenas
Director of Community Relations	Rosie Gonzalez Collin
Director of Engineering Services	David Krams
Chief Engineer	David L. Michaelsen
Chief of Channel Development	Dan Koesema
Chief of Planning and Design	Brett Flint
Chief of Program Management	Sonya Lopez-Sosa
Director of Environmental Planning and Compliance	Sarah Garza
Director of Operations	Vacant
Harbormaster	Ray Harrison
Manager of Bulk Terminal	Richard "Eric" Battersby
Manager of Dock and Rail Operations	John Slubar
Maintenance Manager	David Villarreal
Safety Manager	Angela Leyva
Director of Port Security	Tom Mylett
Police Captain	Eric Giannamore
Manager of Emergency Management	Danielle Hale
Director of Government Affairs	Nelda Olivo

PORT COMMISSIONERS

Charles W. Zahn, Jr., Chairman

Wayne Squires, Vice Chairman

Barbara Canales, Secretary

David Engel, Commissioner

Richard R. Valls, Jr., Commissioner

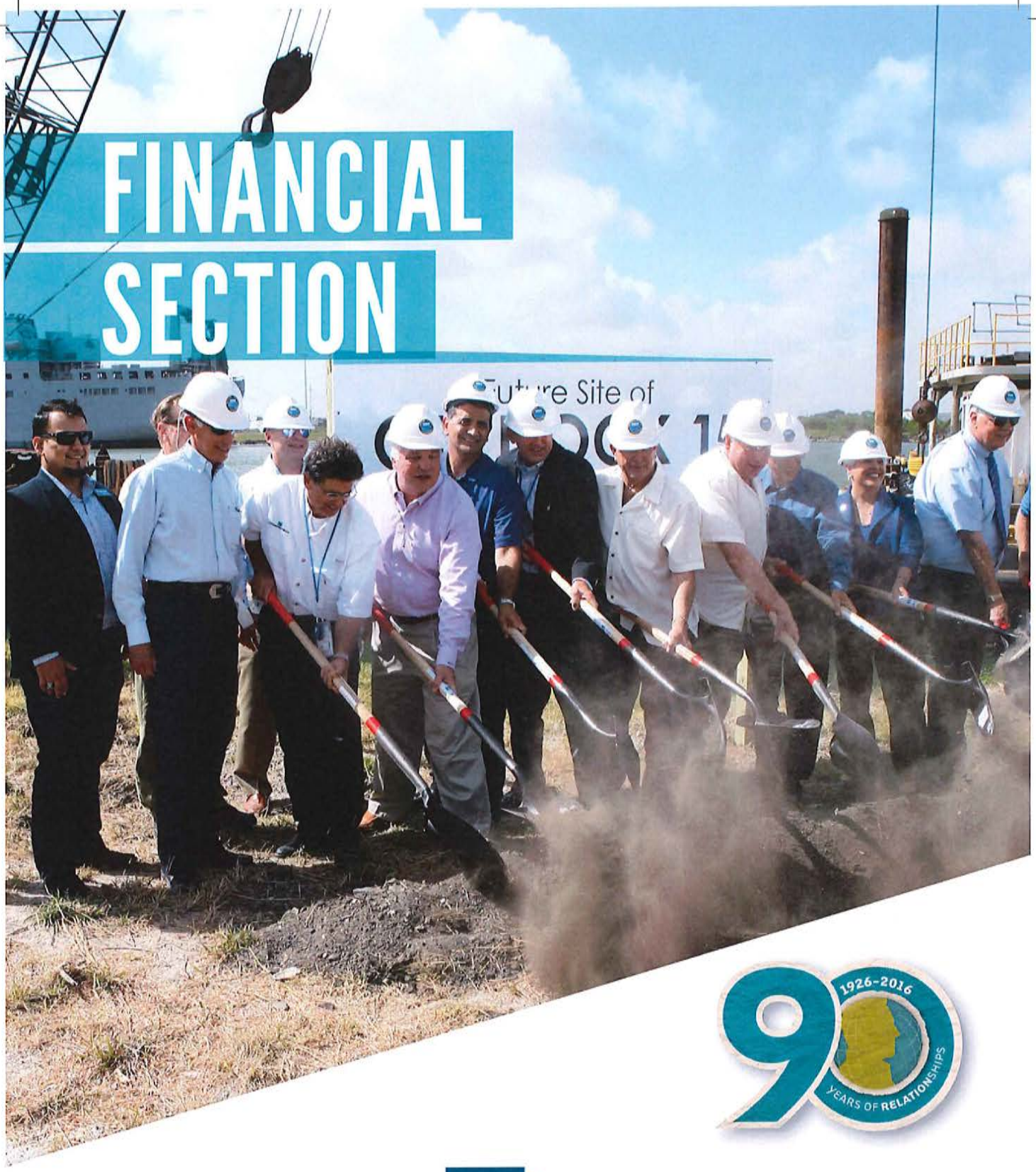
Richard L. Bowers, Commissioner

Wes Hoskins, Commissioner

EXECUTIVE STAFF

John P. LaRue, Executive Director
Sean Strawbridge, Deputy Executive Director/Chief Operating Officer
Jarl Pedersen, Chief Commercial Officer
Dennis J. DeVries, Chief Financial Officer
Ruben C. Medina, Director of Business Development
Patricia Cardenas, Director of Communications
Rosie Gonzalez Collin, Director of Community Relations
David Krams, Director of Engineering Services
Sarah Garza, Director of Environmental Planning & Compliance
Nelda Olivo, Director of Government Affairs
Sandra Terrell-Davis, Director of Human Resources
Tyler Fuhrken, Director of Information Technology
Vacant, Director of Operations
Tom Mylett, Director of Port Security
Darrin Aldrich, Director of Real Estate


PORTCORPUSCHRISTI



FINANCIAL SECTION

1926-2016
90 YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 · Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT

April 12, 2017

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

DRAFT

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Corpus Christi Authority as of for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, certain errors that caused depreciation expense and accumulated depreciation to be overstated at December 31, 2015, were discovered by management of the Authority in the current year. Accordingly, these amounts have been restated in the December 31, 2015 financial statements now presented and an adjustment has been made to net positions as of December 31, 2015 to correct the error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary information on page 43 through 456 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.

Supplementary and Other Information

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 basic financial statements. 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 basic financial statements. The accompanying schedule of expenditures of federal financial awards, pages 92 and 93, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

DRAFT

The supplemental schedules and the schedule of federal expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of federal expenditures of awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2017 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

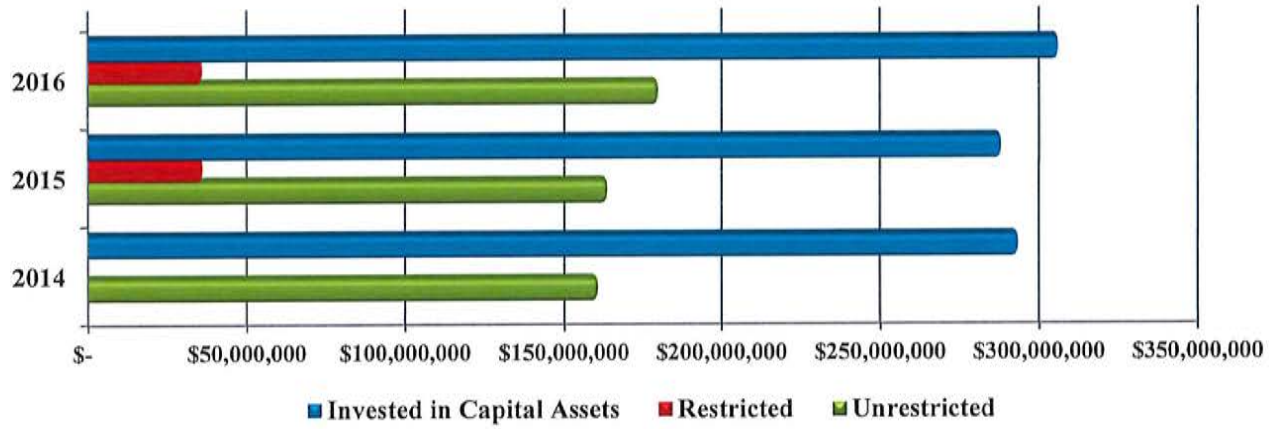
DRAFT

PORTCORPUSCHRISTI

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2016

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, 2016 and 2015. 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 total net position of the Authority at December 31, 2016 was $522,082,829, increasing $33,976,257 or 7.0% over the prior year. Income before contributions produced an increase in net position of $20,847,404, and capital contributions provided an increase of $13,128,853 to net position.
- The net investment in capital assets increased $17,963,637 over the prior year as a result of capital additions net of depreciation and repayment of capital debt.
- Restricted net position decreased $121,794 from the prior year due to expenditures of law enforcement seizure funds, net of interest earned, of $13,492, and a reduction in the required restriction for debt service of $108,302.
- Unrestricted net position of $179,943,241 may be used to meet the Authority's current ongoing obligations to employees and creditors and increased $16,134,414 over the prior year.

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 18 through 49 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 Position includes all of the Authority's assets, liabilities, deferred inflows/outflows of resources, 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 position increases when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities, results in increased net position, which indicates an improved financial position.

The Statement of Revenues, Expenses, and Changes in Net Position 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* that further explains and supports the information in the financial statements found on pages 50-52 of this report.

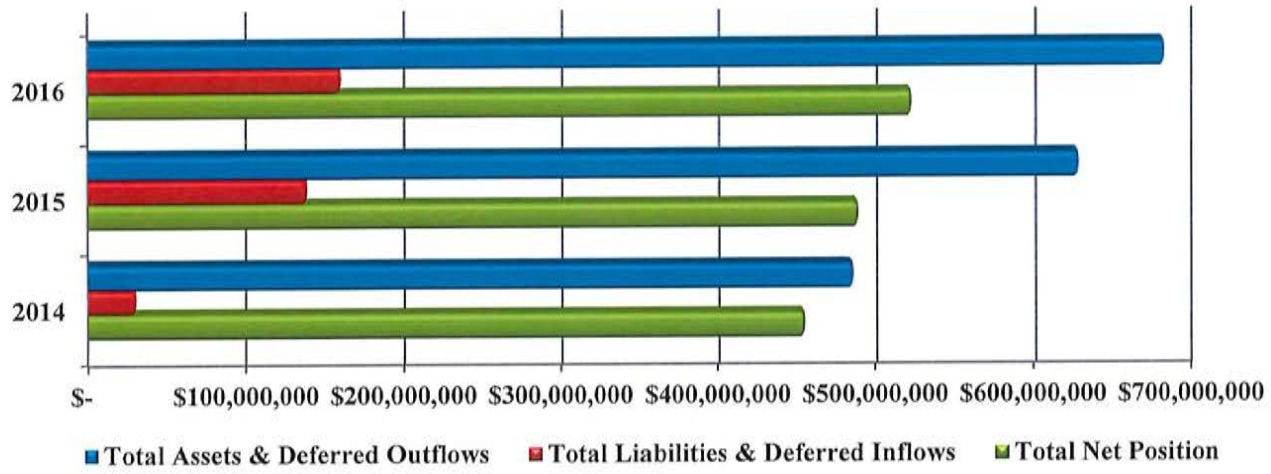
FINANCIAL ANALYSIS

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 Position, and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in it. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

Statement of Net Position

The Statement of Net Position 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 Position provides an overview of the Authority's net position as of December 31, 2016, 2015 and 2014:



	2016	2015	2014	2016-15 Change	2015-14 Change
Assets					
Current assets	$ 205,388,833	$ 174,809,632	$ 175,018,994	$ 30,579,201	$ (209,362)
Restricted assets	70,859,926	90,967,295	35,522	(20,107,369)	90,931,773
Capital assets	390,123,868	356,991,696	302,580,238	33,132,172	54,411,458
Other non-current assets	10,747,152	2,369,840	7,439,501	8,377,312	(5,069,661)
Total Assets	**677,119,779**	**625,138,463**	**485,074,255**	**51,981,316**	**140,064,208**
Deferred Outflows of Resources					
Deferred outflows related to pensions	5,529,207	1,958,889	-	3,570,318	1,958,889
Total Deferred Outflows of Resources	**5,529,207**	**1,958,889**	**-**	**3,570,318**	**1,958,889**
Liabilities					
Current liabilities	18,210,103	14,432,078	16,185,862	3,778,025	(1,753,784)
Long-term debt, net of current portion	106,245,000	110,640,000	-	(4,395,000)	110,640,000
Unearned revenue, net of current portion	31,423,818	10,755,796	11,424,330	20,668,022	(668,534)
Other liabilities	4,506,278	3,162,906	3,172,881	1,343,372	(9,975)
Total Liabilities	**160,385,199**	**138,990,780**	**30,783,073**	**21,394,419**	**108,207,707**
Deferred Inflows of Resources					
Deferred inflows related to pensions	180,958	-	-	180,958	-
Total Deferred Inflows of Resources	**180,958**	**-**	**-**	**180,958**	**-**
Net Position					
Net investment in capital assets	306,107,673	288,144,036	293,461,952	17,963,637	(5,317,916)
Restricted	36,031,915	36,153,709	35,522	(121,794)	36,118,187
Unrestricted	179,943,241	163,808,827	160,793,708	16,134,414	3,015,119
Total Net Position	**$ 522,082,829**	**$ 488,106,572**	**$ 454,291,182**	**$ 33,976,257**	**$ 33,815,390**

2016 – 2015

The Authority's net position of $522,082,829 at the close of 2016 increased by $33,976,257 over 2015. The largest portion of the Authority's net position (58.6%) reflects its net investment in capital assets. 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. Unrestricted net position (34.5%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (6.9%) represents resources that are subject to external legal restrictions on how they may be used.

The Authority's total assets and deferred outflows increased by $55,551,634 (8.9%) over 2015. The majority of this change is from an increase in net capital assets of $33,132,172 and an increase in current assets of $30,579,201 which was largely due to the increase in cash, cash equivalents and investments of $30,010,593. Restricted assets have decreased $20,107,369 due to the expenditures in 2016 of revenue bond proceeds for capital projects.

The Authority's total liabilities and deferred inflows increased by $21,575,377 (15.5%) over 2015. Unearned revenues, net of current portion increased by $20,668,022 due to the recognition of lease revenues deferred to future periods.

2015 – 2014

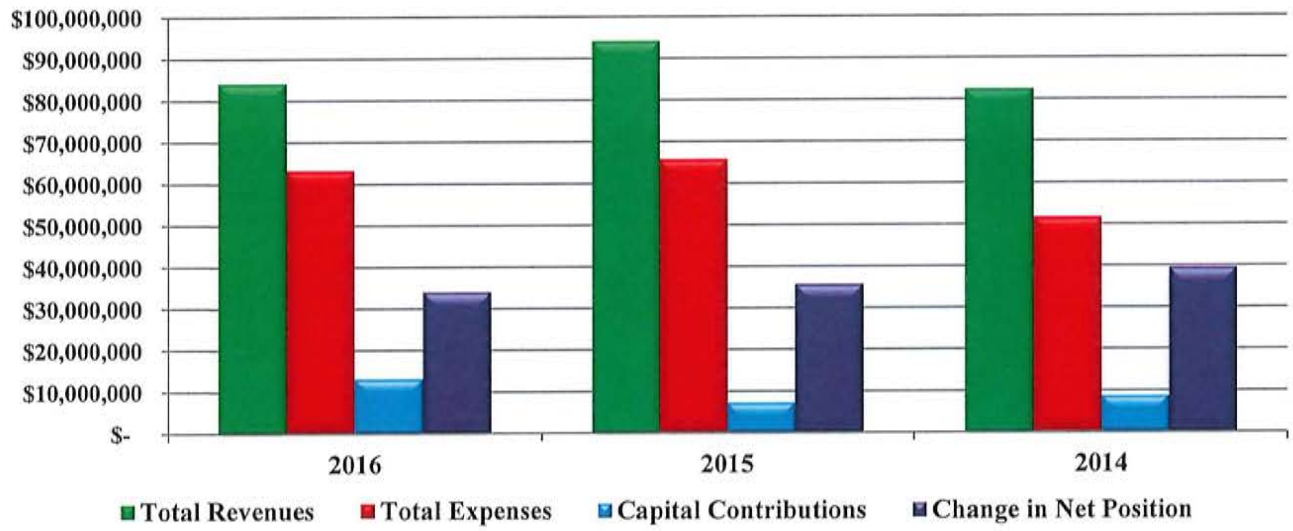
The Authority's net position of $488,106,572 at the close of 2015 increased by $33,815,390 over 2014. The largest portion of the Authority's net position (59.0%) reflects its net investment in capital assets. The Authority uses these capital assets to provide services to its customers and consequently, 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. Unrestricted net position (33.6%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (7.4%) represents resources that are subject to external legal restrictions on how they may be used.

The Authority's total assets and deferred outflows increased by $142,023,097 (29.3%) over 2014. The majority of this change is from an increase in restricted assets of $90,931,773 and an increase in net capital assets of $54,411,458.

The Authority's total liabilities increased by $108,207,707 (351.5%) over 2014. An increase in long-term debt is the primary reason for the change.

Statements of Revenues, Expenses, Change in Net Position

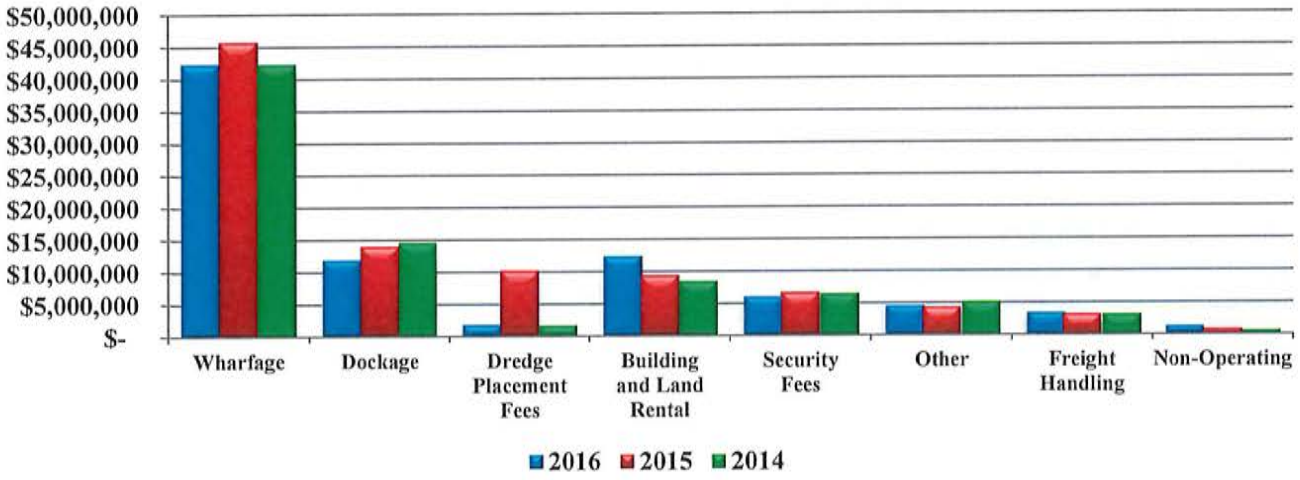
The Statements of Revenues, Expenses, and Change in Net Position serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Statements of Revenues, Expenses, and Change in Net Position summarize the operations of the Authority for the years ended December 31, 2016, 2015 and 2014:



PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2016

	2016	2015	2014	2016-15 Variance	2015-14 Variance
Revenues					
Operating revenues:					
Wharfage	$ 42,337,275	$ 45,779,919	$ 42,288,896	$ (3,442,644)	$ 3,491,023
Dockage	11,970,562	14,003,472	14,630,404	(2,032,910)	(626,932)
Security fees	6,070,139	6,673,782	6,460,860	(603,643)	212,922
Freight handling	3,463,593	3,153,285	3,133,303	310,308	19,982
Rail Charges	1,427,837	699,535	893,900	728,302	(194,365)
Building and land rentals	12,444,299	9,391,040	8,456,174	3,053,259	934,866
Conference center services	2,011,136	2,209,031	1,864,556	(197,895)	344,475
FTZ user fees	224,000	207,667	222,500	16,333	(14,833)
Dredge placement fees	1,870,497	10,151,880	1,669,714	(8,281,383)	8,482,166
Other	909,167	1,152,244	2,189,138	(243,077)	(1,036,894)
Total operating revenues	82,728,505	93,421,855	81,809,445	(10,693,350)	11,612,410
Investment income	1,184,692	518,374	341,754	666,318	176,620
Federal and other grant assistance	152,412	227,714	180,655	(75,302)	47,059
Gain on disposal of assets	-	-	40,596	-	(40,596)
Total Revenues	**84,065,609**	**94,167,943**	**82,372,450**	**(10,102,334)**	**11,795,493**
Expenses					
Operating expenses:					
Maintenance and operations	21,435,640	21,470,411	23,367,865	(34,771)	(1,897,454)
General and administrative	20,715,616	19,469,477	15,891,293	1,246,139	3,578,184
Depreciation	13,140,057	12,822,653	12,310,557	317,404	512,096
Total operating expenses	55,291,313	53,762,541	51,569,715	1,528,772	2,192,826
Interest expense and fiscal charges	2,973,844	2,030,505	535	943,339	2,029,970
Contributions-Harbor Bridge commitment	1,885,410	-	-	1,885,410	-
Bond issuance costs	-	1,139,597	-	(1,139,597)	1,139,597
Contributions to other governments	3,000,000	3,000,000	-	-	3,000,000
Loss on disposal of assets	67,638	5,829,882	-	(5,762,244)	5,829,882
Total Expenses	**63,218,205**	**65,762,525**	**51,570,250**	**(2,544,320)**	**14,192,275**
Income Before Contributions	**20,847,404**	**28,405,418**	**30,802,200**	**(7,558,014)**	**(2,396,782)**
Capital Contributions	13,128,853	7,245,620	8,657,361	5,883,233	(1,411,741)
Changes in Net Position	33,976,257	35,651,038	39,459,561	(1,674,781)	(3,808,523)
Total Net Position, Beginning of Year	488,106,572	454,291,182	414,831,621	33,815,390	39,459,561
Cumulative Effect of Change in Accounting Principle	-	(1,835,648)	-	1,835,648	(1,835,648)
Total Net Position, as Restated	488,106,572	452,455,534	414,831,621	35,651,038	37,623,913
Total Net Position, End of Year	**$ 522,082,829**	**$ 488,106,572**	**$ 454,291,182**	**$ 33,976,257**	**$ 33,815,390**

Revenues



2016 – 2015

Operating revenues in 2016 decreased by $10,693,350 or 11.4% from 2015. Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas decreased $8,281,383 in 2016 and were the largest single component of the revenue decrease. Wharfage revenues decreased $3,442,644 from 2015. The majority of the wharfage decrease was at the public oil docks ($5,427,245) and this was due to the drop in crude oil shipments. New businesses including voestalpine Texas, LLC and Oxy Ingleside Energy Center, LLC commenced operations in 2016 and this has contributed to an increase in wharfage revenues at the private oil docks and private cargo docks of $1,360,444. Dockage revenues have seen a decline of $2,032,910, mainly at the public oil docks ($1,933,812). Ship and barge traffic has declined due to the drop in oil prices and there were 90 less ships and 1,105 less barges in 2016.

Building and land rentals of Authority properties have increased $3,053,259 due to new tenants and rent escalations of existing leases.

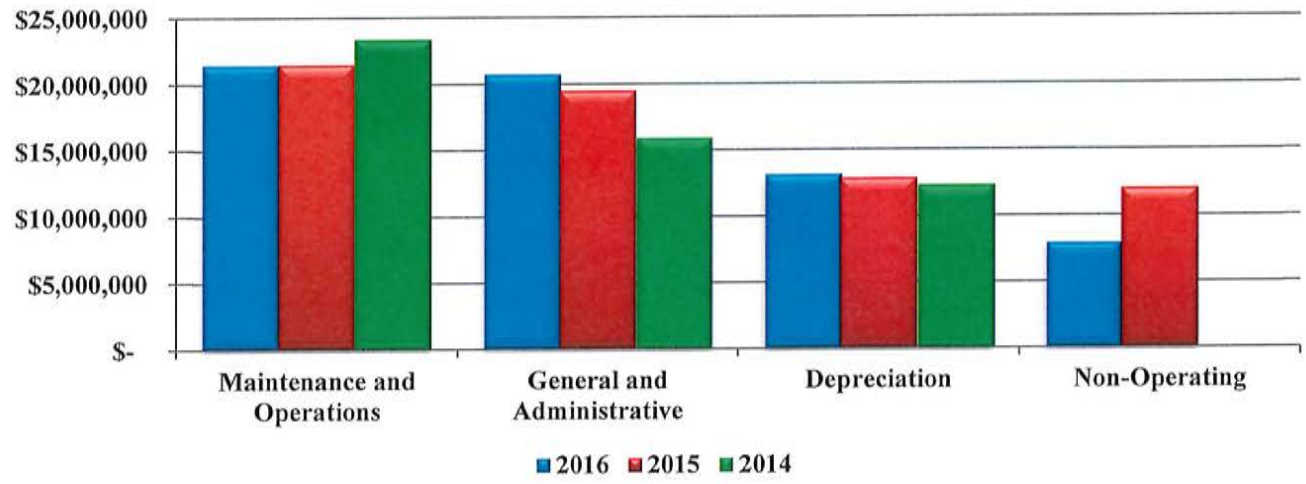
Non-operating revenues have increased $591,016 over 2015. The increase in cash, cash equivalents and investments has led to an increase in investment income of $666,318.

2015 – 2014

Operating revenues in 2015 increased by $11,612,410 or 14.2% over 2014. Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas increased $8,482,166 in 2015 and were the largest single component of the revenue increase. Wharfage revenues increased $3,491,023 over 2014. The majority of the wharfage increase was at the private oil docks ($2,073,188) and the Authority's cargo docks ($1,600,747). Movements of petroleum products continue to increase at the private oil docks and in December, 2015 the United States crude oil ban on exports was lifted and the first vessel set sail from the Port of Corpus Christi with crude oil to be exported. Shipments of wind turbines and their components have been the main reason for the increase at the Authority's cargo docks in 2015. Building and land rentals of Authority properties have increased $934,866 due to new tenants and rent escalations of existing leases.

Although wharfage revenues have increased, dockage revenues have seen a decline of $626,932, mainly at the bulk terminal facility. Other revenues have decreased $1,036,894 from 2014. In 2014, revenues were recognized for the collection of previously unbilled charges for the movement by rail of pet coke by a customer at the Authority's bulk docks for the years of 2006 through 2013.

Expenses



2016 – 2015

Operating expenses in 2016 increased $1,528,772 or 2.8% over 2015. The major variances in expenses from 2016 to 2015 are as follows:

• Maintenance	$	890,319
• Professional services		394,961
• Employee services		381,577

Maintenance project expenses have increased $1,139,382 over 2015. Major maintenance projects expenses were recorded in 2016 for resurfacing of a Southside storage yard in the amount of $733,963, and maintenance dredging of port docks in the amount of $453,578.

Professional service expenses have increased in 2016 and the increase has been in legal fees ($318,970) and environmental services ($357,160), and these increases were offset by non- reoccurring consulting fees in 2015 to develop a strategic plan and fees paid to an executive management search firm.

Of the increase in employee service costs over 2015, $697,612 is attributable to wages and payroll taxes, however, employee benefits decreased $316,035. Retirement expenses decreased $1,398,984 from 2015, and the full effects of this change in accounting principle can be found in Note 7 to the financial statements on pages 35-43. The Authority is self-funded for medical and dental expenses of its employees, and the cost of these benefits increased $826,555 over 2015.

2015 – 2014

Operating expenses in 2015 increased $2,192,826 or 4.3% over 2014. The major variances in expenses from 2015 to 2014 are as follows:

• Employee services	$	4,237,956
• Depreciation		512,096
• Maintenance		(2,344,987)
• Professional services		(1,064,518)

Of the increase in employee service costs over 2014, $1,657,567 is attributable to wages and payroll taxes. The Authority implemented several new divisions in 2015 including Chief Commercial Officer, Community Relations, and Risk Management which added seven employees. In addition, five positions were added to the Security division as recommended by the security study and three to the

Engineering division to accommodate the increase in capital projects from the 2015 revenue bond sale. The largest component of the increase in employee services, however, has been in employee benefits. Retirement benefits increased $1,961,259, partly due to the addition of staff, but mainly in part to the implementation of GASB 68, as amended by GASB 71 which requires the Authority to recognize changes in net pension liability in pension expense in the period of the change. The full effects of this change in accounting principle can be found in Note 7 to the financial statements on pages 35-43. In addition, the Authority is self-funded for medical and dental expenses of its employees. The cost of these benefits increased $607,564 over 2014.

The Authority added over $34 million in depreciable capital assets in 2015, and depreciation increased $512,096 over 2014.

Maintenance project expenses have decreased $2,008,613 from 2014. Major maintenance projects expenses were recorded in 2014 for structural repairs to a dock and rehabilitation of the fire systems at the Authority's oil docks in the amount of $1,215,939, repairs to the Authority's rail system in the amount of $666,123, repairs to the Authority's roads and parking lots in the amount of $491,500, and concrete repairs to the bulk dock in the amount of $407,481, and only minor maintenance projects were expensed in 2015.

Professional service expenses have decreased in 2015 mainly due to a non-reoccurring real estate transaction fee in the amount of $975,996 for property leased to a tenant at the La Quinta site recorded in 2014.

Capital Grants and Contributions

2016 – 2015

Capital grants and contributions increased by $5,883,233 over 2015. 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. Capital grants and contributions at December 31, 2016 include the following:

• Security Enhancements	$ 1,328,223
• State Funded Rail Improvements	10,694,923
• Donations of capital property from tenants	1,105,707

2015 – 2014

Capital grants and contributions decreased by $1,411,741 from 2014. 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. Capital grants and contributions at December 31, 2015 include the following:

• National Infrastructure Investments	$ 2,096,740
• Security Enhancements	1,269,912
• State Funded Rail Improvements	3,830,594
• State Funded Emmision Reductions	48,374

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2016 – 2015

The Authority's investment in capital assets as of December 31, 2016, amounts to $390,123,868 (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 $33,132,172 or 9.3%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 32.

Major capital asset activity during 2016 include the following:

• Construction of new oil docks	$ 15,688,790
• Expansion of rail interchange yard	14,519,885
• Land purchases	6,346,270
• Security improvements funded by grants	1,790,624

2015 – 2014

The Authority's investment in capital assets as of December 31, 2015, amounts to $356,991,696 (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 $54,411,458 or 18.0%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 32.

Major capital asset activity during 2015 include the following:

• Land purchases	$ 31,514,496
• Construction of new oil docks	17,202,955
• Rail interchange yard	7,191,858
• Additional barge mooring areas	6,272,225

The increase in the investment in capital assets was net of the sale of the Refrigerated Warehouse facility and equipment in 2015, resulting in a decrease in capital assets net of depreciation of $6.3 million.

	2016	2015	2014	2016-15 Change	2015-14 Change
Capital assets, not being depreciated:					
Land	$ 91,132,008	$ 84,786,396	$ 49,341,287	$ 6,345,612	$ 35,445,109
Channel & waterfront improvements	25,107,516	25,056,737	19,308,770	50,779	5,747,967
Intangibles	387,429	387,429	377,429	-	10,000
Construction in progress	93,743,620	59,166,446	60,764,538	34,577,174	(1,598,092)
	210,370,573	169,397,008	129,792,024	40,973,565	39,604,984
Capital assets, being depreciated:					
Port facilities	116,600,379	122,243,165	100,377,792	(5,642,786)	21,865,373
Buildings & improvements	46,005,997	46,658,332	52,123,240	(652,335)	(5,464,908)
Machinery and equipment	16,837,760	18,273,351	19,739,027	(1,435,591)	(1,465,676)
Intangibles	309,159	419,840	548,155	(110,681)	(128,315)
	179,753,295	187,594,688	172,788,214	(7,841,393)	14,806,474
Net Capital Assets	**$ 390,123,868**	**$ 356,991,696**	**$ 302,580,238**	**$ 33,132,172**	**$ 54,411,458**

Long-Term Debt

On May 27, 2015, the Authority issued $115,000,000 in taxable revenue bonds for the purposes of acquiring land and acquiring, purchasing, constructing, enlarging, extending, repairing or developing facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid of navigation and commerce thereon. The bonds are secured by the pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on pages 33-34. As of December 31, 2016, the Authority had long-term debt outstanding of $110,640,000. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2016, 2015 and 2014.

	2016	2015	2014	2016-2015 Change	2015-2014 Change
General revenue bonds	$ 110,640,000	$ 115,000,000	$ -	$ (4,360,000)	$ 115,000,000
Total Long-term Debt	**$ 110,640,000**	**$ 115,000,000**	**$ -**	**$ (4,360,000)**	**$ 115,000,000**

The Authority maintains a A+ rating from Standard and Poor's Corporation with a positive outlook and a A1 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 annual debt service requirements. As of December 31, 2016, the Authority's revenue bond coverage was 4.35.

ECONOMIC OUTLOOK

The Authority along with the local region has experienced the effects from the Eagle Ford Shale oil and gas boom and subsequent slowing, and has felt this though swings in the movement of outbound crude oil over both its public and private oil docks, along with increases and decreases in both wharfage and dockage revenues over the past several years. In 2016, the Authority saw a decline in revenues from the preceding year. This decline in annual growth was largely contributed to a decline in crude oil pricing during the year that resulted in an overall slow-down in drilling exploration and crude oil production.

The Authority continues to play a vital role as a major refinery hub, and continues to be the gateway of choice for both Eagle Ford and Permian Basin oil plays, as well as a logistical and distribution center for cargoes used in drilling, fracturing and pipeline projects.

The Authority continues to invest in new rail infrastructure and liquid docks to support the current needs and continued growth potential of the Eagle Ford and Permian Basin Shale Plays, in addition to the significant private investment still being made in the form of storage tanks, pipelines and new dock infrastructure in and around the Authority to accommodate the increased movement of crude oil. As oil prices slowly climb in price, the outlook for the next year is a slow recovery, with the nearby Eagle Ford shale formation holding estimated reserves of as much as 15 billion barrels of oil and natural gas liquids, plus some 150 trillion cubic feet of natural gas, in addition to reserves within the Permian Basin region.

In September 2016, the Port Authority entered into a Memorandum of Understanding (MOU) with the U.S. Army Corps of Engineers Galveston District (COE). The MOU will allow the Authority to move forward with the preparation for the deepening and widening of the channel in coming years. The Corpus Christi Ship Channel – Channel Improvement Project is a top priority for the Authority, as a deeper, wider ship channel, will provide better navigational safety and transportation efficiencies, and pending federal appropriations is expected to get under way in 2017.

These infrastructure improvements have placed our port in a unique position as a critical component in the export of U.S. crude and condensate. The Authorities deep draft ship channel and strategic location to some of the largest production areas in the U.S. provides a secure and competitive supply chain to markets worldwide.

In 2013, industry leading companies from throughout the world and United States committed to major investments at the Authority. Estimated total investment being made by these companies is now approaching in excess of $15 billion. Several of these projects are now completed or close to being completed and ready to begin production. Several are currently under construction, and are anticipated to come on line over the next several years. These investments include the following:

The Port awarded a contract in December, 2014 to begin construction of a new public oil ship and barge dock facility adjacent to the M&G facility in the Inner Harbor. The new dock is budgeted to cost $28 million and was substantially completed in late 2016. Production is expected to commence in 2017. Preliminary plans are underway to expand the barge capacity of an existing Port oil dock and preliminary design has been done on construction of another new public oil dock in the Inner Harbor for an additional investment of $36.3 million.

NuStar Energy completed construction in February, 2014 on a new dock project in the Inner Harbor including pipelines to move crude oil from incoming pipelines or tanks within its terminal to the new dock, a state-of-the-art metering system, vapor control system and a dock structure with three loading arms. These new upgrades have allowed NuStar to triple its marine loading capacity. The dock project was part of NuStar's $185 million, multi-phase build-out of the company's South Texas crude oil pipeline. In late December 2016, NuStar Energy completed a major asset purchase that will take their estimated throughput up over 200 million barrels annually. The acquisition includes marine terminal dock assets, additional tank storage with shell capacity of 900,000 barrels of crude and 250,000 barrels of refined products, and other assets located in the North side of the Port of Corpus Christi.

Trafigura Terminals LLC and Buckeye Texas Partners have begun construction on a $500 million terminal and associated oil storage facilities on the Inner Harbor to export and store Eagle Ford crude and condensate. Construction was completed in late 2014 on a second oil dock at the facility, and future phases are ongoing.

Magellan Midstream Partners LP is to begin a $250 million project at its terminal in the Inner Harbor to include construction of a condensate splitter, one million barrels of storage, dock improvements, truck rack bays, and connectivity between Magellan's terminal and Trafigura's nearby facility. The company has indicated it will consider multiple future phases which could more than double the facility size, if initial phase is successful.

The Port constructed a main rail interchange yard for the three Class I railroads serving the Port on the north side of the Inner Harbor. The rail project includes a 9,800 foot long unit train siding capable of storing a full 150 car unit train and four parallel ladder tracks for a total yard capacity of 15,400 feet and 223 rail cars. Phase 1 of the project was complete in April, 2015 at a cost of $17.7 million and was partially funded by a $10 million federal TIGER grant and revenues from the rail carriers. Phase II of the project will extend the four interchange yard tracks to full unit train siding length and construct four additional unit train sidings at a cost of $28 million which is partially funded by a $22 million grant from the Texas Department of Transportation. Phase II is scheduled to be complete in April 2017.

M&G Resins USA has begun construction on a $1.1 billion dollar polyethylene terephthalate (PET) resin processing plant on the Inner Harbor adjacent to the Port's Nueces River Rail Yard. Construction of the M&G facility will generate over 3,000 construction jobs. Once operational, the plant will create over 250 jobs with 700 indirect jobs and is anticipated to be the largest facility of its kind in the world. It is estimated that construction will be complete early 2017, with the first products being moved by May 2017.

The Tianjin Pipe Company (TPCO) is China's largest producer of seamless steel pipe produced from recycling scrap steel in combination with pig iron. TPCO selected a 300 acre site across from the Port's La Quinta Trade Gateway to construct a $1.3 billion seamless pipe mill. This is the largest single green-field investment by a Chinese company in a United States manufacturing facility. Construction of Phase I was complete in 2014, and TPCO has begun construction of Phase II. Thousands of construction jobs were created and when the manufacturing comes online, the new facility will employ a workforce of 600-800 people. It is estimated that the economic impact within the first ten years of the project will be $3 billion for the South Texas Coastal Bend region. TPCO expects to be operational by the end of 2017.

Austria's voestalpine Group invested $990 million in its 470 acre site at La Quinta to construct a plant that will convert iron oxide pellets into purer, easier-to-transport hot briquetted iron used in steel production. Grand opening at the plant was held October 2016 with production beginning immediately. At full capacity, the facility is expected to produce 2 million metric tons of purified iron briquettes each year. The new plant will employ 150 full-time employees.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, commenced construction in 2015 on the first phase of a $14.5 billion liquefied natural gas (LNG) export terminal on 337 acres at the La Quinta Ship Channel. The project has been designed to be constructed in phases, and operations are expected to commence on or before 2020. Based on their current schedule, they anticipate permitting for Trains 4 and 5 to be completed in 2017, and commencing operations for Train 1 as early as 2018.

Oxy Ingleside Energy Center, LLC purchased the former Naval Station Ingleside property from the Port in 2012. The company is investing $55 million in a propane and oil export facility at the site and will utilize the pier and wharf constructed by the United States Navy. Operations for the export of propane began in 2015 and with oil exports expected began in October of 2016.

OxyChem and MexiChem, in a joint venture, have begun construction of a $1 billion ethylene cracking plant located on the LaQuinta Ship Channel. Completion is anticipated in 2017 and the plant will employ around 150 people.

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 Chief Financial Officer, 222 Power Street, Corpus Christi, TX 78401.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Statement of Net Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	$ 40,707,008	$ 61,921,329
Investments (Note 2)	144,922,308	93,697,394
Accounts receivable, net (Note 3)	14,351,677	14,479,257
Interest receivable	454,072	306,850
Intergovernmental receivable	3,280,864	2,806,655
Inventory	825,074	829,185
Prepaid expenses	847,830	768,962
Total Current Assets	205,388,833	174,809,632
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	70,859,926	90,967,295
Total Restricted Assets	70,859,926	90,967,295
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	210,370,573	169,397,008
Capital assets, being depreciated, net (Note 4)	179,753,295	187,594,688
Capital Assets, Net	390,123,868	356,991,696
OTHER NON-CURRENT ASSETS:		
Accrued revenues, net of current portion	10,647,152	-
Purchase option deposit	100,000	100,000
Net pension asset (Note 7)	-	2,269,840
Total Non-Current Assets	10,747,152	2,369,840
TOTAL ASSETS	677,119,779	625,138,463
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 7)	5,529,207	1,958,889
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	682,648,986	627,097,352
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	8,590,238	6,249,151
Accrued expenses	884,891	647,322
Accrued interest payable	342,144	344,996
Unearned revenue, current portion (Note 6)	2,265,192	1,188,606
Unearned capital lease, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	4,395,000	4,360,000
Compensated absences, current portion (Note 6)	1,275,598	1,184,963
Total Current Liabilities	18,210,103	14,432,078
NON-CURRENT LIABILITIES:		
Unearned revenue, net of current portion (Note 6)	23,676,652	2,551,590
Unearned capital lease, net of current portion (Note 6)	7,747,166	8,204,206
Long-term debt, net of current maturities (Note 6)	106,245,000	110,640,000
Compensated absences, net of current portion (Note 6)	2,758,031	2,573,147
Net pension liability (Note 7)	1,057,791	-
Net OPEB obligation (Note 8)	690,456	589,759
Total Non-Current Liabilities	142,175,096	124,558,702
TOTAL LIABILITIES	160,385,199	138,990,780
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions (Note 7)	180,958	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	160,566,157	138,990,780
NET POSITION:		
Net investment in capital assets	306,107,673	288,144,036
Restricted:		
Bond interest and redemption	16,008,545	16,116,847
Harbor Bridge commitment	20,000,000	20,000,000
Law enforcement	23,370	36,862
Unrestricted	179,943,241	163,808,827
TOTAL NET POSITION	$ 522,082,829	$ 488,106,572

See accompanying notes to financial statements

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Wharfage	$ 42,337,275	$ 45,779,919
Dockage	11,970,562	14,003,472
Security fees	6,070,139	6,673,782
Freight handling	3,463,593	3,153,285
Rail Charges	1,427,837	699,535
Building and land rentals	12,444,299	9,391,040
Conference center services	2,011,136	2,209,031
FTZ user fees	224,000	207,667
Dredge placement fees	1,870,497	10,151,880
Other	909,167	1,152,244
Total Operating Revenues	82,728,505	93,421,855
OPERATING EXPENSES:		
Maintenance and operations	21,435,640	21,470,411
General and administrative	20,715,616	19,469,477
Depreciation	13,140,057	12,822,653
Total Operating Expenses	55,291,313	53,762,541
Operating Income	27,437,192	39,659,314
NON-OPERATING REVENUES (EXPENSES):		
Investment income	1,184,692	518,374
Federal and other grant assistance	152,412	227,714
Loss on disposal of assets	(67,638)	(5,829,882)
Bond issuance costs	-	(1,139,597)
Interest expense and fiscal charges	(2,973,844)	(2,030,505)
Contributions to Harbor Bridge commitment	(1,885,410)	-
Contributions to other government agencies	(3,000,000)	(3,000,000)
Net Non-Operating Revenues (Expenses)	(6,589,788)	(11,253,896)
Income Before Capital Grants and Contributions	20,847,404	28,405,418
CAPITAL GRANTS AND CONTRIBUTIONS	13,128,853	7,245,620
Change in Net Position	33,976,257	35,651,038
Total Net Position, Beginning of Year	488,106,572	452,455,534
Total Net Position, End of Year	$ 522,082,829	$ 488,106,572

See accompanying notes to financial statements

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Statement of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 93,553,996	$ 87,128,288
Cash payments to suppliers for goods & services	(18,939,227)	(19,671,051)
Cash payments to employees for services	(20,367,995)	(19,253,420)
Cash payments to and received from other operating sources	(561)	1,835
Net Cash Provided by Operating Activities	54,246,213	48,205,652
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	181,760	185,468
Payments on behalf of Harbor Bridge commitment	(1,885,410)	-
Payments to other governments	(3,000,000)	(3,000,000)
Net Cash Used by Noncapital Financing Activities	(4,703,650)	(2,814,532)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	-	113,860,403
Acquisition and construction of capital assets	(45,968,044)	(75,578,523)
Capital grants and contributions	12,627,931	7,485,865
Proceeds from sale of assets	-	518,950
Acquisition of purchase option deposit	-	(100,000)
Principal payment on capital debt	(4,360,000)	-
Interest expense and fiscal charges	(2,976,696)	(1,685,509)
Net Cash Provided (Used) for Capital and Related Financing Activities	(40,676,809)	44,501,186
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,747,873	1,180,387
Proceeds from sale and maturities of investments	162,170,000	144,135,000
Purchase of investments	(214,105,317)	(163,660,913)
Net Cash Used by Investing Activities	(50,187,444)	(18,345,526)
Net Increase (Decrease) in Cash and Cash Equivalents	(41,321,690)	71,546,780
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	152,888,624	81,341,844
Cash and Cash Equivalents at End of Year, Including Restricted Accounts	$ 111,566,934	$ 152,888,624
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 27,437,192	$ 39,659,314
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,140,057	12,822,653
Changes in assets, deferred outlows of resources, liabilities and deferred inflows of resources:		
Accounts and intergovernment receivables	(249,859)	(302,017)
Inventories	4,111	(52,681)
Prepaid items	(78,868)	29,627
Accrued revenues, net of current	(10,647,152)	-
Net pension asset	2,269,840	2,506,866
Deferred outflows of resources	(3,570,318)	(1,131,742)
Accounts payable and accrued expenses	2,581,637	373,885
Unearned revenue	22,201,648	(5,430,448)
Unearned capital lease revenue	(457,040)	(457,040)
Net pension liability	1,057,791	-
Net OPEB obligation	100,697	101,877
Compensated absences	275,519	85,358
Deferred inflows of resources	180,958	-
Total Adjustments	26,809,021	8,546,338
Net Cash Provided by Operating Activities	$ 54,246,213	$ 48,205,652
Noncash Investing, Capital, and Financing Activities:		
Amortization (accretion) of premium/discounts on investments	$ 169,166	$ 485,852
Change in fair value of investments	541,237	138,502
Change in accrued interest on investments	(147,222)	37,659
Change in intergovernmental receivables	(471,574)	197,999
Loss on disposal of assets	(67,638)	(5,829,882)
Acquisition of capital assets accrued but not paid, net of reimbursements	371,823	(1,995,580)
Bond costs paid from bond proceeds	-	1,139,597

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 Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable.

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 as the Authority has financial accountability. The Board of the IDC is appointed by the Port Commission and it is comprised of three members of the Port Commission and two members of the staff of the Authority, and the Authority is able to impose its will on the IDC. In addition, the Authority's management has operational responsibility of the IDC. 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:

	2016	2015
Total Net Position	$ 93,844	$ 12,188
Change in Net Position	$ 81,656	$ 1,765

The financial statements of the IDC may be obtained from the Authority's Chief Financial Officer 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 statement of net position. Proprietary fund equity is classified as net position. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

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.

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. Cash and cash equivalents are included in both unrestricted and restricted assets.

INVESTMENTS

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), the Authority may invest in obligations of the US Government, its agencies and instrumentalities, fully collateralized or insured time deposits, local government investment pools having a rating not less than AAA, money market mutual funds registered with the SEC whose assets consist exclusively of obligations of the US Treasury, its agencies or instrumentalities and repurchase agreements backed by those securities, fully collateralized repurchase agreements, general debt obligations of states, agencies, counties, cities and other subdivisions of the United States with a rating not less than AA, fully insured brokered certificates of deposit, delivered versus payment to the Authority's safekeeping agent, and A1/1 commercial paper with a maturity not to exceed 180 days.

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.

ACCOUNTS RECEIVABLE

Trade receivables are shown net of an allowance for uncollectible accounts which is determined based on historical experience and collection efforts. Bad debts are written off against the accounts receivable allowance when deemed uncollectible.

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. The Authority capitalizes, as a cost of its constructed assets, the weighted average interest expense applied to average cumulative expenditures.

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 debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Certain assets are reclassified as restricted due to the restriction on the use of these funds for a particular 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 assets first.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows related to pensions consist of the following items.

- Pension contributions after the measurement date – These contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a period of five years.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Changes in actuarial assumptions used to determine pension liability – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as in inflow of resources until that time. Deferred inflows related to pensions consist of the difference in expected and actual pension experience and this amount is deferred and recognized over the average remaining service life for all active, inactive and retired members.

PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authority's pension plans, see Note 6 of the Notes to the Financial Statements.

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.

UNEARNED REVENUE

Advance payments for the deposit of dredge materials into the Authority's dredge placement areas are recognized as the materials are deposited, and operating lease payments, damage claims and foreign trade zone user fees are recognized as income over the term of related agreements. Amounts received but not yet earned are reflected as unearned revenue in the accompanying statement of net position.

NET POSITION

Net position represents the residual interest in the Authority's assets and deferred outflows after liabilities are deducted and consists of three sections: net investment in capital assets; restricted and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the

acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted.

CASH RESERVE POLICY

It is the desire of the Authority to maintain adequate funds to maintain liquidity in anticipation of economic downturns or natural disasters. The Authority's Commission has adopted a Cash Reserve Policy and established target goals to further this position.

- Contingencies – a target goal of $10,000,000 was established to cover emergency expenditures incurred due to catastrophic events.
- Self Insurance – a target goal of $5,000,000 was established to cover managed risk exposures.
- Operating – a target goal of a minimum of six months and a maximum of nine months of annual operating expenses, net of depreciation based on the annual operating budget to maintain financial flexibility, liquidity and stability.

These target goals are reviewed annually and will be modified as necessary to ensure adequate resources for statutory and legal reserves.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk because of their concentration in the petroleum industry. Six customers from the petroleum industry made up over 58.4 percent of the Authority's wharfage and dockage revenue base for 2016, as compared to six customers that made up 59.1 percent in 2015. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 85.1 percent of the total cargo tonnage moved through the Authority in 2016, compared to 85.9 percent in 2015.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

GASB 72 – *Fair Value Measurement and Application* –addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB 72 is effective for financial statements for fiscal years beginning after June 15, 2015, and the Authority has implemented this statement in fiscal year 2016.

GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – establishes the hierarchy of GAAP for state and local governments. GASB 76 is effective for financial statements for fiscal years beginning after June 15, 2015, and the Authority has implemented this statement in fiscal year 2016.

PRIOR PERIOD RESTATEMENTS

During 2016 management determined that certain errors caused depreciation expense and accumulated depreciation to be overstated by $996,427 at December 31, 2015. Accordingly, the applicable 2015 amounts have been restated in these financial statements. Following is a summary of the line items from 2015 that were restated:

	Restated at December 31, 2015	Previously Stated December 31, 2015
Change in net position	$ 35,651,038	$ 34,654,611
Capital assets, being depreciated	187,594,688	186,598,261
Net investment in capital assets	288,144,036	287,147,609
Net position	488,106,572	487,110,145

FUTURE ACCOUNTING PRONOUNCEMENTS

GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* –addresses accounting and financial reporting issues related to other postemployment benefits (OPEB) other than pensions. This statement changes the focus of accounting of postemployment benefits other than pensions from how much it costs to adequately fund the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the Authority in fiscal year 2018.

2. DEPOSITS AND INVESTMENTS

At December 31, 2016 the carrying amount of the Authority's demand deposits and cash on hand was $1,624,628. 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.

At December 31, 2015 the carrying amount of the Authority's demand deposits and cash on hand was $1,217,098. 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.

GASB Statement No. 72 "*Fair Value Measurement and Application*" for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measures of their fair value and pricing. Because the investments are restricted by Policy and state law to active secondary market, the *market approach* is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

Authority's investments at December 31, 2016 and 2015 carried at fair value were:

	2016			2015		
Investment Type	Fair Value	Weighted Average Maturity (Days)	Credit Risk	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Certificates of Deposit	$ 245,000	290		$ 490,000	300	
Money market funds	28,240,365	1		86,847,358	1	
Local government pool	81,701,941	1	AAA	64,824,168	1	AAA
United States agencies	137,659,515	571	AAA	78,333,942	669	AAA
Municipal bonds	7,017,793	74	AAA/AA	14,873,452	108	AAA/AA
Total	254,864,614			245,368,920		
Short-term investments included in cash and cash equivalents	109,942,306			151,671,526		
Equity in Total Investments	**$ 144,922,308**			**$ 93,697,394**		
Portfolio weighted average maturity		311			222	

In accordance with GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*" the Authority's financial statements are required to address foreign currency risk, custodial credit risk, concentration of risk, interest rate risk, and credit risk of investments.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2016 and 2015, the Authority had no foreign currency risk.

CUSTODIAL CREDIT RISK

To control custody and safekeeping risk, State law and the Authority's adopted Investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Authority. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value for both type transactions. All repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The Authority's portfolio contained no repurchase agreements and all bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits and certificates of deposits were held by an independent institution outside the bank's holding company.

CONCENTRATION OF RISK

The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits

for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are established as:

Investment Policy		Percent of Portfolio 2016	2015
United States Treasury securities	100%	3.92%	-
United States Agency securities	100%	50.09%	31.92%
Depository Certificates of Deposit	80%	0.10%	0.20%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	32.05%	26.42%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	11.08%	35.39%
Percent of pool ownership	10%		
Interest bearing accounts	100%	0.01%	0.01%
Brokered Certificates of Deposit	10%	-	-
State and Local Debt Obligations	80%	2.75%	6.06%
Commercial Paper	15%	-	-

CUSTODIAL CREDIT RISK

To control custody and safekeeping risk, State law and the Authority's adopted Investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Authority. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value for both type transactions. All repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The Authority's portfolio contained no repurchase agreements and all bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits and certificates of deposits were held by an independent institution outside the bank's holding company.

INTEREST RATE RISK

Interest rate risk is the risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. In order to limit interest and market rate risk from changes in interest rates, the Authority's adopted Investment Policy sets maximum maturity dates for authorized investment types and a maximum dollar-weighted average maturity limit for the portfolio. The maximum stated final maturity of any investment is three years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

As of December 31, 2016, the portfolio contained fourteen structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Par Value	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLB	$ 7,000,000	1.250%	08/23/2016	08/23/2018	02/23/2017	Callable quarterly with 5 days notice	$ 7,000,000	$ 6,988,191
FHLB	5,000,000	1.000%	08/24/2016	05/24/2018	02/24/2017	Callable quarterly with 5 days notice	5,000,000	4,967,780
FHLB	10,000,000	0.900%	10/27/2016	07/27/2018	04/27/2017	Callable quarterly with 5 days notice	10,000,000	9,944,770
FHLMC	10,000,000	1.300%	10/28/2016	10/25/2019	01/25/2017	Callable quarterly with 5 days notice	10,000,000	9,866,640
FHLMC	5,000,000	1.050%	11/28/2016	11/28/2018	02/28/2017	Callable quarterly with 5 days notice	5,000,000	4,952,735
FNMA	10,000,000	1.100%	08/23/2016	08/23/2019	08/23/2017	Callable once with 10 days notice	10,000,000	9,851,450
FNMA	10,000,000	1.125%	09/06/2016	09/06/2019	09/06/2017	Callable once with 10 days notice	10,000,000	9,842,250
FHLB	10,000,000	0.875%	10/06/2016	04/12/2018	04/12/2017	Callable once with 5 days notice	10,000,000	9,970,620
FHLMC	1,930,000	0.625%	11/08/2016	10/26/2018	04/26/2017	Callable once with 5 days notice	1,930,132	1,927,848
FFCB	7,000,000	0.690%	07/29/2016	01/11/2018	10/11/2016	Callable anytime with 5 days notice	7,000,000	6,959,925
FHLB	7,000,000	1.000%	10/06/2016	09/06/2018	12/06/2016	Callable anytime with 5 days notice	7,000,000	6,962,550
FFCB	5,000,000	1.230%	11/8/2016	01/25/2019	01/25/2017	Callable anytime with 5 days notice	5,001,559	4,970,005
FFCB	5,000,000	1.150%	11/08/2016	02/22/2019	02/22/2017	Callable anytime with 5 days notice	5,002,084	4,975,725
FHLMC	3,000,000	0.900%	07/14/2015	07/14/2017	Past call date	Callable once with 5 days notice	3,000,000	3,002,166
					TOTAL		**$ 95,933,775**	**$ 95,182,655**

Abbreviations:
FHLB Federal Home Loan Bank
FNMA Federal National Mortgage Association
FHLMC Federal Home Loan Mortgage Corporation
FFCB Federal Farm Credit Bank

As of December 31, 2015, the portfolio contained ten structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Par Value	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLMC	$ 5,000,000	0.80%	05/12/2015	5/12/2017	02/12/2016	Callable quarterly with 5 days notice	$ 5,000,000	$ 4,980,175
FHLMC	2,500,000	1.00%	09/08/2015	09/08/2017	03/08/2016	Callable quarterly with 5 days notice	2,500,000	2,501,638
FHLMC	1,000,000	1.25%	09/15/2015	06/15/2018	03/15/2016	Callable quarterly with 5 days notice	1,000,000	997,630
FHLMC	1,000,000	1.00%	09/28/2015	09/28/2017	03/28/2016	Callable quarterly with 5 days notice	1,000,000	997,134
FHLMC	7,000,000	1.16%	10/29/2015	10/29/2018	01/29/2016	Callable quarterly with 5 days notice	7,000,000	6,966,946
FHLMC	5,000,000	1.45%	12/28/2015	12/28/2018	03/28/2016	Callable quarterly with 5 days notice	5,000,000	4,982,885
FHLMC	5,000,000	1.05%	12/29/2015	12/29/2017	03/29/2016	Callable quarterly with 5 days notice	5,000,000	4,982,815
FHLMC	5,000,000	0.625%	09/29/2015	09/28/2018	03/28/2016	Callable quarterly with 5 days notice Coupon steps to 1.25% on 09/28/2016 Coupon steps to 2.50% on 09/28/2017	5,000,000	4,997,090
FNMA	5,000,000	0.75%	10/30/2015	10/29/2018	04/29/2016	Callable quarterly with 5 days notice Coupon steps to 1.00% on 10/29/2016 Coupon steps to 1.25% on 04/29/2017 Coupon steps to 1.50% on 10/29/2017 Coupon steps to 2.00% on 04/29/2018	5,000,000	4,976,185
FHLMC	3,000,000	0.90%	07/14/2015	07/14/2017	01/14/2016	Callable once with 5 days notice	3,000,000	3,000,093
						TOTAL	**$ 39,500,000**	**$ 39,382,591**

Abbreviations:
FFCB Federal Farm Credit Bank
FHLB Federal Home Loan Bank
FHLMC Federal Home Loan Mortgage Corporation

CREDIT RISK

The primary stated objective of the Authority's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the Authority's approved investments authorized by the adopted Investment Policy occurs only in time and demand deposits, repurchase agreements, investment pools, commercial paper, and state and municipal obligations. All other investments are rated AAA, or equivalent, by at least one nationally recognized securities rating organization (NRSRO). State law and the adopted Investment Policy requires inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating. The adopted Investment Policy also requires a procedure to verify continued FDIC insurance weekly on brokered certificates of deposit.

State law and the Authority's adopted Investment Policy restricts both depository time and demand deposits to those banks doing business in the State of Texas and further requires full FDIC insurance and/or 102% collateralization from these depositories. Depository certificates of deposit are limited to a stated maturity of one year. Collateral, with a 102% margin, is required and restricted to obligations of the U.S. Government, its agencies, and instrumentalities, including mortgage backed securities passing the bank test. Independent safekeeping of collateral is required outside the pledging bank's holding company with monthly reporting by the custodian. Securities are priced at market on a daily basis as a contractual responsibility of the bank. The depository/collateral agreement must be executed under the terms of the Financial Industry Resource and Recovery Enforcement Act (FIRREA).

By policy and state law repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. The Authority's Investment Policy does not state a maximum maturity of repurchase agreements.

State law and the adopted Policy allow for investment in general obligations of any United States state or its agencies or sub-divisions not to exceed three years to stated maturity and rated not less than AA or its equivalent by one nationally recognized rating agency.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating organization. The adopted Investment Policy restricts investments to AAA-rated, local government investment pools striving to maintain a $1 net asset value and further regulated by state law.

3. RECEIVABLES

Receivables as of December 31, including the applicable allowances for uncollectible accounts, are as follows:

		2016	2015
Trade receivables		$ 11,679,872	$ 14,482,292
Damage claims receivable		657,540	-
Accrued revenues - capital recovery lease provision	*	12,776,582	-
		25,113,994	14,482,292
Net of allowance for uncollectibles		(115,165)	(3,035)
Receivables, net		24,998,829	14,479,257
Less: Non-current account receivable	*	(10,647,152)	-
Current account receivable		$ 14,351,677	$ 14,479,257

* Accrued revenues were recorded in 2016 for a lease provision that will be billed in future years, and is further explained in Note 6 of the Notes to the Financial Statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 84,786,396	$ 6,345,612	$ -	$ 91,132,008
Channel and waterfront improvements	25,056,737	50,779	-	25,107,516
Intangibles	387,429	-	-	387,429
Construction in progress	59,166,446	34,577,174	-	93,743,620
Total capital assets, not being depreciated	169,397,008	40,973,565	-	210,370,573
Capital assets, being depreciated:				
Port facilities	245,124,241	834,856	-	245,959,097
Buildings and improvements	85,047,462	2,570,696	82,400	87,535,758
Machinery and equipment	46,166,381	1,902,729	56,463	48,012,647
Intangibles	2,609,284	58,021	-	2,667,305
Total capital assets, being depreciated	378,947,368	5,366,302	138,863	384,174,807
Less: accumulated depreciation for				
Port facilities	122,881,076	6,477,642	-	129,358,718
Buildings and improvements	38,389,130	3,181,117	40,484	41,529,763
Machinery and equipment	27,893,030	3,312,597	30,741	31,174,886
Intangibles	2,189,444	168,701	-	2,358,145
Total accumulated depreciation	191,352,680	13,140,057	71,225	204,421,512
Total capital assets, being depreciated, net	187,594,688	(7,773,755)	67,638	179,753,295
Total capital assets, net	**$ 356,991,696**	**$ 33,199,810**	**$ 67,638**	**$ 390,123,868**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 49,341,287	$ 35,445,109	$ -	$ 84,786,396
Channel and waterfront improvements	19,308,770	5,747,967	-	25,056,737
Intangibles	377,429	10,000	-	387,429
Construction in progress	60,764,538	(1,598,092)	-	59,166,446
Total capital assets, not being depreciated	129,792,024	39,604,984	-	169,397,008
Capital assets, being depreciated:				
Port facilities	217,122,120	28,033,820	31,699	245,124,241
Buildings and improvements	91,029,778	3,596,236	9,578,552	85,047,462
Machinery and equipment	46,249,174	2,291,713	2,374,506	46,166,381
Intangibles	2,553,094	56,190	-	2,609,284
Total capital assets, being depreciated	356,954,166	33,977,959	11,984,757	378,947,368
Less: accumulated depreciation for				
Port facilities	116,744,328	6,159,584	22,836	122,881,076
Buildings and improvements	38,906,538	3,116,007	3,633,415	38,389,130
Machinery and equipment	26,510,147	3,362,557	1,979,674	27,893,030
Intangibles	2,004,939	184,505	-	2,189,444
Total accumulated depreciation	184,165,952	12,822,653	5,635,925	191,352,680
Total capital assets, being depreciated, net	172,788,214	21,155,306	6,348,832	187,594,688
Total capital assets, net	**$ 302,580,238**	**$ 60,760,290**	**$ 6,348,832**	**$ 356,991,696**

5. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2016, 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	
2017	$ 9,095,089
2018	7,594,086
2019	6,775,072
2020	5,487,625
2021	4,692,591
Thereafter	82,162,825
Total	**$ 115,807,288**

As of December 31, 2016, $13,144,381 had been received in advance payments and $12,478,463 will be billed in future periods for operating leases and has been recorded as unearned revenue. As of December 31, 2015, $3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue.

6. NON-CURRENT LIABILITIES

LONG-TERM DEBT

On May 27, 2015, the Authority issued revenue bonds, Series 2015 (Taxable), in the amount of $115,000,000 to pay costs of projects to acquire land and to acquire, purchase, construct, enlarge, extend, repair or develop facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid or navigation and commerce thereon. Certain proceeds of the Bonds were used to pay the costs of issuing the Bonds. Interest is payable on June 1 and December 1 of each year. The source of repayment, as defined by the bond resolutions, includes pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds.

Total interest expense for the year ended December 31, 2016 was $4,137,095, of which $1,177,284 was capitalized and total interest expense for the year ended December 31, 2015 was $2,460,969, of which $432,946 was capitalized.

A statement of changes in long-term debt for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	$ 115,000,000	$ -	$ 4,360,000	$ 110,640,000	$ 4,395,000
Total	**$ 115,000,000**	**$ -**	**$ 4,360,000**	**$ 110,640,000**	**$ 4,395,000**

A statement of changes in long-term debt for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	$ -	$ 115,000,000	$ -	$ 115,000,000	$ 4,360,000
Total	**$ -**	**$ 115,000,000**	**$ -**	**$ 115,000,000**	**$ 4,360,000**

Total debt service requirements as of December 31, 2016, are as follows:

Years Ending	Principal	Interest	Total
2017	$ 4,395,000	$ 4,105,722	$ 8,500,722
2018	4,450,000	4,051,092	8,501,092
2019	4,530,000	3,968,589	8,498,589
2020	4,635,000	3,866,301	8,501,301
2021	4,755,000	3,745,420	8,500,420
Thereafter	87,875,000	31,129,386	119,004,386
Total	**$ 110,640,000**	**$ 50,866,510**	**$ 161,506,510**

UNEARNED REVENUES

The Authority receives advance payments for dredge placement agreements, damage claims, operating lease contracts, and Foreign Trade Zone agreements, and the revenues will be recorded over the terms of these agreements as follows:

Years Ending	Damage Claims	Operating Leases	Foreign Trade Zone	Totals
2017	$ 114,000	$ 1,946,192	$ 205,000	$ 2,265,192
2018	-	1,401,996	-	$ 1,401,996
2019	-	1,231,959	-	$ 1,231,959
2020	-	1,205,511	-	$ 1,205,511
2021	-	1,117,860	-	$ 1,117,860
Thereafter	-	18,719,326	-	$ 18,719,326
Total	**$ 114,000**	**$ 25,622,844**	**$ 205,000**	**$ 25,941,844**

The Authority entered into a lease agreement with a tenant in 2016 that contains provisions for partial recovery of the costs of building a dock and exclusive use of that dock. In compliance with GASB Statement No. 62, the substantial investment by the tenant reasonably assures the Authority that the lease will continue over the initial term and all options and requires accounting for these lease provisions over the extended lease term of 25 years. The capital recovery provision is not payable until future years, and a receivable has been recorded for the estimated portion of the lease provision for this. Both lease provisions are recorded as unearned income to be recognized over the term of the lease.

UNEARNED CAPITAL LEASE

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 La Quinta 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	
2017	$ 457,040
2018	457,040
2019	457,040
2020	457,040
2021	457,040
Thereafter	5,919,006
Total	**$ 8,204,206**

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	$ 1,173,372	$ 891,361	$ 817,449	$ 1,247,284	$ 817,449
Sickleave	2,584,738	659,756	458,149	2,786,345	458,149
Total	**$ 3,758,110**	**$ 1,551,117**	**$ 1,275,598**	**$ 4,033,629**	**$ 1,275,598**

A statement of changes in compensated absences for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	$ 1,132,754	$ 769,737	$ 729,119	$ 1,173,372	$ 729,119
Sickleave	2,539,998	500,584	455,844	2,584,738	455,844
Total	**$ 3,672,752**	**$ 1,270,321**	**$ 1,184,963**	**$ 3,758,110**	**$ 1,184,963**

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2016, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	$ 589,759	$ 116,097	$ 15,400	$ 690,456	$ -
Total	**$ 589,759**	**$ 116,097**	**$ 15,400**	**$ 690,456**	**$ -**

A statement of changes in OPEB Obligation for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	$ 487,882	$ 112,021	$ 10,144	$ 589,759	$ -
Total	**$ 487,882**	**$ 112,021**	**$ 10,144**	**$ 589,759**	**$ -**

7. PENSION PLAN

For the year ended December 31, 2015, the Authority implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

For the year ended December 31, 2016, the Authority's Net Pension Liability was measured as of December 31, 2015, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Authority's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Asset was determined by an actuarial valuation as of that date.

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). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 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 or is available on their website at www.tcdrs.org.

Benefits Provided

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. By law, employee accounts earn 7% interest. 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. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

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 as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The actuarially determined rate for the calendar year 2016 was 4.99 percent and for the calendar year 2015 was 5.63 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2016 and 7 percent for the calendar year 2015. 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 $996,832 and $996,832, respectively for the year ended December 31, 2016, and $979,505 and $979,505, respectively for the year ended December 31, 2015.

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2015	December 31, 2014
Retirees or beneficiaries currently receiving benefits	95	95
Inactive employees entitled to but not yet receiving benefits	53	51
Active employees	202	182
	350	328

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2016 and the total net pension asset as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68 with the exception of the mortality assumptions that were updated and adopted in 2015. The actuarial valuations were determined using the following actuarial assumptions and were the same for both reporting years with the exceptions noted below:

	December 31, 2015 and December 31, 2014
Actuarial Valuation Date	
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3%
Projected Salary Increase Rates	4.9%
Cost-of-Living Adjustment	0%
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Mortality-for the actuarial valuation date of December 31, 2015, all Mortality tables use base table RP-2000 projected with Scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate Scale after that. For December 31, 2014 valuation all Mortality tables use generational mortality with Projection Scale AA	Among active members RP-2000 Active Mortality Table for Males + 2 years RP-2000 Active Mortality Table for Females – 4 years Among inactive vested members, service retirees & beneficiaries RP-2000 Combined Mortality Table for Males + 1 year RP-2000 Combined Mortality Table for Females + 0 years Among disability retirees RP-2000 Disabled Mortality Table for Males + 0 years RP-2000 Disabled Mortality Table for Females +2 year

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2016 and December 31, 2015 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
3) The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
December 31, 2015:			
Net pension liability	$ 6,353,951	$ 1,057,791	$ (3,436,932)
December 31, 2014:			
Net pension asset	$ 2,624,407	$ (2,269,840)	$ (6,392,202)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are based on January, 2016 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities-Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.80%
Private Real Estate	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

(1) Target Asset Allocation was adopted at the April, 2016 TCDRS Board meeting
(2) Geometric Real Rates of Return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions
(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

The capital market assumptions and information shown below are based on January, 2015 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities-Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities-Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate	Cambridge Associates Real Estate Index	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

(1) Target Asset Allocation was adopted at the April, 2015 TCDRS Board meeting
(2) Geometric Real Rates of Return in addition to assumed inflation of 1.7%

Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2015 based on the actuarial date of December 31, 2015 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease) Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2014	$ 43,516,753	$ 45,786,593	$ (2,269,840)
Changes for the Year:			
Service cost	1,261,508	-	1,261,508
Interest on total pension liability	3,506,024	-	3,506,024
Effect of plan changes	(209,318)	-	(209,318)
Effect of economic/demographic gains or losses	(217,150)	-	(217,150)
Effect of assumptions changes or inputs	449,183	-	449,183
Refund of contributions	(120,502)	(120,502)	-
Benefit payments	(1,855,109)	(1,855,109)	-
Administrative expenses	-	(32,747)	32,747
Member contributions	-	979,505	(979,505)
Net investment income	-	(508,400)	508,400
Employer contributions	-	979,505	(979,505)
Other (allocated system-wide items)	-	44,753	(44,753)
Balances as of December 31, 2015	**$ 46,331,389**	**$ 45,273,598**	**$ 1,057,791**

The changes in net pension asset for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease) Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2013	$ 38,336,862	$ 43,113,568	$ (4,776,706)
Changes for the Year:			
Service cost	1,020,446	-	1,020,446
Interest on total pension liability	3,162,730	-	3,162,730
Effect of plan changes	2,280,346	-	2,280,346
Effect of economic/demographic gains or losses	570,613	-	570,613
Refund of contributions	(51,827)	(51,827)	-
Benefit payments	(1,802,417)	(1,802,417)	-
Administrative expenses	-	(34,241)	34,241
Member contributions	-	827,147	(827,147)
Net investment income	-	2,888,058	(2,888,058)
Employer contributions	-	827,147	(827,147)
Other (allocated system-wide items)	-	19,158	(19,158)
Balances as of December 31, 2014	**$ 43,516,753**	**$ 45,786,593**	**$ (2,269,840)**

In December, 2014, the governing body of the Authority adopted an increase in the employer matching rate from 1:1 to 1.25:1 effective for the calendar year 2015. This change is reflected in the above table as a plan change of $2,280,346.

For the year ended December 31, 2016, the Authority recognized pension expense as follows:

	January 1, 2015 to December 31, 2015
Service cost	$ 1,261,508
Interest on total pension liability	3,506,024
Effect of plan changes	(209,318)
Administrative expenses	32,747
Member contributions	(979,505)
Expected investment return net of investment expenses	(3,741,278)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	58,910
Recognition of assumption changes or inputs	74,864
Recognition of investment gains or losses	975,904
Other (allocated system-wide items)	(44,753)
Pension expense	**$ 935,103**

For the year ended December 31, 2015, the Authority recognized pension expense as follows:

	January 1, 2014 to December 31, 2014
Service cost	$ 1,020,446
Interest on total pension liability	3,162,730
Effect of plan changes	2,280,346
Administrative expenses	34,241
Member contributions	(827,147)
Expected investment return net of investment expenses	(3,517,901)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	95,102
Recognition of investment gains or losses	125,969
Other (allocated system-wide items)	(19,158)
Pension expense	**$ 2,354,628**

For the year ended December 31, 2016, the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 380,408	$ 180,958
Changes of assumptions	374,319	-
Net difference between projected and actual earnings	3,777,648	-
Contributions made subsequent to measurement date	996,832	-
TOTALS	**$ 5,529,207**	**$ 180,958**

Amounts currently reported as deferred outflows/inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2016	$ 1,109,678
2017	1,109,678
2018	1,109,678
2019	983,710
2020	38,673
Thereafter	-
Total	**$ 4,351,417**

For the year ended December 31, 2015, the Authority recorded deferred outflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 475,111	$ -
Net difference between projected and actual earnings	503,874	-
Contributions made subsequent to measurement date	979,504	-
TOTALS	**$ 1,958,489**	**$ -**

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2015	$ 221,071
2016	221,071
2017	221,071
2018	221,071
2019	95,101
Thereafter	-
Total	**$ 979,385**

8. POSTRETIREMENT BENEFITS

GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions* (OPEB), established accounting standards for postretirement benefits. The 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, 2014.

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, 2016, two 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 $15,400 for the year ended December 31, 2016 and $10,144 for the year ended December 31, 2015.

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 Position.

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Determination of Annual Required Contribution		
Normal Cost at Year End	$ 68,857	$ 68,857
Amortization of UAAL	64,461	56,488
Annual Required Contribution (ARC)	133,318	125,345
Determination of Net OPEB Obligation		
Annual Required Contribution	133,318	125,345
Interest on Prior Year Net OPEB Obligation	23,590	19,515
Adjustment to ARC	(40,811)	(32,839)
Annual OPEB Cost	116,097	112,021
Contributions Made	(15,400)	(10,144)
Increase in Net OPEB Obligation	100,697	101,877
Net OPEB Obligation - Beginning of Year	589,759	487,882
Net OPEB Obligation - End of Year	**$ 690,456**	**$ 589,759**

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

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
2016	4.00%	$ 116,097	13.26%	$ 690,456
2015	4.00%	112,021	9.06%	589,759
2014	4.00%	108,495	18.75%	487,882
2013	4.00%	153,655	18.61%	399,726

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
2016	$ -	4.0%	$ 931,515	$ 931,515	0.0%	$ 14,240,462	6.5%
2015	-	4.0%	839,232	839,232	0.0%	13,992,927	6.0%
2014	-	4.0%	760,302	760,302	0.0%	11,816,387	6.4%
2013	-	4.0%	1,022,906	1,022,906	0.0%	11,312,022	9.0%

(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 Accrued Liability (AAL) 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, 2016 is calculated as a level dollar over 20 years on a closed basis.

The latest actuarial valuation for the Authority was completed as of January 1, 2014. 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	7.2% in the first year
	7.0% in the second year
	6.7% in the third year
	6.9% in the fourth year
	Grade down to 4.5% by the sixty-first year
Dental Cost Trend	5.46% in the first year
	5.32% in the second year
	5.19% in the third year
	5.06% in the fourth year
	Grade down to 3.86% by the thirteenth year
Healthcare Inflation Rate (Includes Administrative Expenses)	December 31, 2014 Medical 7.2%
	Dental 5.46%
	December 31, 2015 Medical 7.0%
	Dental 5.32%
	Range of Years 2016-2075:

	Medical 6.7% - 4.5% Dental 5.19% -3.86%
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
Medical Benefit Costs by Age	Varies based on projected average monthly cost for claims and administration based on experience

* Based on the 2013 pension valuation for the Texas County and District Retirement System

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2016, the Authority had remaining contractual construction and improvement commitments of approximately $49,678,876. These commitments are being financed through operating revenues, bond proceeds, 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 has a combined risk financing approach using both risk transfer and risk retention in order to appropriately manage risk in accordance with financial and operational goals. The Authority retains a maximum $4,000,000 retention on the property insurance program with primary limits of $25 million and excess limits of $75 million for a combined limit of $100 million. In order to manage liability loss exposures, various liability policies are purchased which include employment practices liability, property damage and bodily injury, law enforcement, cyber, and foreign liability. 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 $3,191,344. 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, 2016, the liability of $391,668 is comprised of estimated health claims of $377,446 and estimated worker's compensation claims of $14,222. At December 31, 2015, the liability of $168,820 is comprised of estimated health claims of $160,252 and estimated worker's compensation claims of $8,568.

Changes in the balances of claims liabilities as of December 31, 2016 and 2015 are as follows:

	2016	2015
Unpaid claims, beginning of fiscal year	$ 168,820	$ 173,348
Incurred claims (including IBNRs)	4,074,450	3,484,158
Claim payments	(3,851,602)	(3,488,686)
Unpaid claims, end of fiscal year	**$ 391,668**	**$ 168,820**

FACILITIES FINANCING BONDS

The Authority and IDC have entered into agreements with three 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 $495,395,000. 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, 2016, facilities financing revenue bonds outstanding amounted to $422,500,000.

HARBOR BRIDGE REPLACEMENT AND HILLCREST NEIGHBORHOOD RELOCATION

On August 8, 2016, groundbreaking for the U.S. 181 Harbor Bridge Replacement took place. The new bridge will be the longest precast cable-stayed span in the United States, and the third largest of its kind in the world. The clearance of the existing bridge is 138 feet and prevents larger ships from accessing the port. The new bridge will have a clearance of 205 feet, and will allow some of the world's largest ocean-going vessels entrance into the Inner Harbor of the Port of Corpus Christi. With the opening of the Panama Canal expansion in June, 2016, this will allow for greater opportunities in global trade. The new bridge is scheduled to be completed in 2021 and in addition to state and federal funding, local funding is being provided by the Authority, Nueces County, and San Patricio County. The Authority entered into a Local Project Advance Funding Agreement with the Texas Department of Transportation in 2015 to provide funding in the amount of $15 million. This contribution is being paid over a five year period in equal installments, and $9 million is outstanding as of December 31, 2016.

The plans for the new bridge will require a more gradual incline for the increased clearance and greatly impacts the residents and business owners of the predominantly minority Hillcrest neighborhood. The Federal Highway Administration (FHWA) and the Texas Department of Transportation (TxDOT) entered into a Voluntary Resolution Agreement to propose Title VI mitigation actions for the U.S. Highway 181 Harbor Bridge Replacement improvements to ensure the affected minority persons in the Hillcrest and Washington-Coles neighborhoods do not bear disproportionately adverse health or environmental effects as a result of the project. As the recipient of Federal-Aid Highway funds from FHWA, TxDOT is solely responsible for effectuating the actions in the agreement, and will provide with assistance for residential and business displacements and to work with the persons displace to find decent, safe and sanitary dwellings in the resident's preferred locations through a Voluntary Acquisition and Relocation Benefits Program.

TxDOT has entered into a separate agreement with the Authority, the Corpus Christi Housing Authority of Nueces County, and the City of Corpus Christi for purposes of implementing the Voluntary Acquisition and Relocation Benefits Program. Under this agreement, the Authority will incur Acquisition Costs in carrying out the Voluntary Acquisition Plan and Relocation Program not to exceed $20 million. The Acquisition Costs have been defined to include paying the acquisition and relocation service provider, purchasing neighborhood property, purchasing any other real property required under the Voluntary Acquisition Program, providing relocation benefits and moving expenses to eligible displaced owners and tenants of owner occupied property, eligible displaced tenants of residential rental property, and eligible displaced

businesses, providing relocation benefits and moving expenses to any other person or business in the neighborhood that is required under the Relocation Benefits Program, and demolishing dwellings and facilities acquired under the plan. All properties to be purchased will require an approved appraisal and transfer of the property with clear title will be conveyed to the Authority at the appraised value. If the Authority incurs expenditures in excess of $20 million for the purposes above, TxDOT shall reimburse the Authority for the excess acquisition costs. Under the Voluntary Acquisition Plan, the sellers must have continuously owned the property from January 1, 2016 to the date of sale and have three years ending in May, 2019 to accept any offers of sale. As of December 31, 2016, the Authority has not incurred any costs of property acquisition or relocation costs, however, offers have been extended to owners of the properties and currently, written expressions of interest are being received from the neighborhood property owners.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County and District Retirement System
Last Two Fiscal Years (Previous years are not available)

PENSION PLAN:

	Measurement Year 2014	Measurement Year 2015
TOTAL PENSION LIABILITY		
Service Cost	$ 1,020,446	$ 1,261,508
Interest on Total Pension Liability	3,162,730	3,506,024
Effect of Plan Changes	2,280,346	(209,318)
Effect of Assumption Changes/Inputs	N/A	449,183
Effect of Economic/Demographic (Gains) or Losses	570,613	(217,150)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)
Net Change in Total Pension Liability	5,179,891	2,814,636
Total Pension Liability, Beginning	38,336,862	43,516,753
Total Pension Liability, Ending	$ 43,516,753	$ 46,331,389
FIDUCIARY NET POSITION		
Employer Contributions	$ 827,147	$ 979,505
Member Contributions	827,147	979,505
Investment Income Net of Investment Expenses	2,888,058	(508,400)
Benefit Payments/Contribution Refunds	(1,854,244)	(1,975,611)
Administrative Expenses	(34,241)	(32,747)
Other	19,158	44,753
Net Change in Fiduciary Net Position	2,673,025	(512,995)
Fiduciary Net Position, Beginning	43,113,568	45,786,593
Fiduciary Net Position, Ending	$ 45,786,593	$ 45,273,598
Net Pension Liability (Asset)	$ (2,269,840)	$ 1,057,791
Fiduciary Net Position as a Percentage of Total Pension Asset	105.22%	97.72%
Annual Covered Payroll	$ 11,816,386	$ 13,992,927
Net Pension Asset as a Percentage of Covered Payroll	(19.2%)	(7.6%)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Texas County and District Retirement System

PENSION PLAN:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially Determined Contribution	$ 784,733	$ 838,335	$ 935,773	$ 959,095	$ 771,971	$ 831,354	$ 400,446	$ 405,302	$ 787,802	$ 710,599
Actual Employer Contributions	1,051,409	1,132,885	1,253,776	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505	996,832
Contribution Deficiency (Excess)	(266,676)	(294,550)	(318,003)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)	(286,233)
Annual Covered Payroll	9,558,262	10,298,956	11,397,962	11,840,675	10,531,666	10,982,221	11,312,022	11,816,386	13,992,927	14,240,462
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%	7.00%

NOTES TO SCHEDULE:

Valuation date: 12/31/2015

Actuarial determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are recorded.

Methods and Assumptions Used to Determine Contribution Rate for 2016:

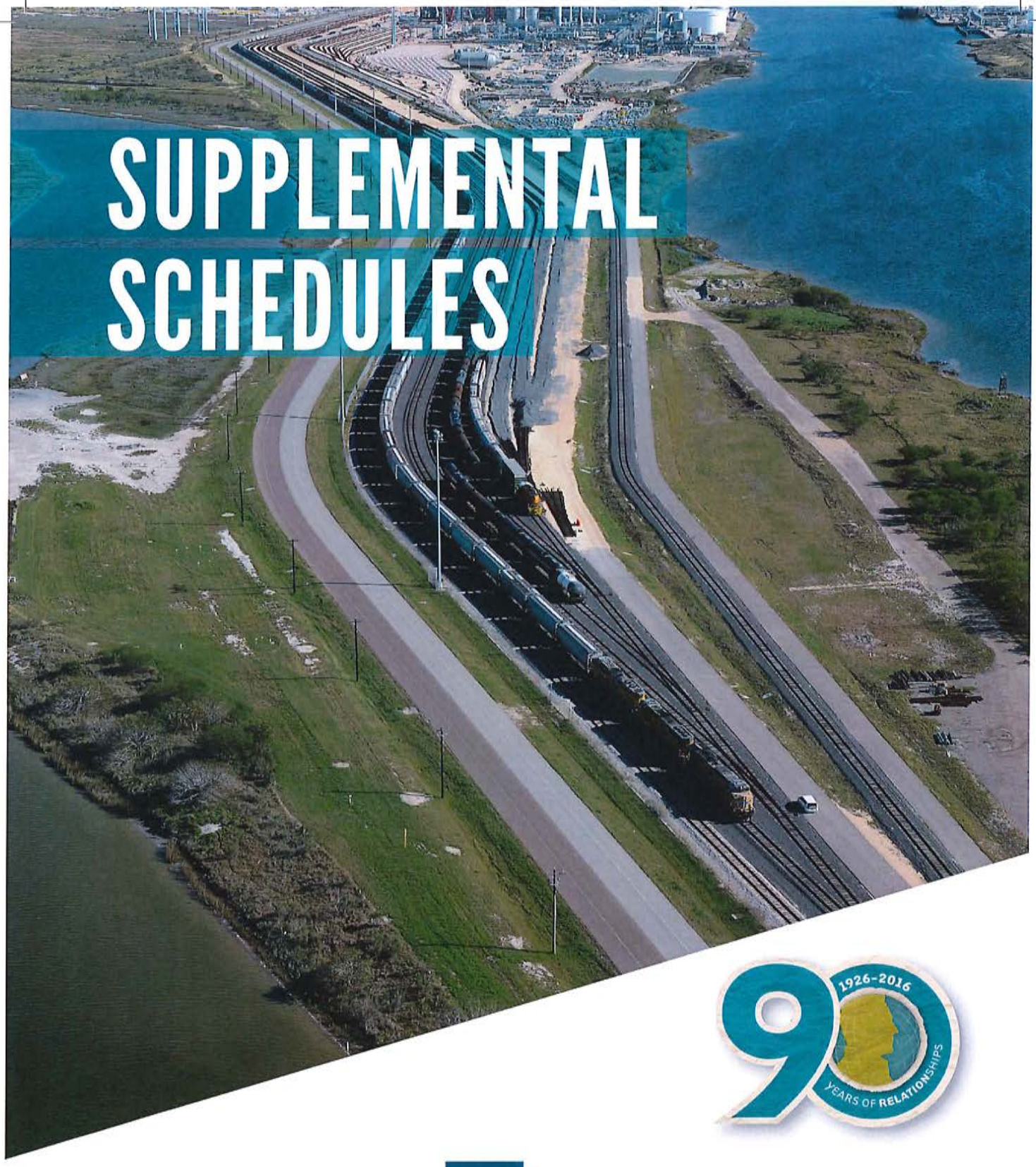
Actuarial Cost Method	Entry age normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	1.0 years (based on contribution rate calculated in 12/31/2015 valuation)
Asset Valuation Method	5 year smoothed market
Inflation	3.00%
Salary Increases	4.9% average over career including inflation
Investment Rate of Return	8% net of investment expenses, including inflation
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 acutarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Required Supplementary Information (Unaudited)
Schedule of Funding Progress

OPEB OBLIGATION:

	2014	2015	2016
Actuarial Valuation Date	1/1/2014	1/1/2014	1/1/2014
Actuarial Value of Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	$ 760,302	$ 839,232	$ 931,515
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	$ 760,302	$ 839,232	$ 931,515
Annual covered Payroll	$ 11,816,387	$ 13,992,927	$ 14,240,462
UAAL as a Percentage of Covered Payroll	6.4%	6.0%	6.5%



SUPPLEMENTAL SCHEDULES

1926-2016
90 YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

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

	Year Ended December 31, 2016		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	$ 42,337,275	$ 49,579,073	(15)
Dockage	11,970,562	16,188,060	(26)
Security fees	6,070,139	7,132,535	(15)
Freight handling	3,463,593	2,837,061	22
Rail Charges	1,427,837	686,200	108
Building and land rentals	12,444,299	9,470,652	31
Conference center services	2,011,136	2,194,901	(8)
FTZ user fees	224,000	246,000	(9)
Dredge placement fees	1,870,497	-	100
Other	909,167	3,820,325	(76)
Total Operating Revenues	82,728,505	92,154,807	(10)
OPERATING EXPENSES:			
Maintenance and operations	21,435,640	23,788,897	10
General and administrative	20,715,616	21,243,797	2
Depreciation	13,140,057	13,881,831	5
Total Operating Expenses	55,291,313	58,914,525	6
Operating Income	27,437,192	33,240,282	(17)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	1,184,692	713,925	66
Federal and other grant assistance	152,412	251,002	(39)
Loss on disposal of assets	(67,638)	-	(100)
Interest expense and fiscal charges	(2,973,844)	(4,140,297)	(28)
Contributions to Harbor Bridge Project	(1,885,410)	-	(100)
Contributions to other governmental agencies	(3,000,000)	(3,000,000)	0
Net Non-Operating Revenues	(6,589,788)	(6,175,370)	(7)
Income Before Capital Grants and Contributions	20,847,404	27,064,912	(23)
CAPITAL GRANTS AND CONTRIBUTIONS	13,128,853	15,555,859	(16)
Change in Net Position	$ 33,976,257	$ 42,620,771	(20)

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, 2016 and 2015

	2016	2015
MAINTENANCE AND OPERATIONS:		
Employee services	$ 9,478,572	$ 9,993,556
Maintenance	4,367,556	3,667,189
Utilities	980,564	1,073,706
Telephone	90,885	78,674
Insurance & claims	1,520,100	1,745,262
Professional services	1,160,192	864,991
Police expenses	1,552,251	31,320
Contracted services	149,847	1,334,780
Office and equipment rental	96,681	109,355
Operator and event expenses	1,712,280	1,624,343
Safety/Environmental	84,493	70,797
General	242,219	876,438
Total Maintenance and Operations	$ 21,435,640	$ 21,470,411
GENERAL AND ADMINISTRATIVE:		
Employee services	$ 11,446,283	$ 10,549,722
Maintenance	948,956	759,004
Utilities	162,490	160,630
Telephone	97,984	91,439
Insurance & claims	148,816	109,887
Professional services	4,462,954	4,363,193
Police expenses	2,943	1,227
Contracted services	140,500	49,477
Office and equipment rental	123,574	99,176
Administrative	2,578,220	2,667,808
Trade and sales development	172,765	165,955
Media advertising	327,641	311,184
Production	23,768	74,566
Safety/Environmental	45,881	43,037
General	32,841	23,172
Total General and Administrative	$ 20,715,616	$ 19,469,477

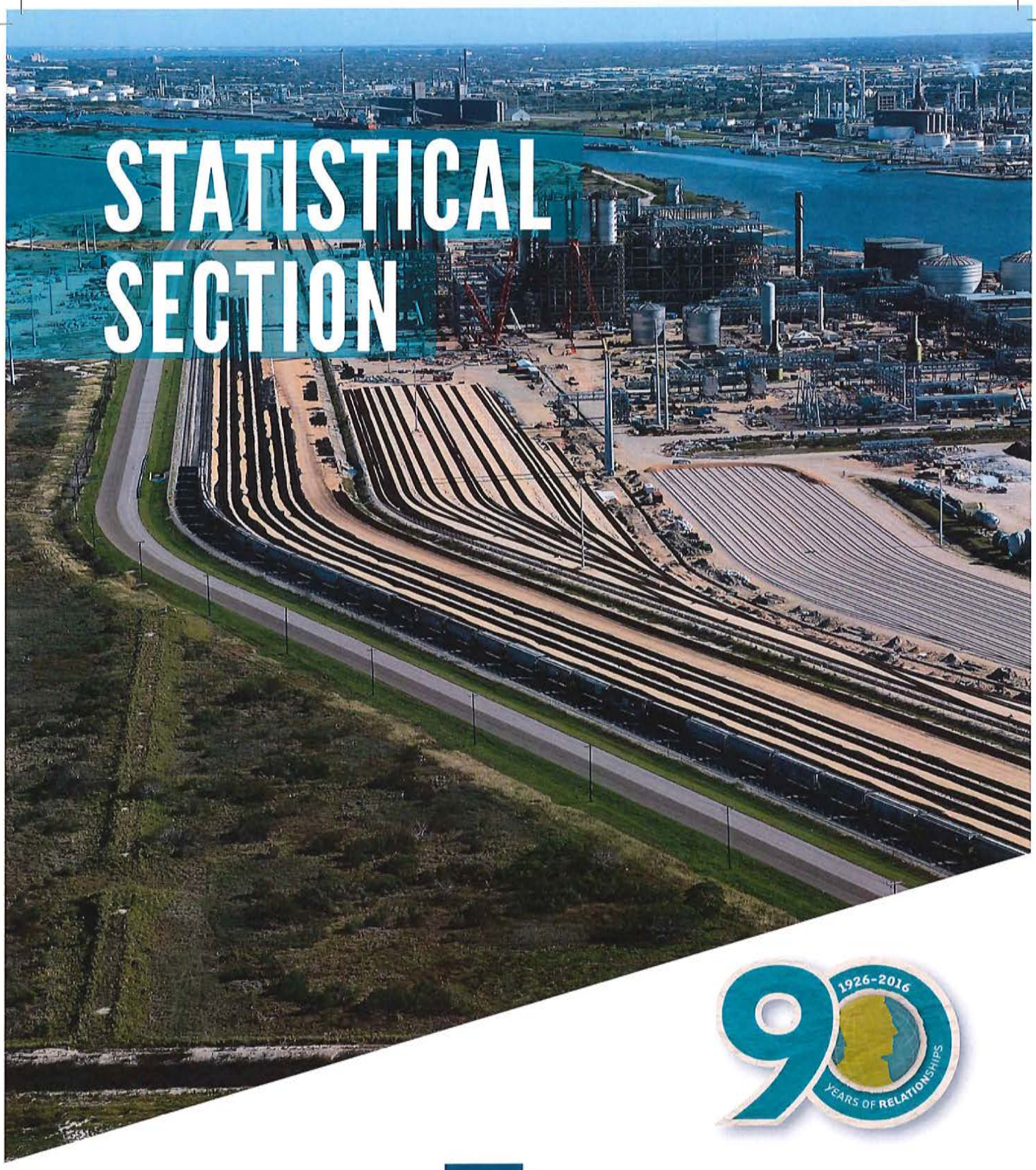
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Schedules of Facilities Financing Bonds
December 31, 2016

Description		Interest Rates	Issue Date	Series Maturity	Original Amount	Balance Outstanding
Pollution Control Revenue Bonds:						
Hoechst Celanese, Series 2002A		6.450%	05/01/2002	2030	$ 13,995,000	$ -
Hoechst Celanese, Series 2002B		6.700%	05/01/2002	2030	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					$ 495,395,000	$ 422,500,000

* - Issued by the Industrial Development Corporation (IDC)


PORTCORPUSCHRISTI



STATISTICAL SECTION

1926-2016
90 YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

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

	Page
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	59
Revenue Capacity These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	63
Debt Capacity 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.	69
Demographic and Economic Information 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.	71
Operating Information 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.	73
Additional Information 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.	79

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.

PORTCORPUSCHRISTI

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Changes in Net Position
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Operating revenues:										
Wharfage	$ 27,219,535	$ 26,359,823	$ 24,826,670	$ 26,567,587	$ 27,410,252	$ 31,293,692	$ 35,688,217	$ 42,288,896	$ 45,779,919	$ 42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
Total operating revenues	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855	82,728,505
Investment income	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692
Federal and other grant assistance	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412
Donation of personal property	-	-	-	225,825	4,500	-	-	-	-	-
Gain on disposal of assets	-	-	7,266	-	3,727,517	-	-	40,596	-	-
Total Revenues	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943	84,065,609
Expenses										
Operating expenses:										
Maintenance and operations	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640
General and administrative	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616
Depreciation	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057
Total operating expenses	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313
Interest expense and fiscal charges	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844
Bond issuance costs	37,828	28,615	20,735	10,743	-	-	-	-	1,139,597	-
Fiscal payments to subrecipients	-	284,048	-	-	-	128,730	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	1,885,410
Contributions to other government agencies	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Loss on disposal of assets	10,293	308,883	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638
Total Expenses	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205
Income(Loss) Before Contributions	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	28,405,418	20,847,404
Capital Contributions	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620	13,128,853
Changes in Net Position	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257
Total Net Position, Beginning of Year	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182	488,106,572
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	-	1,835,648	-
Total Net Position, End of Year	$ 224,999,680	$ 234,095,010	$ 236,908,223	$ 353,800,874	$ 371,906,226	$376,613,552	$ 414,831,621	$ 454,291,182	$ 488,106,572	$ 522,082,829
Net Position at Year End										
Net investment in capital assets	$ 204,800,725	$ 202,587,244	$ 211,984,713	$ 321,470,695	$ 334,092,868	$245,665,607	$ 273,398,051	$ 293,461,952	$ 288,144,036	$ 306,107,673
Restricted	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915
Unrestricted	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241
Total Net Position	$ 224,999,680	$ 234,095,010	$ 236,908,223	$ 353,800,874	$ 371,906,226	$376,613,552	$ 414,831,621	$ 454,291,182	$ 488,106,572	$ 522,082,829

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Wharfage	$27,219,535	$26,359,823	$24,826,670	$26,567,587	$27,410,252	$31,293,692	$35,688,217	$42,288,896	$45,779,919	$42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
	$44,929,457	$51,051,193	$46,425,890	$52,279,852	$58,698,961	$62,432,414	$77,467,953	$81,809,445	$93,421,855	$82,728,505
Non-Operating Revenues:										
Other:										
Investment income	$ 1,230,324	$ 932,447	$ 584,849	$ 478,291	$ 467,494	$ 163,804	$ 283,544	$ 341,754	$ 518,374	$ 1,184,692
Other	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412
	$ 1,230,324	$ 1,216,495	$ 609,685	$ 764,922	$ 4,369,477	$ 501,769	$ 574,271	$ 563,005	$ 746,088	$ 1,337,104

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 6,952,412	$ 8,255,443	$ 7,866,038	$ 8,374,106	$ 7,810,947	$ 8,258,807	$ 7,324,312	$ 8,304,043	$ 9,993,556	$ 9,478,572
Maintenance	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556
Utilities	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564
Telephone	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885
Insurance & claims	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100
Professional services	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192
Police expenses	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251
Contracted services	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847
Office and equipment rental	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681
Operator and event expenses	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280
Warehouse supplies	38,292	68,428	44,700	9,037	8,024	-	-	-	-	-
Safety/Environmental	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493
General	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219
	$21,392,329	$21,842,912	$20,697,782	$20,248,511	$22,760,814	$22,721,681	$18,144,056	$23,367,865	$21,470,411	$21,435,640
General and Administrative:										
Employee services	$ 6,808,607	$ 7,349,030	$ 7,837,903	$ 7,692,080	$ 7,224,377	$ 7,423,777	$ 7,272,765	$ 8,001,279	$10,549,722	$11,446,283
Maintenance	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956
Utilities	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490
Telephone	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984
Insurance & claims	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816
Professional services	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954
Police expenses	216	314	174	82	82	-	190	1,616	1,227	2,943
Contracted services	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500
Office and equipment rental	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574
Administrative	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220
Trade and sales development	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765
Media advertising	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641
Production	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768
Safety/Environmental	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881
General	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841
	$12,521,179	$13,007,565	$15,029,743	$14,939,210	$13,830,284	$17,835,428	$15,378,025	$15,891,293	$19,469,477	$20,715,616
Depreciation	$ 8,442,640	$ 9,648,639	$10,060,645	$12,165,114	$13,381,562	$13,738,571	$12,024,981	$12,310,557	$12,822,653	$13,140,057
Non-Operating Expenses:										
Other:										
Interest	$ 658,323	$ 591,057	$ 504,030	$ 450,602	$ 392,699	$ (51,908)	$ 16,986	$ 535	$ 2,030,505	$ 2,973,844
Other	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048
	$ 668,616	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699	$ 9,594,492	$ 119,943	$ 535	$11,999,984	$ 7,926,120

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues (OR)	$ 44,929,457	$ 51,051,193	$ 46,425,890	$ 52,279,852	$ 58,698,961	$ 62,432,414	$ 77,467,953	$ 81,809,445	$ 93,421,855	$ 82,728,505
Operating Expenses (OE) *	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)	(40,939,888)	(42,151,256)
Net Operating Income (NOI)	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,550,287	52,481,967	40,577,249
Non-Operating Revenues	1,230,324	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005	746,088	1,337,104
Non-Operating Expenses	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)	(7,926,892)
Net Income "A" (NI"A")	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,112,757	41,228,071	33,987,461
Depreciation	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)	(12,822,653)	(13,140,057)
Net Income (Loss) "B" (NI"B")	$ 3,135,017	$ 6,584,584	$ 722,640	$ 5,221,951	$ 12,703,079	$ (955,989)	$ 32,375,219	$ 30,802,200	$ 28,405,418	$ 20,847,404
Net Capital Assets (NCA) **	$ 173,486,988	$ 218,586,423	$ 216,324,078	$ 310,154,387	$ 308,029,828	$ 205,249,468	$ 236,941,202	$ 241,815,700	$ 297,825,250	$ 296,380,248
Total Assets (TA)	$ 258,145,439	$ 263,271,819	$ 265,643,291	$ 383,387,219	$ 399,959,365	$ 398,840,431	$ 435,235,356	$ 485,074,255	$ 625,138,463	$ 677,119,779
Operating Indicators:										
Operating ROI (NOI/NCA)	6.35%	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.60%	17.62%	13.69%
Operating Margin (NOI/OR)	24.52%	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.01%	56.18%	49.05%
Operating Ratio (OE/OR)	75.48%	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.99%	43.82%	50.95%
Other ROI Indicators:										
ROI "A" (NI"A"/TA)	4.48%	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.89%	6.60%	5.02%
ROI "B" (NI"B"/TA)	1.21%	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.35%	4.54%	3.08%

* - Excludes Depreciation
** - Excludes Construction in Progress

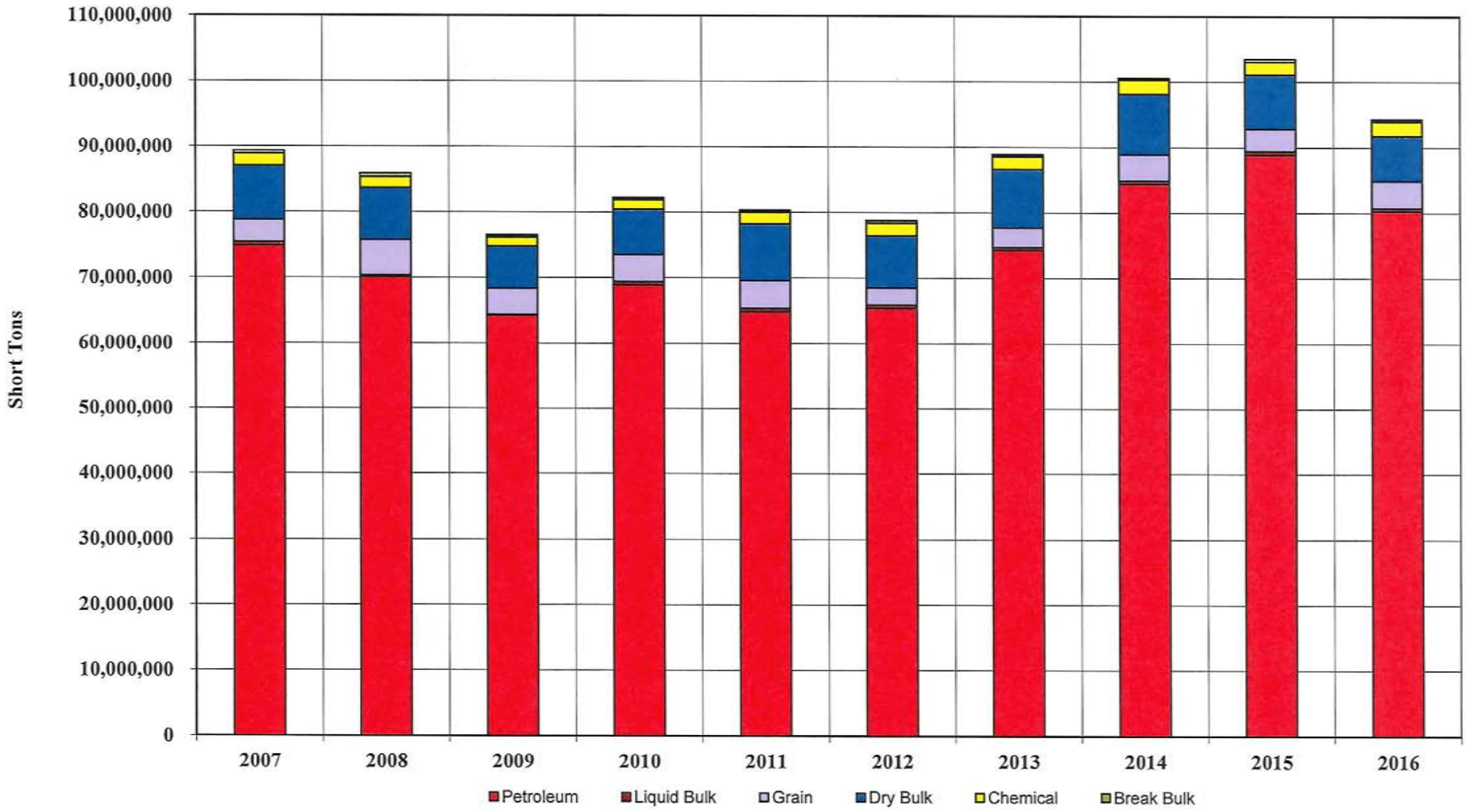
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Port Commerce By Commodity Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Commodity By Port Division - *Short tons*										
Inner Harbor										
Break Bulk	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471
Grain	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145
Chemical	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512
Dry Bulk	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585	74,015,877
Total	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625	82,519,884
La Quinta										
Break Bulk	-	-	-	1,369	-	-	3,551	105,282	111,346	85,069
Chemical	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329
Dry Bulk	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428
Petroleum	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548
Total	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374
Harbor Island										
Break Bulk	6	2	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	2	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271
Dry Bulk	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804	345
Petroleum	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512	6,198,461
Total	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077
Rincon Point										
Break Bulk	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-	-
Grain	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-
Dry Bulk	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-	-
Total	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335
Commodity Totals - *Short tons*										
Break Bulk	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811
Grain	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145
Chemical	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842
Dry Bulk	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467	80,237,886
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years



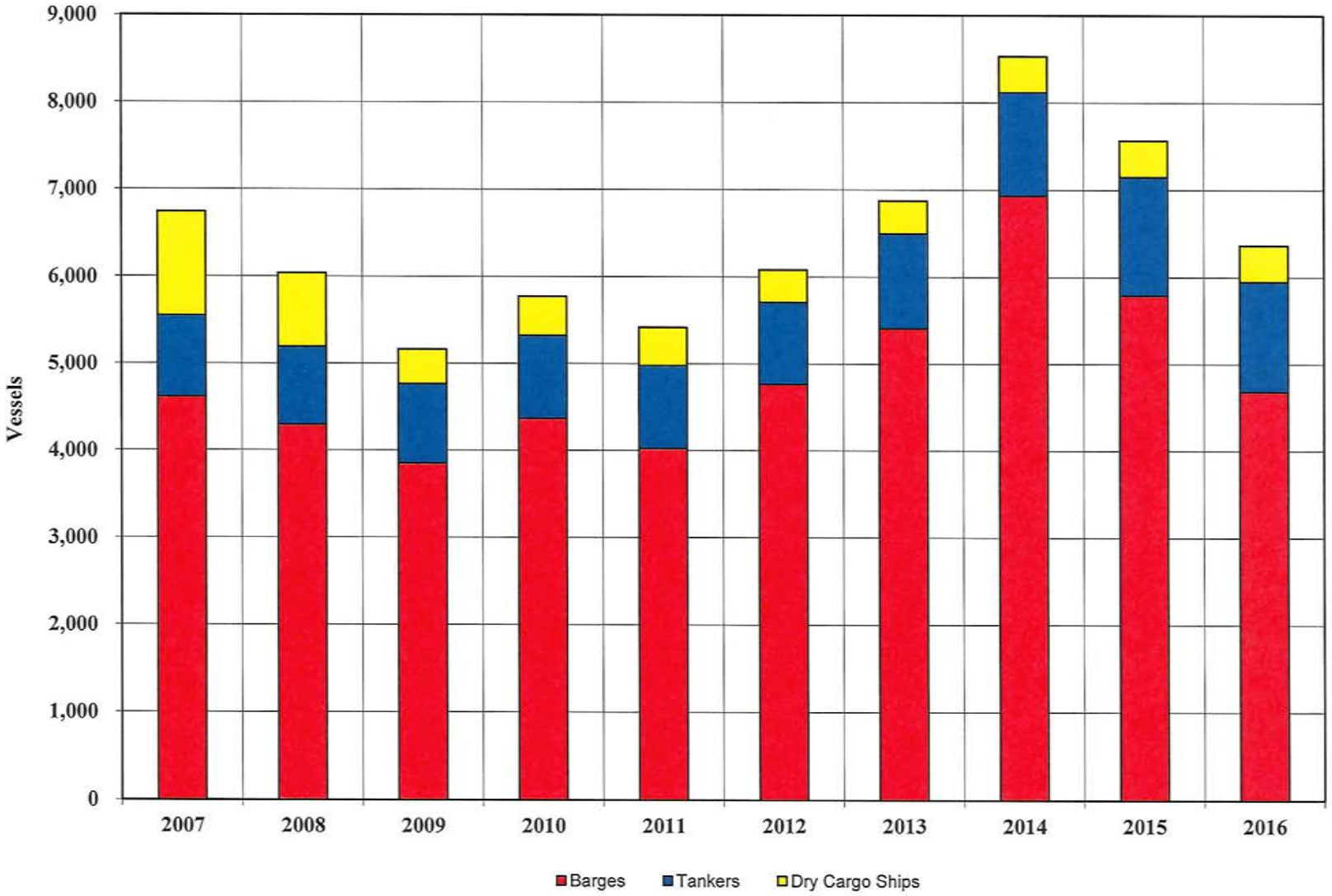
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Vessel Traffic Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Inner Harbor										
Ships										
Dry Cargo	371	452	250	267	280	226	224	223	283	293
Tankers	753	744	746	783	780	760	873	986	1,143	1,039
Barges	4,388	4,117	3,700	4,168	3,878	4,580	5,087	6,475	5,479	4,478
Total Vessels	5,512	5,313	4,696	5,218	4,938	5,566	6,184	7,684	6,905	5,810
La Quinta Harbor										
Ships										
Dry Cargo	157	150	123	124	117	114	125	130	104	88
Tankers	95	61	62	69	101	116	114	130	124	140
Barges	169	107	80	124	90	59	88	101	118	80
Total Vessels	421	318	265	317	308	289	327	361	346	308
Harbor Island										
Ships										
Dry Cargo	630	227	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	5	-	-	-
Barges	-	-	-	-	1	-	2	-	-	-
Total Vessels	630	227	-	-	1	-	7	-	-	-
Ingleside Harbor										
Ships										
Dry Cargo	34	24	24	59	42	37	29	60	31	35
Tankers	90	93	107	105	75	65	94	70	89	89
Barges	48	58	67	67	51	123	225	353	190	124
Total Vessels	172	175	198	231	168	225	348	483	310	248
Rincon Point										
Barges	6	8	2	3	2	2	6	-	-	-
Total Vessels	6	8	2	3	2	2	6	-	-	-
Total										
Ships										
Dry Cargo	1,192	853	397	450	439	377	378	413	418	416
Tankers	938	898	915	957	956	941	1,086	1,186	1,356	1,268
Barges	4,611	4,290	3,849	4,362	4,022	4,764	5,408	6,929	5,787	4,682
Total Vessels	6,741	6,041	5,161	5,769	5,417	6,082	6,872	8,528	7,561	6,366

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years



PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Tariff Rates
Last Ten Years

	U/M	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wharfage Rates											
All Cargo NOS	W/M	$2.5000	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3100	$3.3900
Dry Bulk	S/T	$0.6000	$0.6000	$0.6200	$0.9000	$1.0500	$1.2500	$1.2800	$1.3300	$1.3700	$1.4000
Liquid Bulk	BRL	$0.0800	$0.0800	$0.0831	$0.0828	$0.0839	$0.0883	$0.0901	$0.0937	$0.0965	$0.0987
Beans, Lentils & Peas	S/T	$0.5000	$0.5500	$0.5700	$0.5700	$0.5800	$0.6100	$0.6200	$0.6400	$0.6600	$0.6700
Cotton	Bale	$0.4800	$0.4800	$0.5000	$0.5000	$0.5100	$0.5400	$0.5500	$0.5700	$0.5900	$0.6000
Grain and Grain Products	S/T	$0.5000	$0.7000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	$1.5500
Grain and Grain Products (bulk)	S/T	$0.1700	$0.2500	$0.2600	$0.2600	$0.2600	$0.2700	$0.2800	$0.2900	$0.3000	$0.3100
Iron and Steel Articles	S/T	$1.2000	$1.8000	$1.8700	$1.8600	$1.8800	$1.9800	$2.0200	$2.1000	$2.1600	$2.2100
Machinery, agricultural	S/T	$1.7600	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3310	$3.3900
Machinery, grading, earth moving	S/T	$2.0000	$2.7500	$2.8600	$2.8500	$2.8900	$3.0400	$3.1000	$3.2200	$3.3100	$3.3900
Military Cargo	S/T	$2.3000	$2.3000	$5.3800	$5.3600	$5.4300	$5.7200	$5.8400	$6.0700	$6.2500	$6.3900
Milk, dehydrated	S/T	$0.5000	$0.7000	$1.5200	$1.5100	$1.5300	$1.6100	$1.6400	$1.7100	$1.7600	$1.8000
Passengers	Person	$5.0000	$5.0000	$5.0000	$4.9800	$5.0500	$5.5300	$5.6400	$5.8600	$6.0300	$6.1700
Power Generation/Plant Equipment	S/T	$1.9000	$2.7500	$2.8500	$2.8400	$2.8800	$3.0300	$3.1000	$3.2200	$3.3100	$3.3900
Refrigerated Cargo	S/T	$1.3000	$1.3000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	-
Rice and Rice Products	S/T	$0.5000	$0.7000	$1.3000	$1.2900	$1.3100	$1.3800	$1.4100	$1.4700	$1.5100	$1.5500
Sand, aggregates, caliche, limestone	S/T	$0.6000	$0.6000	$0.6200	$0.9000	$1.0500	$1.2500	$1.2800	$1.3300	$1.3700	$1.4000
Vegetable oil	S/T	$1.2000	$1.2000	$1.2500	$1.2500	$1.2700	$1.3400	$1.3700	$1.4200	$1.4600	$1.5000
Vehicles	S/T	$3.4000	$4.7500	$4.9400	$4.9200	$4.9800	$5.2400	$5.3500	$5.5600	$5.7200	$5.8500
Vessels, pressure	S/T	$3.4000	$3.4000	$3.5300	$3.5200	$3.5700	$3.7600	$3.8400	$3.9900	$4.1100	$4.2000
Dockage Rates											
General Cargo											
Vessels			**Dry/Liquid**								
0-199	Feet	$1.97	$2.28/$1.62	$2.37	$2.36	$2.39	$2.52	$2.57	$2.67	$2.75	$2.81
200-399	Feet	$2.55	$2.99/$2.10	$3.11	$3.10	$3.14	$3.31	$3.38	$3.51	$3.61	$3.70
400-499	Feet	$3.50	$4.23/$2.88	$4.40	$4.38	$4.44	$4.67	$4.76	$4.95	$5.10	$5.21
500-599	Feet	$4.67	$5.69/$3.85	$5.91	$5.89	$5.97	$6.28	$6.41	$6.66	$6.86	$7.01
600-699	Feet	$5.43	$6.51/$4.47	$6.77	$6.74	$6.83	$7.19	$7.34	$7.63	$7.85	$8.03
700-799	Feet	$6.89	$8.39/$5.67	$8.72	$8.69	$8.80	$9.26	$9.45	$9.83	$10.12	$10.35
800-899	Feet	$8.29	$10.10/$6.83	$10.50	$10.46	$10.60	$11.16	$11.39	$11.84	$12.19	$12.47
900 +	Feet	$9.92	$12.08/$8.17	$12.55	$12.50	$12.66	$13.33	$13.60	$14.14	$14.56	$14.89
Barges - Inland Waterway		$0.09 NRT	$90.00 Flat	$95.00 Flat	$125.00	$126.64	$133.30	$136.01	$150.00	$154.41	$157.93
Bulk Terminal	GRT	$0.13	$0.49	$0.51	$0.41	$0.42	$0.44	$0.45	$0.47	$0.48	$0.49
Liquid Bulk											
Vessels	DWT	$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Barges											
0-360 Feet	Barge	$70.00	$90.00	$95.00	$125.00	$126.64	$133.30	$136.01	$150.00	$154.41	$154.41
360 +	Barge	$700.00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee [2]											
Ships	Ship	$240.00	$275.00	$275.00	$2,032.00	$2,032.00	$2,032.00	$2,032.00	$1,153.00	$1,153.00	$1,153.00
Barges	Barge	$30.00	$35.00	$35.00	$230.00	$230.00	$230.00	$230.00	$132.00	$132.00	$132.00
Security Surcharge Fee [1]		11.5%	12.0%	10.0%	10.0%	7.5%	7.5%	7.5%	7.5%	7.5%	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, 2016 and 2007

WHARFAGE and DOCKAGE REVENUE:

Customer	2016 Wharfage and Dockage Revenue	2016 Rank	2016 %	2007 Wharfage and Dockage Revenue	2007 Rank	2007 %
Valero	$ 9,331,500	1	17.18%	$ 8,871,035	1	26.97%
Citgo	7,633,707	2	14.06%	7,182,176	2	21.84%
Flint Hills	5,403,717	3	9.95%	5,800,826	3	17.64%
Buckeye Texas Hub LLC	4,135,172	4	7.61%	-		
Martin Operating	2,634,544	5	4.85%	1,948,698	4	5.92%
Nu Star Logistics	2,618,538	6	4.82%	-		
Max Shipping, Inc.	2,063,984	7	3.80%	-		
GE Energy Logistics	1,650,918	8	3.04%	-		
Moran-Gulf Shipping Agency	1,494,665	9	2.75%	-		
Biehl & Company	1,421,269	10	2.62%	349,452	10	1.06%
Equistar	-			1,338,098	5	4.07%
Koch	-			492,853	6	1.50%
Dix-Fairway Terminals	-			377,565	7	1.15%
Valls Shipping Co.	-			353,776	8	1.08%
Port Corpus Terminal	-			350,995	9	1.07%
Subtotal (10 largest)	38,388,014		70.69%	27,065,473		82.29%
Other	15,919,823		29.31%	5,826,441		17.71%
Total	**$ 54,307,837**		**100.00%**	**$ 32,891,914**		**100.00%**

TONNAGE:

Customer	2016 Tonnage	2016 Rank	2016 %	2007 Tonnage	2007 Rank	2007 %
Citgo	23,238,335	1	24.64%	24,705,504	1	27.66%
Valero	22,655,008	2	24.03%	23,338,573	2	26.13%
Flint Hills	11,753,018	3	12.46%	17,050,537	3	19.09%
Buckeye Texas Hub LLC	11,123,933	4	11.80%			
Nu Star Logistics	4,888,198	5	5.18%	3,214,264	5	3.60%
Martin Operating Partners	3,600,643	6	3.82%			
ADM/Gromark River System, Inc.	2,285,602	7	2.42%	1,987,155	8	2.22%
Sherwin Alumina Company LP	2,267,677	8	2.40%	5,779,703	4	6.47%
Occidental Chemical Corp.	2,095,329	9	2.22%	1,796,165	9	2.01%
Interstate Grain Port Terminal	1,883,412	10		1,408,634	10	1.58%
Equistar	-			2,058,123	6	2.30%
Koch	-			* 2,044,000	7	2.29%
Subtotal (10 largest)	85,791,155		90.98%	83,382,658		93.35%
Other	8,501,181		9.02%	5,937,036		6.65%
Total	**94,292,336**		**100.00%**	**89,319,694**		**100.00%**

* Flint Hills was formerly Koch Petroleum

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Ratios of Outstanding Debt
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Bonds	$ 12,005,000	$ 10,885,000	$ 9,725,000	$ 8,515,000	$ 7,250,000	$ -	$ -	$ -	$ 115,000,000	$ 110,640,000
Capital Leases	47,622	46,215	27,384	10,285	521	-	-	-	-	-
Total Outstanding Debt	$ 12,052,622	$ 10,931,215	$ 9,752,384	$ 8,525,285	$ 7,250,521	$ -	$ -	$ -	$ 115,000,000	$ 110,640,000
Per Capita	$371	$305	$290	$240	$190	$ -	$ -	$ -	$ 2,673	$ 2,542
Percent of Personal Income	0.09%	0.07%	0.07%	0.06%	0.04%	-	-	-	0.6%	0.6%

Details regarding the Authority's outstanding debt can be found in Note 5 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

Pledged 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	
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
2012	62,805,453	40,557,109	22,248,344	-	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-	-
2014	82,372,450	39,259,158	43,113,292	-	-	-	-
2015	94,167,943	43,942,020	50,225,923	5,750,000	2,750,323	8,500,323	5.91
2016	84,065,609	47,050,348	37,015,261	5,823,158	2,677,185	8,500,343	4.35

(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 and interest on retainage and other non-operating expenses paid in cash, excluding depreciation and gain (loss) on disposal of capital assets

(A) Debt service requirements represent average annual debt service

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Demographic and Economic Statistics
Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015(E)	2016
Population (1)	420,407	423,168	427,262	428,026	431,051	437,012	443,448	448,108	449,323	452,422
Personal Income-(in thousands) (1)	$ 13,660,323	$ 15,177,801	$ 14,391,053	$ 15,230,833	$ 16,434,306	$ 17,206,720	$ 17,641,544	$ 18,659,017	$ 19,328,061	$ 19,691,711
Per Capita Personal Income (1)	$ 32,493	$ 35,867	$ 33,682	$ 35,584	$ 38,126	$ 39,374	$ 39,783	$ 41,640	$ 43,016	$ 43,525
Unemployment rate (2)	4.40%	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%	5.74%

Source:
(1) Bureau of Economic Analysis (updated November 17, 2016-- new estimates for 2015; revised estimates for 1998-2014.)
(2) Bureau of Labor Statistics

(E) Estimate of 2015 population from the Texas Department of State Health Services

Unemployment % 2016 (2)	
Jan	5.50%
Feb	5.30%
Mar	5.60%
Apr	5.30%
May	5.30%
Jun	6.00%
Jul	6.20%
Aug	6.20%
Sep	6.20%
Oct	5.60%
Nov	5.60%
Dec	6.10%
Avg	5.74%

TABLE 12 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Principal Employers
December 31, 2016 and 2007

	2016			2007		
Employer	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Christus Spohn Heath System	4,033	1	1.55%	5,400	2	2.30%
Bay, Ltd.	3,200	2	1.23%	2,100	7	0.90%
Driscoll Children's Hospital	2,006	3	0.77%			
Corpus Christi Medical Center - Doctors Regional	1,500	4	0.58%	1,300	9	0.55%
HEB Stores & Bakery	1,498	5	0.58%	5,000	4	2.13%
Del Mar College	1,418	6	0.54%	1,542	8	0.66%
Christus Health	1,364	7	0.52%			
Flint Hills Resources	1,233	8	0.47%			
Christus Spahn Cancer Center	1,197	9	0.46%			
Sam Kane Beef Processors, Inc.	950	10	0.37%			
Total	18,399		7.07%	15,342		6.54%

Source:
Employers and Number of Employees provided by Corpus Christi Regional Economic and Development Corporation
Corpus Christi, Texas MSA Employment provided by Bureau of Economic Analysis

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Employees by Function Last Ten Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operations:										
Cold Storage Facility	12	9	-	-	-	-	-	-	-	-
Bulk Terminal Facility	16	17	17	14	17	18	22	23	22	21
Harbormaster's Office	10	10	10	9	9	9	9	8	9	10
Lift Bridge	5	-	-	-	-	-	-	-	-	-
Maintenance	43	43	48	46	45	45	38	40	43	44
Police Department	40	44	49	51	46	44	43	48	48	48
	126	123	124	120	117	116	112	119	122	123
Administration:										
Executive Director	2	5	4	6	2	2	2	3	2	3
Chief Operating Officer	-	-	-	-	-	2	2	2	2	2
Deputy Port Director	-	3	4	4	4	2	-	-	-	-
Chief Commercial Officer	-	-	-	-	-	-	-	-	2	2
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	5	5	5	5	5	5	5	5	6	6
Business Development	7	5	7	3	3	3	4	4	5	5
Communications	-	-	-	2	3	3	3	4	4	4
Community Relations	-	-	-	-	-	-	-	-	3	2
Property & Industrial Development	1	1	1	1	3	3	3	3	3	4
Finance and Administration	2	2	2	2	2	2	2	2	2	1
Accounting	8	9	9	7	8	8	10	9	10	10
Procurement	-	-	-	-	-	-	-	-	-	3
Risk Management	-	-	-	-	-	-	-	-	2	2
Safety Management	-	-	-	-	-	-	-	1	2	2
Emergency Management	-	-	-	-	-	-	-	-	-	1
Information Technology	9	9	7	7	6	7	6	8	13	13
Engineering	10	8	10	9	8	8	10	13	16	20
Environmental Planning & Compliance	3	2	4	3	4	4	4	6	5	4
Operations	7	5	7	4	4	4	5	4	4	1
	55	55	61	54	53	54	57	65	82	86
	181	178	185	174	170	170	169	184	204	209

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Capital Asset Statistics Last Five Years

	2012	2013	2014	2015	2016
Harbor divisions	6	6	7	7	7
Turning basins	5	5	6	6	6
Corpus Christi Ship Channel (miles)	35	35	37	37	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	7	7	6	7	7
Covered docks	3	3	3	3	3
Open docks	2	2	2	4	4
Special public use dock	1	1	1	1	1
Covered storage (square feet)	295,000	295,000	295,000	295,000	295,000
Dockside rail access (docks)	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1
Liquid bulk docks	11	12	13	13	13
Ship	6	6	7	7	7
Barge	5	6	6	6	6
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)	30	30	35	35	35
Container handling machines	0	0	0	0	0
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
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	285	285	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	17,770	17,770	18,062	18,062
Emerged (acres)	5,822	7,286	7,296	7,301	7,383
Dredge Placement Areas	4,688	4,974	4,974	4,974	4,974
Open storage/development (acres)	2,400	2,312	2,322	2,327	2,409
Railroads					
Railway (miles)	42	43	45	48	48
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emerged (acres)	-	-	-	-	-
Land-submerged (acres)	-	-	-	-	-
Wharfs and piers (linear feet)	-	-	-	-	-
Buildings-office/classrooms,barracks,warehouse (sq ft)	-	-	-	-	-

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 (Overfunded) Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
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%
2011	28,148,929	28,169,728	99.9%	20,799	10,531,666	0.2%
2012	29,524,708	29,044,854	101.7%	(479,854)	10,982,221	(4.4%)
2013	31,917,556	30,786,850	103.7%	(1,130,706)	11,312,022	(10.0%)
2014	34,405,338	34,812,267	98.8%	406,929	11,816,386	3.4%
2015	37,078,189	37,973,188	97.6%	894,999	13,992,927	6.4%

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Schedule of Insurance in Force
December 31, 2016

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/16-17	$4,000,000/$100,000	$ 100,000,000
Federal Flood Insurance	Varies	1,250	Varies
Boiler and Machinery	04/01/16-17	5,000	23,575,270
Business Auto Liability	10/01/16-17	5,000/10,000	1,000,000
Foreign Liability-Travel Accident & Sickness	10/01/16-17	500	250,000/500,000/1,000,000
Firebarge Hull & Machinery	10/01/16-17	25,000	3,500,000
29' Safeboat Hull & Machinery	10/01/16-17	25,000	159,065
31' Safeboat Hull & Machinery			350,000
Other Boats & Motors			224,895
General Liability/Marine	10/01/16-17	50,000	20,000,000
Cyber Liability	06/01/16-17	25,000	3,000,000
Errors and Omissions Liability	10/01/16-17	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/16-17	10,000	5,000,000/10,000,000
Customs Bond - FTZ Operator	09/28/16-17	-	250,000
Marine Terminal Operator Bond	02/15/16-17	-	100,000
Employee Fidelity (Crime) Bond	10/01/16-17	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/16-17	-	Statutory/1,000,000
Terrorism	04/01/16-17	25,000	100,000,000

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Miscellaneous Statistical Data December 31, 2016

Date of Incorporation: 1922

Form of Government: A public corporation and political subdivision of the State of Texas

Number of Employees: 209

Geographic Location: Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border

Area: 8,167 - Emergent acres
18,062 - Submerged acres

Population:

Year	City of Corpus Christi	Nueces County	San Patricio 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: 1.89 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 - 72.15°
Average Low- 62.8°
Average High- 81.5°

Average Seasonal Rainfall: 31.7

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

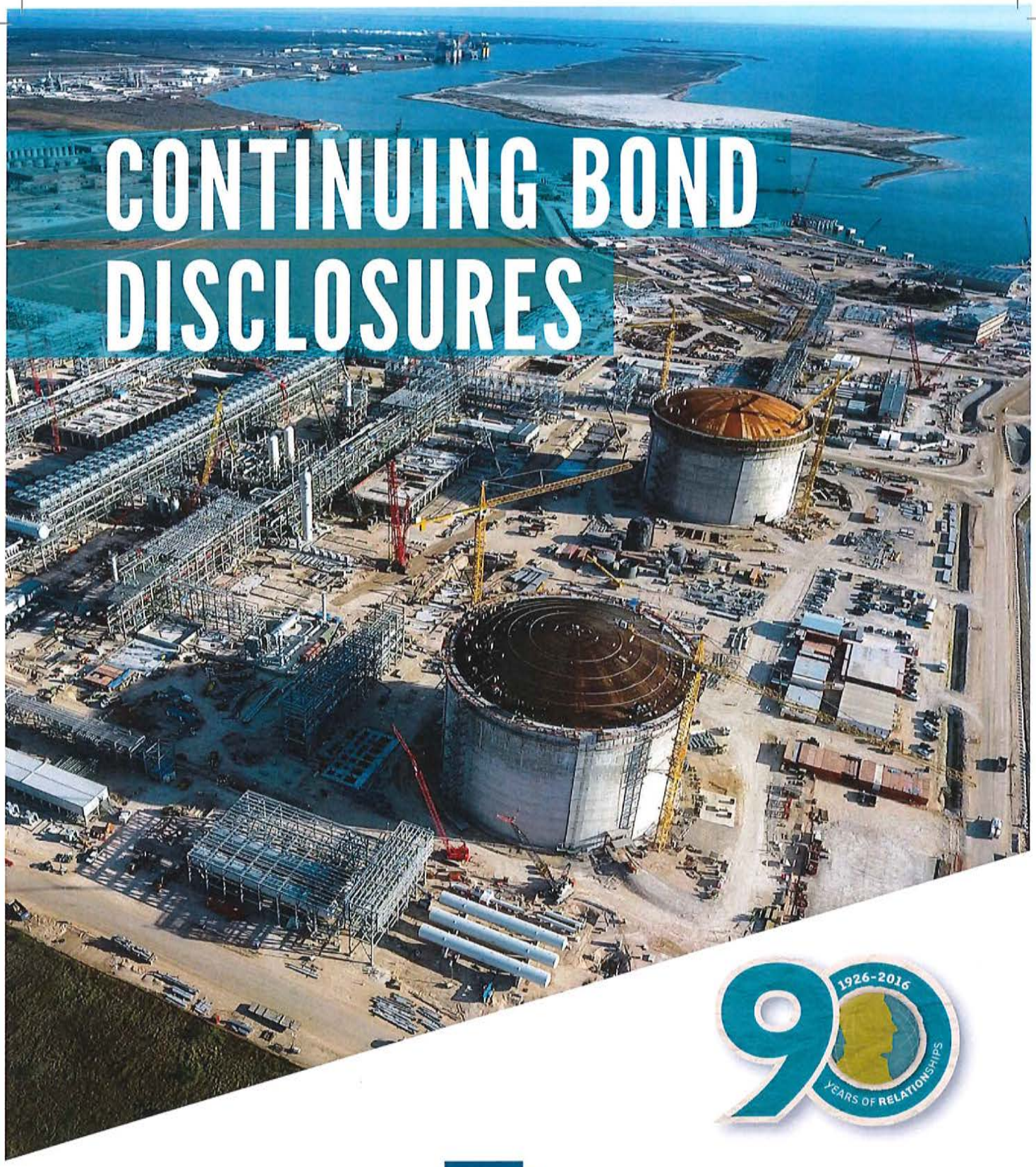
Miscellaneous Statistical Data December 31, 2016

Public Docks:

Bulk liquid		13 - Main Harbor
Dry cargo		6 - Main Harbor
Dry cargo		1 - Rincon
Bulk materials		2 - Main Harbor
		22

Private Docks:

Bulk liquid	- Citgo	7 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Flint Hills	1 - Ingleside
	- NuStar	1 - Main Harbor
	- Trafigura	5 - Main Harbor
	- Valero	6 - Main Harbor
	- Occidental Energy (NSI)	6 - Ingleside
	- Koch Gathering	1 - Ingleside
Dry cargo	- Bay Inc.	1 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Fordyce	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	2 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - LaQuinta
	- EMAS AMC	1 - LaQuinta
	- voestalpine	1 - LaQuinta
	- Occidental Chemical	3 - LaQuinta
	- Signet Maritime	1 - Jewell Fulton
Bulk materials	- ADM/Growmark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Vulcan Materials	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
		50



CONTINUING BOND DISCLOSURES

1926-2016
90 YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Port Commerce By Commodity Last Ten Years

Table 1:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Commodity By Port Division - *Short tons*										
Inner Harbor										
Break Bulk	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695	248,471
Grain	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829	4,169,145
Chemical	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841	105,512
Dry Bulk	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620	3,548,129
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585	74,015,877
Total	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625	82,519,884
La Quinta										
Break Bulk	-	-	-	1,369	-	-	3,551	105,282	111,346	85,069
Chemical	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132	2,095,329
Dry Bulk	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951	3,357,428
Petroleum	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370	23,548
Total	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799	5,561,374
Harbor Island										
Break Bulk	6	2	-	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	2	-	-	-	-	-	-	-	-
Ingleside										
Break Bulk	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348	12,271
Dry Bulk	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804	345
Petroleum	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512	6,198,461
Total	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664	6,211,077
Rincon Point										
Break Bulk	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-	-
Grain	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-	-
Dry Bulk	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-	-
Total	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-	-
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,335
Commodity Totals - *Short tons*										
Break Bulk	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389	345,811
Grain	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829	4,169,145
Chemical	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973	2,200,842
Dry Bulk	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375	6,905,901
Liquid Bulk	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055	432,750
Petroleum	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467	80,237,886
Total	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088	94,292,139

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Revenues by Source Last Ten Years

Table 2:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Wharfage	$27,219,535	$26,359,823	$24,826,670	$26,567,587	$27,410,252	$31,293,692	$35,688,217	$42,288,896	$45,779,919	$42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
	$44,929,457	$51,051,193	$46,425,890	$52,279,852	$58,698,961	$62,432,414	$77,467,953	$81,809,445	$93,421,855	$82,728,505
Non-Operating Revenues:										
Other:										
Investment income	$ 1,230,324	$ 932,447	$ 584,849	$ 478,291	$ 467,494	$ 163,804	$ 283,544	$ 341,754	$ 518,374	$ 1,184,692
Other	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714	152,412
	$ 1,230,324	$ 1,216,495	$ 609,685	$ 764,922	$ 4,369,477	$ 501,769	$ 574,271	$ 563,005	$ 746,088	$ 1,337,104

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

Table 3:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Expenses:										
Maintenance and Operation:										
Employee services	$ 6,952,412	$ 8,255,443	$ 7,866,038	$ 8,374,106	$ 7,810,947	$ 8,258,807	$ 7,324,312	$ 8,304,043	$ 9,993,556	$ 9,478,572
Maintenance	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189	4,367,556
Utilities	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706	980,564
Telephone	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674	90,885
Insurance & claims	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262	1,520,100
Professional services	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991	1,160,192
Police expenses	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320	1,552,251
Contracted services	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780	149,847
Office and equipment rental	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355	96,681
Operator and event expenses	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343	1,712,280
Warehouse supplies	38,292	68,428	44,700	9,037	8,024	-	-	-	-	-
Safety/Environmental	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797	84,493
General	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438	242,219
	$21,392,329	$21,842,912	$20,697,782	$20,248,511	$22,760,814	$22,721,681	$18,144,056	$23,367,865	$21,470,411	$21,435,640
General and Administrative:										
Employee services	$ 6,808,607	$ 7,349,030	$ 7,837,903	$ 7,692,080	$ 7,224,377	$ 7,423,777	$ 7,272,765	$ 8,001,279	$10,549,722	$11,446,283
Maintenance	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004	948,956
Utilities	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630	162,490
Telephone	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439	97,984
Insurance & claims	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887	148,816
Professional services	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193	4,462,954
Police expenses	216	314	174	82	82	-	190	1,616	1,227	2,943
Contracted services	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477	140,500
Office and equipment rental	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176	123,574
Administrative	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808	2,578,220
Trade and sales development	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955	172,765
Media advertising	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184	327,641
Production	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566	23,768
Safety/Environmental	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037	45,881
General	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172	32,841
	$12,521,179	$13,007,565	$15,029,743	$14,939,210	$13,830,284	$17,835,428	$15,378,025	$15,891,293	$19,469,477	$20,715,616
Depreciation	$ 8,442,640	$ 9,648,639	$10,060,645	$12,165,114	$13,381,562	$13,738,571	$12,024,981	$12,310,557	$12,822,653	$13,140,057
Non-Operating Expenses:										
Other:										
Interest	$ 658,323	$ 591,057	$ 504,030	$ 450,602	$ 392,699	$ (51,908)	$ 16,986	$ 535	$ 2,030,505	$ 2,973,844
Other	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479	4,953,048
	$ 668,616	$ 1,183,988	$ 524,765	$ 469,988	$ 392,699	$ 9,594,492	$ 119,943	$ 535	$11,999,984	$ 7,926,892

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Leases
December 31, 2016

Table 4:

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2016, 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		
2017	$	9,095,089
2018		7,594,086
2019		6,775,072
2020		5,487,625
2021		4,692,591
Thereafter		82,162,825
Total	**$**	**115,807,288**

As of December 31, 2016, $25,622,844 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2015, $3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue.

Table 5:

CAPITAL LEASES

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 La Quinta 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		
2017	$	457,040
2018		457,040
2019		457,040
2020		457,040
2021		457,040
Thereafter		5,919,006
Total	**$**	**8,204,206**

TABLE 22 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Changes in Net Position
Last Ten Years

Table 6:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Operating revenues:										
Wharfage	$ 27,219,535	$ 26,359,823	$ 24,826,670	$ 26,567,587	$ 27,410,252	$ 31,293,692	$ 35,688,217	$ 42,288,896	$ 45,779,919	$ 42,337,275
Dockage	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472	11,970,562
Security fees	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782	6,070,139
Freight handling	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285	3,463,593
Rail Charges	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535	1,427,837
Building and land rentals	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040	12,444,299
Conference center services	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031	2,011,136
Warehouse handling charges	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-	-
FTZ user fees	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667	224,000
Dredge placement fees	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880	1,870,497
Other	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244	909,167
Total operating revenues	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855	82,728,505
Investment income	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374	1,184,692
Federal and other grant assistance	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714	152,412
Donation of personal property	-	-	-	225,825	4,500	-	-	-	-	-
Gain on disposal of assets	-	-	7,266	-	3,727,517	-	-	40,596	-	-
Total Revenues	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943	84,065,609
Expenses										
Operating expenses:										
Maintenance and operations	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411	21,435,640
General and administrative	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477	20,715,616
Depreciation	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	12,822,653	13,140,057
Total operating expenses	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	53,762,541	55,291,313
Interest expense and fiscal charges	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505	2,973,844
Bond issuance costs	37,828	28,615	20,735	10,743	-	-	-	-	1,139,597	-
Fiscal payments to subrecipients	-	284,048	-	-	-	128,730	-	-	-	-
Contributions to Harbor Bridge Commitment	-	-	-	-	-	-	-	-	-	1,885,410
Contributions to other government agencies	-	-	-	-	-	-	-	-	3,000,000	3,000,000
Loss on disposal of assets	10,293	308,883	-	8,643	-	9,517,670	102,957	-	5,829,882	67,638
Total Expenses	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	65,762,525	63,218,205
Income(Loss) Before Contributions	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	28,405,418	20,847,404
Capital Contributions	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620	13,128,853
Changes in Net Position	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	35,651,038	33,976,257
Total Net Position, Beginning of Year	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182	488,106,572
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	-	1,835,648	-
Total Net Position, End of Year	$ 224,999,680	$ 234,095,010	$ 236,908,223	$ 353,800,874	$ 371,906,226	$ 376,613,552	$ 414,831,621	$ 454,291,182	$ 488,106,572	$ 522,082,829
Net Position at Year End										
Net investment in capital assets	$ 204,800,725	$ 202,587,244	$ 211,984,713	$ 321,470,695	$ 334,092,868	$ 245,665,607	$ 273,398,051	$ 293,461,952	$ 288,144,036	$ 306,107,673
Restricted	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709	36,031,915
Unrestricted	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827	179,943,241
Total Net Position	$ 224,999,680	$ 234,095,010	$ 236,908,223	$ 353,800,874	$ 371,906,226	$ 376,613,552	$ 414,831,621	$ 454,291,182	$ 488,106,572	$ 522,082,829

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Projected Operating Results and Debt Service Coverage Next Five Years

Table 7:

	2016	2017	2018	2019	2020
Operating Revenues:					
Wharfage	$ 42,337,275	$ 48,728,666	$ 50,801,109	$ 55,085,349	$ 60,218,493
Dockage	11,970,562	13,147,692	13,410,646	13,678,859	13,952,436
Security	6,070,139	7,878,254	8,074,936	8,575,060	8,964,612
Freight Handling	2,595,153	2,462,395	2,462,395	2,462,395	2,462,395
Storage	868,440	695,500	695,500	695,500	695,500
Rail Charges	1,427,837	2,405,470	2,779,627	2,779,627	2,779,627
Other Revenue	2,779,665	1,697,486	2,126,672	1,268,300	1,268,300
Conference Center Services	2,011,136	2,275,119	2,275,119	2,275,119	2,275,119
Building and Land Rentals	12,444,299	12,178,304	12,178,304	12,178,304	12,178,304
Foreign Trade User Fees	224,000	264,000	264,000	264,000	264,000
Total Operating Revenues	82,728,505	91,732,886	95,068,308	99,262,513	105,058,786
Operating Expenses:					
Direct Expenses	21,435,640	38,570,630	36,809,774	34,531,870	35,222,507
Indirect Expenses	20,715,616	23,937,422	23,906,170	24,384,294	24,871,980
Total Operating Expenses	42,151,256	62,508,052	60,715,944	58,916,164	60,094,487
Other Revenues (Expenses):					
Investment Income	1,184,692	1,622,700	1,655,154	1,688,257	1,722,022
Other Income	152,412	254,257	259,342	264,529	269,820
Interest Expense	(13,682)	(11,851)	(11,851)	(11,851)	(11,851)
Contributions to other government agencies	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	-
Contributions to Harbor Bridge commitment	(1,885,410)	(32,369,500)	(17,997,500)	(12,027,500)	-
Contributions from other government agencies	-	30,932,000	27,960,000	18,490,000	-
Total Other Revenues (Expenses)	(3,561,988)	(2,572,394)	8,865,145	5,403,435	1,979,991
Net Operating Revenues Available for Debt Service	$ 37,015,261	$ 26,652,440	$ 43,217,509	$ 45,749,784	$ 46,944,290
Debt Service	8,499,948	8,500,722	8,501,092	8,501,092	8,498,589
Total Debt Service	$ 8,499,948	$ 8,500,722	$ 8,501,092	$ 8,501,092	$ 8,498,589
Average Annual Debt Service Coverage	4.35	3.14	5.08	5.38	5.52
Maximum Debt Service Coverage	4.35	3.14	5.08	5.38	5.52

See Table 8-Debt Service Requirements, for the debt service requirements on the bonds.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Debt Service Requirements
December 31, 2016

At December 31, 2016, total debt service requirements are as follows:

Table 8:

	Principal	Interest	Total
2017	$ 4,395,000	$ 4,105,722	$ 8,500,722
2018	4,450,000	4,051,092	8,501,092
2019	4,530,000	3,968,589	8,498,589
2020	4,635,000	3,866,301	8,501,301
2021	4,755,000	3,745,421	8,500,421
2022	4,895,000	3,608,096	8,503,096
2023	5,045,000	3,454,491	8,499,491
2024	5,210,000	3,288,662	8,498,662
2025	5,390,000	3,112,199	8,502,199
2026	5,575,000	2,924,250	8,499,250
2027	5,785,000	2,715,912	8,500,912
2028	6,010,000	2,491,049	8,501,049
2029	6,250,000	2,248,426	8,498,426
2030	6,510,000	1,989,863	8,499,863
2031	6,785,000	1,714,034	8,499,034
2032	7,100,000	1,401,449	8,501,449
2033	7,425,000	1,074,352	8,499,352
2034	7,770,000	732,283	8,502,283
2035	8,125,000	374,319	8,499,319
Total	**$ 110,640,000**	**$ 50,866,510**	**$ 161,506,510**

Table 9:

PENSION PLAN

For the year ended December 31, 2015, the Authority implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense.

For the year ended December 31, 2016, the Authority's Net Pension Liability was measured as of December 31, 2015, and the Total Pension Liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2015, the Authority's Net Pension Asset was measured as of December 31, 2014, and the Total Pension Asset was determined by an actuarial valuation as of that date.

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). This is accounted for as an agent multiple-employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 701 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 or is available on their website at www.tcdrs.org.

Benefits Provided

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. By law, employee accounts earn 7% interest. 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. At retirement, the employee's account is matched at a percentage adopted by the Authority's governing body and the current match is 125%. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

Contributions

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 as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The actuarially determined rate for the calendar year 2016 was 4.99 percent and for the calendar year 2015 was 5.63 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2016 and 7 percent for the calendar year 2015. 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 $996,832 and $996,832, respectively for the year ended December 31, 2016, and $979,505 and $979,505, respectively for the year ended December 31, 2015.

Employees Covered by Benefit Terms

At the measurement date, the following employees were covered by the benefit terms:

	December 31, 2015
Retirees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	53
Active employees	202
	350

Actuarial Assumptions

The actuarial assumptions that determined the total net pension liability as of December 31, 2016 and the total net pension asset as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68 with the exception of the mortality assumptions that were updated and adopted in 2015. The actuarial valuations were determined using the following actuarial assumptions.

Actuarial Valuation Date	**December 31, 2015**
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3%
Projected Salary Increase Rates	4.9%
Cost-of-Living Adjustment	0%
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately
Mortality (all Mortality tables use base table RP-2000 projected with Scale AA to 2014 and then projected with 110% of the MP-2014 Ultimate Scale after that)	Among active members RP-2000 Active Mortality Table for Males + 2 years RP-2000 Active Mortality Table for Females – 4 years Among inactive vested members, service retirees & beneficiaries RP-2000 Combined Mortality Table for Males + 1 year RP-2000 Combined Mortality Table for Females + 0 years Among disability retirees RP-2000 Disabled Mortality Table for Males + 0 years RP-2000 Disabled Mortality Table for Females + 2 years

Discount Rate

The discount rate used to determine the total pension liability as of December 31, 2016 and December 31, 2015 was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority's funding policy and the legal requirements under the TCDRS Act as follows:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
3) The Authority's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10% for both years presented.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
December 31, 2015:			
Net pension liability (asset)	$ 6,353,951	$ 1,057,791	$ (3,436,932)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown on the following page are based on January, 2016 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (3)	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities-Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships	Alerian MLP Index	3.00%	6.80%
Private Real Estate	Cambridge Associates Real Estate Index (4)	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

(1) Target Asset Allocation was adopted at the April, 2016 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2015 based on the actuarial date of December 31, 2015 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease) Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2014	$ 43,516,753	$ 45,786,593	$ (2,269,840)
Changes for the Year:			
Service cost	1,261,508	-	1,261,508
Interest on total pension liability	3,506,024	-	3,506,024
Effect of plan changes	(209,318)	-	(209,318)
Effect of economic/demographic gains or losses	(217,150)	-	(217,150)
Effect of assumptions changes or inputs	449,183	-	449,183
Refund of contributions	(120,502)	(120,502)	-
Benefit payments	(1,855,109)	(1,855,109)	-
Administrative expenses	-	(32,747)	32,747
Member contributions	-	979,505	(979,505)
Net investment income	-	(508,400)	508,400
Employer contributions	-	979,505	(979,505)
Other (allocated system-wide items)	-	44,753	(44,753)
Balances as of December 31, 2015	**$ 46,331,389**	**$ 45,273,598**	**$ 1,057,791**

For the year ended December 31, 2016, the Authority recognized pension expense as follows:

	January 1, 2015 to December 31, 2015
Service cost	$ 1,261,508
Interest on total pension liability	3,506,024
Effect of plan changes	(209,318)
Administrative expenses	32,747
Member contributions	(979,505)
Expected investment return net of investment expenses	(3,741,278)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	58,910
Recognition of assumption changes or inputs	74,864
Recognition of investment gains or losses	975,904
Other (allocated system-wide items)	(44,753)
Pension Expenses	**$ 935,103**

For the year ended December 31, 2016, the Authority recorded deferred outflows and inflows of resources related to the pension as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resouces
Differences between expected and actual experience	$ 380,408	$ 180,958
Changes of assumptions	374,319	-
Net differences between projects and actual earnings	3,777,648	-
Contributions made subsequent to measurement date	996,832	-
TOTALS	**$ 5,529,207**	**$ 180,958**

Amounts currently reported as deferred outflows/inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2016	$ 1,109,678
2017	1,109,678
2018	1,109,678
2019	983,710
2020	38,673
Thereafter	-
Total	**$ 4,351,417**

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

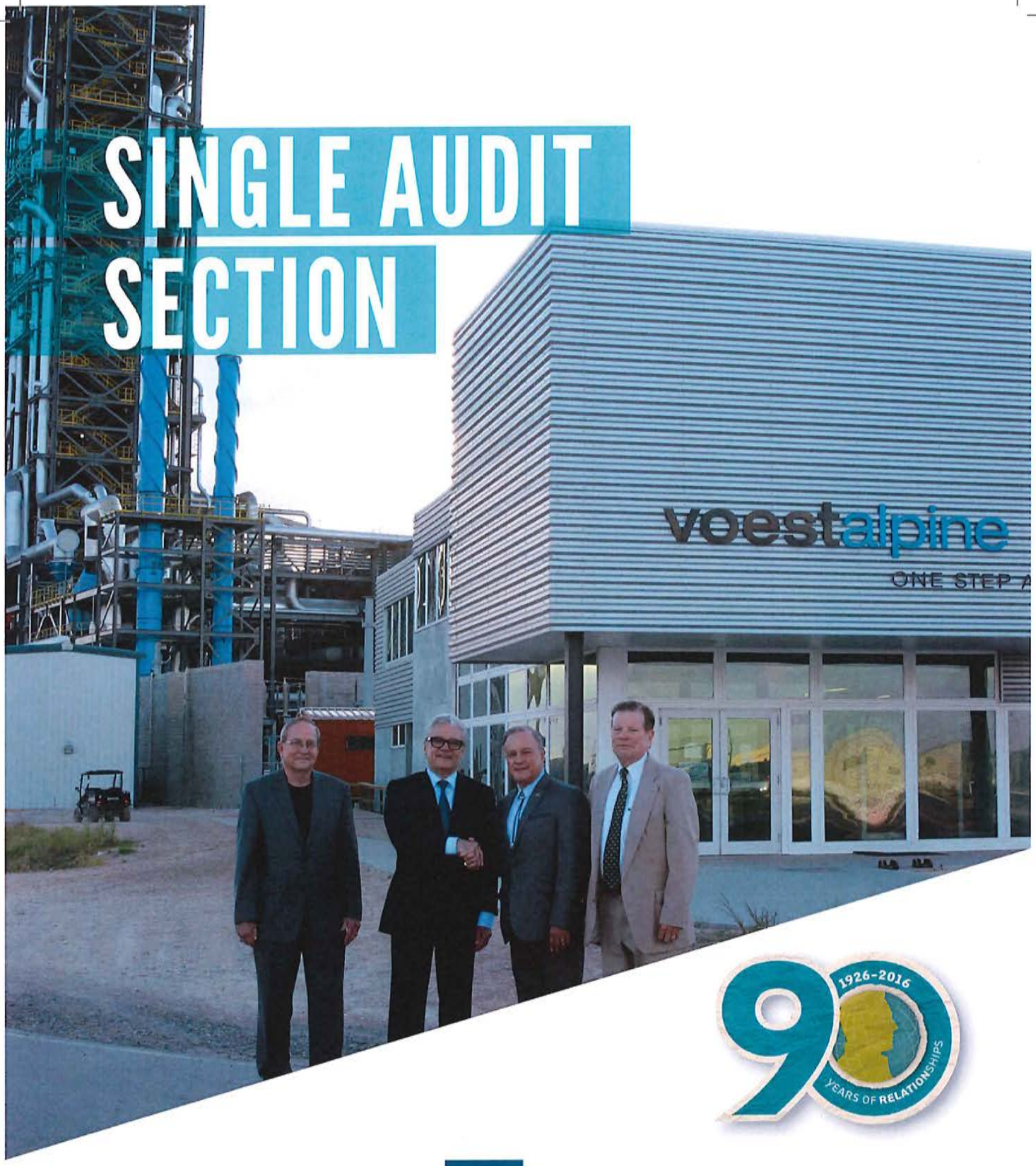
Current Investments
December 31, 2016

Table 10:

The Authority's investments at December 31, 2016 are shown below:

	2016	
Investment Type	**Carrying Value**	**Fair Value**
Certificates of Deposit	$ 245,000	$ 245,000
Money market funds	28,240,365	28,240,365
Local government pool	81,701,941	81,701,941
United States agencies	137,659,515	137,659,515
Municipal bonds	7,017,793	7,013,230
Total	254,864,614	254,860,051
Short-term investments included in cash and cash equivalents	109,942,306	109,942,306
Equity in Total Investments	**$ 144,922,308**	**$ 144,917,745**

SINGLE AUDIT SECTION



1926-2016
90 YEARS OF RELATIONSHIPS

PORT CORPUS CHRISTI®

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 · Fax 361-884-9422
www.cjw-cpa.com

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*

April 12, 2017

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

We have audited, 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 and the State of Texas, *Single Audit Circular*, the financial statements of the Port of Corpus Christi Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DRAFT

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 · Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

April 12, 2017

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

Report on Compliance for Each Major Federal Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2016. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

DRAFT

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DRAFT

PORT OF CORPUS CHRISTI AUTHORITY

FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results:

1. The auditor's report expresses an unmodified 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 Port of Corpus Christi 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 for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance."

5. The auditor's report on compliance for major Federal award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.

6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

7. The programs tested as major programs included:

   U.S. Department of Homeland Security
   Port Security Grant (CFDA – 97.056)

8. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None

DRAFT


PORTCORPUSCHRISTI

COLLIER, JOHNSON & WOODS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 · Fax 361-884-9422
www.cjw-cpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

April 12, 2017

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

Report on Compliance for Each Major State Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in *the State of Texas Single Audit Circular* that could have a direct and material effect on each of the Authority's major state programs for the year ended December 31, 2016. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying state schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. 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 the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular 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 state 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 on compliance for each major state program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2016.

DRAFT

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, 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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

DRAFT

PORT OF CORPUS CHRISTI AUTHORITY

STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

I. Summary of Audit Results:

a. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.

b. 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*."

c. No instances of noncompliance material to the financial statements of the Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

d. 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 Each Major State Program and on Internal Control over Compliance in Accordance with State of Texas Single Audit Circular."

e. The auditor's report on compliance for major State award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.

f. There are no audit findings that are required to be reported in accordance with Section 510(a) of State of Texas Single Audit Circular.

g. The programs tested as major programs included:

Texas Department of Transportation
Construction of Nueces River Rail Yard Phase II

h. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

i. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None

DRAFT

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL/STATE EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Program Title	CFDA Number	Grant Number	Expenditures
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #13	97.056	EMW-2013-PU-00309	$ 143,608
Port Security Grant #14	97.056	EMW-2014-PU-00478	$ 922,095
Port Security Grant #15	97.056	EMW-2015-PU-00228	$ 414,932
Port Security Grant #16	97.056	EMW-2016-PU-00242	$ -
Total Direct Programs			1,480,635
Total U.S. Department of Homeland Security			1,480,635
Total Federal and Passed through assistance			1,480,635
State Assistance			
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	10,694,923
Total Texas Department of Transportation			10,694,923
Total State Assistance			10,694,923
Total Federal, State, and passed through assistance			$ 12,175,558

PORT OF CORPUS CHIRSTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. General

The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of all Federal and State 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 government agencies is included on the schedule, as well as all State assistance.

2. Basis of Accounting

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

PORTCORPUSCHRISTI



PORT CORPUS CHRISTI®

RESOLUTION APPROVING A DESIGN AGREEMENT BETWEEN THE DEPARTMENT OF THE ARMY AND THE PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS FOR DESIGN FOR THE CORPUS CHRISTI, TEXAS SHIP CHANNEL IMPROVEMENT PROJECT MAIN CHANNEL AND BARGE LANES

WHEREAS, a Design Agreement between The Department of the Army and the Port of Corpus Christi Authority of Nueces County, Texas ("PCCA") for the Design for the Corpus Christi, Texas Ship Channel Improvement Project Main Channel and Barge Lanes ("Design Agreement") has been presented to PCCA's Port Commission for approval; and

WHEREAS, PCCA is authorized by Section 60.152 of the Texas Water Code, as amended, to enter into the Design Agreement; and

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

Section 1. The Port Commission hereby finds and determines that it is necessary and advisable that PCCA enter into the Design Agreement in substantially the form presented to this meeting.

Section 2. The Design Agreement, in substantially the form presented to this meeting, is hereby approved, and the Executive Director is hereby authorized and directed, for and on behalf of PCCA, to execute the Design Agreement.

Section 3. The Chairman, the Vice Chairman, the Secretary, and the Executive Director are each hereby severally authorized and directed to execute, attest, seal and deliver any and all additional certificates, documents or other papers and to do any and all things deemed necessary to carry out the intent and purposes of this Resolution.

Section 4. This Resolution is hereby adopted by the Port Commission on April 18, 2017.

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Adopt a Resolution to Approve a Design Agreement with the Department of the Army for Design for the Corpus Christi Ship Channel Channel Improvement Project.

SUMMARY: Staff requests adoption of a resolution to approve a Design Agreement with the Department of the Army for design for the Corpus Christi Ship Channel – Channel Improvement Project and authorization for the Executive Director to execute the same. Staff further requests approval of initial funding to the U.S. Army Corps of Engineers in an amount of up to $1,111,000 using unexpended funds from the construction of the La Quinta Channel Extension project.

BACKGROUND: In November 2007, Congress passed the Water Resources Development Act of 2007, authorizing the PCCA's Channel Improvement Project (Project) which included widening and deepening the Corpus Christi Ship Channel, adding barge shelves on both sides of the ship channel across Corpus Christi Bay, extending the La Quinta Ship Channel, and constructing an offshore rock breakwater ecosystem restoration project near Ingleside-on-the-Bay. The construction of the breakwater project and the La Quinta Channel extension components of the Project were completed in 2012 and 2013, respectively. In 2013, a federally required reevaluation was completed to update the Project costs, economics, and environmental information of the Project. The results of the reevaluation concluded that the Project remained technically sound, environmentally acceptable, and economically justified. In 2014, the Project was reauthorized by the Water Resources Reform Development Act of 2014 at updated cost levels. Following WRDA 2014, a second federally required reevaluation report was completed in December 2015, which again concluded that the Project remained technically sound, environmentally acceptable, and economically justified.

However, design and construction of the two remaining elements, deepening and widening the Corpus Christi Ship Channel and construction of barge shelves, has been on hold pending a new investment decision required by the Federal Government. In December 2016, the Water Infrastructure Improvements for the Nation Act was passed into law. Included in this legislation is language that clarifies that the remaining separable elements of the Channel Improvement Project do not require a new start decision, which allows the Army Corps of Engineers to continue work on the Channel Improvement Project and allow it to be considered for construction appropriations during the Federal

budget process. Staff is currently working with the Federal Government to execute a new Project Partnership Agreement (PPA) for the remaining elements. In order to resume design efforts while the PPA is developed and executed, staff is in the process of finalizing the negotiations of a Design Agreement with the USACE to perform pre-construction engineering and design for the initial construction contract for each of the remaining separable elements. The design work is projected to cost no more than $2,222,000.

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: The project conforms to the PCCA's Strategic Plan (Strategic Goal #2 – Provide facilities and services to meet customer needs).

EMERGENCY: No.

FINANCIAL IMPACT: The 2017 budget did not include funding for this project. The non-federal (PCCA) proportionate cost-share for this work is 50 percent or approximately $1,111,000. PCCA funding for the design work is recommended to come from approximately $5,200,000 in unexpended construction general funds already provided by the PCCA, currently being held in a Government account, for continued design and construction of the Project.

STAFF RECOMMENDATION: Staff recommends adoption of a resolution to approve a Design Agreement with the Department of the Army for design for the Corpus Christi Ship Channel – Channel Improvement Project and authorization for the Executive Director to execute the same. Staff further recommends approval of initial funding to the U.S. Army Corps of Engineers in an amount of up to $1,111,000 using unexpended funds from the construction of the La Quinta Channel Extension project.

DEPARTMENTAL CLEARANCES:

Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Dan Koesema
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen
	Dennis Devries

LIST OF SUPPORTING DOCUMENTS:
Resolution
Design Agreement

DESIGN AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
FOR
DESIGN
FOR THE
CORPUS CHRISTI, TEXAS SHIP CHANNEL IMPROVEMENT PROJECT
MAIN CHANNEL AND BARGE LANES

THIS AGREEMENT is entered into this _____ day of _____, ____, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Galveston District **(**hereinafter the "District Engineer") and the Port of Corpus Christi Authority of Nueces County, Texas (hereinafter the "Non-Federal Sponsor"), represented by the Executive Director.

WITNESSETH, THAT:

WHEREAS, Federal Construction, General funds were provided in Fiscal Year 2009 to initiate construction of the Corpus Christi, Texas Ship Channel, Channel Improvement Project (hereinafter the "Parent Project") at Corpus Christi, Texas.

WHEREAS, the Government and the Non-Federal Sponsor entered into a Project Partnership Agreement for the construction of the La Quinta Ship Channel Extension and Ecosystem Restoration (an element of the Parent Project) on October 13, 2009;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into an agreement (hereinafter the "Agreement") for the provision of the design of the Main Channel and Barge Lanes (separable elements of the Parent Project and hereinafter the "*Project*", as defined in Article I.A of this Agreement);

WHEREAS, the construction of the *Project* is authorized by Section 1001 (40) of the Water Resources Development Act of 2007, Public Law 110-114, as amended by Section 7003 (3) of the Water Resources Reform and Development Act of 2014, Public Law 113-121; as amended by Sections 1111 and 1146 of the Water Infrastructure Improvements for the Nation Act of 2016, (Public Law 114-322).

WHEREAS, a Limited Reevaluation Report, dated December 2015 and approved by Southwestern Division Commander on December 22, 2015, was prepared to update the project costs, economics, and environmental information to insure that the project components remain justified, and concluded that the Parent Project is technically sound, environmental acceptable, and economically justified;

DRAFT

WHEREAS, the Government and the Non-Federal Sponsor have agreed to engineer and design the remaining elements of the authorized Parent Project;

WHEREAS, Section 101) of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2213), specifies the cost-sharing requirements applicable to construction of the Project, and Section 105(c) of the Water Resources Development Act of 1986 (33 U.S.C. 2215), provides that the costs of design shall be shared in the same percentages as construction of the Project;

WHEREAS, based on the Project's primary project purpose of commercial navigation, the parties agree that the Non-Federal Sponsor shall contribute 50 percent of the total design costs under this Agreement;

WHEREAS, pursuant to Section 221(a)(4) of the Flood Control Act of 1970, as amended (42 U.S.C. 1962d-5b(a)), the Non-Federal Sponsor may perform or provide in-kind contributions for credit towards the non-Federal share of the total design costs;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform in accordance with the terms of this Agreement.

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful design and implementation of the *Project*.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - DEFINITIONS

A. The term "Project" means the Main Channel and Barge Lanes as generally described in the Corpus Christi Ship Channel Deepening and Widening, and Barge Shelves, Limited Reevaluation Report, dated December 2015 and approved by Southwestern Division Commander on December 22, 2015 and the Corpus Christi Ship Channel, Texas Channel Improvement Project Final Feasibility Report and FEIS, dated April 2003, and approved by the Chief of Engineers on June 2, 2003.

B. The term "Design" means performing detailed pre-construction engineering and design, including preparation of plans and specifications for the initial construction contract for each of the remaining separable elements of the Parent Project.

C. The term "total design costs" means the sum of all costs that are directly related to the Design and cost shared in accordance with the terms of this Agreement. Subject to the provisions of this Agreement, the term shall include, but is not necessarily

DRAFT

limited to: the Government's costs for engineering and design, economic and environmental analyses, and evaluation; for contract dispute settlements or awards; for supervision and administration; for Agency Technical Review and other review processes required by the Government; for response to any required Independent External Peer Review; and the Non-Federal Sponsor's creditable costs for in-kind contributions, if any. The term does not include any costs for dispute resolution; participation in the Design Coordination Team; audits; an Independent External Peer Review panel, if required; or betterments; or the Non-Federal Sponsor's cost of negotiating this Agreement.

D. The term "in-kind contributions" means those materials or services provided by the Non-Federal Sponsor that are identified as being integral to design of the Project by the Division Engineer for the Southwestern Division. To be integral, the material or service must be part of the work that the Government would otherwise have undertaken for design of the Project. In-kind contributions also include any investigations performed by the Non-Federal Sponsor to identify the existence and extent of any hazardous substances that may exist in, on, or under real property interests required for the Project.

E. The term "fiscal year" means one year beginning on October 1st and ending on September 30th of the following year.

F. The term "betterment" means a difference in the design of a portion of the Project that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to the design of that portion.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. In accordance with Federal laws, regulations, and policies, the Government shall conduct the Design using funds appropriated by the Congress and funds provided by the Non-Federal Sponsor. The Non-Federal Sponsor shall perform or provide any in-kind contributions in accordance with applicable Federal laws, regulations, and policies. If the Government and non-Federal interest enter into a Project Partnership Agreement for construction of the Project, the Government shall include the total design costs in the calculation of construction costs for the Project in accordance with the terms and conditions of the Project Partnership Agreement.

B. The Non-Federal Sponsor shall contribute 50 percent of total design costs in accordance with the provisions of this paragraph and provide required funds in accordance with Article III.

1. After considering the estimated amount of credit for in-kind contributions, if any, that will be afforded in accordance with paragraph C. of this Article, the Government shall provide the Non-Federal Sponsor with a written estimate of the amount of funds required from the Non-Federal Sponsor for the initial fiscal year of the

DRAFT

Design. No later than 15 calendar days after such notification, the Non-Federal Sponsor shall provide the full amount of such funds to the Government.

2. No later than August 1st prior to each subsequent fiscal year of the Design, the Government shall provide the Non-Federal Sponsor with a written estimate of the amount of funds required from the Non-Federal Sponsor during that fiscal year to meet its cost share. No later than September 1st prior to that fiscal year, the Non-Federal Sponsor shall provide the full amount of such required funds to the Government.

C. The Government shall credit towards the Non-Federal Sponsor's share of total design costs, the costs, documented to the satisfaction of the Government, that the Non-Federal Sponsor incurs in providing or performing in-kind contributions integral to the Design, including associated supervision and administration. Such costs shall be subject to audit in accordance with Article VII to determine reasonableness, allocability, and allowability, and crediting shall be in accordance with the following procedures, requirements, and limitations:

1. As in-kind contributions are completed and no later than 60 calendar day after such completion, the Non-Federal Sponsor shall provide the Government appropriate documentation, including invoices and certification of specific payments to contractors, suppliers, and the Non-Federal Sponsor's employees. Failure to provide such documentation in a timely manner may result in denial of credit.

2. No credit shall be afforded for interest charges, or any adjustment to reflect changes in price levels between the time the in-kind contributions are completed and credit is afforded; for the value of in-kind contributions obtained at no cost to the Non-Federal Sponsor; for any items provided or performed prior to the effective date of this Agreement unless covered by an In-Kind Memorandum of Understanding**;** for any items not identified as integral in the integral determination report; or for costs that exceed the Government's estimate of the cost for such item if it had been performed by the Government.

3. No reimbursement will be provided for any in-kind contributions that exceed the Non-Federal Sponsor's share of the total design costs under this Agreement. As provided in Article II.A., total design costs, including credit for in-kind contributions, shall be included in the calculation of construction costs for the Project in accordance with the terms and conditions of the Project Partnership Agreement.

D. To the extent practicable and in accordance with Federal laws, regulations, and policies, the Government shall afford the Non-Federal Sponsor the opportunity to review and comment on solicitations for contracts prior to the Government's issuance of such solicitations; proposed contract modifications, including change orders; and contract claims prior to resolution thereof. Ultimately, the contents of solicitations, award of contracts, execution of contract modifications, and resolution of contract claims shall be exclusively within the control of the Government.

DRAFT

E. The Non-Federal Sponsor shall not use Federal Program funds to meet any of its obligations under this Agreement unless the Federal agency providing the funds verifies in writing that the funds are authorized to be used for the Project. Federal program funds are those funds provided by a Federal agency, plus any non-Federal contribution required as a matching share therefor.

F. Except as provided in paragraph C. of this Article, the Non-Federal Sponsor shall not be entitled to any credit or reimbursement for costs it incurs in performing its responsibilities under this Agreement.

G. In carrying out its obligations under this Agreement, the Non-Federal Sponsor shall comply with all the requirements of applicable Federal laws and implementing regulations, including, but not limited to: Title VI of the Civil Rights Act of 1964 (P.L. 88-352), as amended (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto; the Age Discrimination Act of 1975 (42 U.S.C. 6102); and the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Army Regulation 600-7 issued pursuant thereto.

H. If Independent External Peer Review (IEPR) is required for the Design, the Government shall conduct such review in accordance with Federal laws, regulations, and policies. The Government's costs for an IEPR panel shall not be included in the total design costs.

I. In addition to the ongoing, regular discussions of the parties in the delivery of the Design, the Government and the Non-Federal Sponsor may establish a Design Coordination Team consisting of Government's Project Manager and the Non-Federal Sponsor's counterpart and one senior representative each from the Government and Non-Federal Sponsor to discuss significant issues or actions. Neither the Government's nor the Non-Federal Sponsor's costs for participation on the Design Coordination Team shall be included in the total design costs. The Non-Federal Sponsor's costs for participation on the Design Coordination Team shall be paid solely by the Non-Federal Sponsor without reimbursement or credit.

J. The Non-Federal Sponsor may request in writing that the Government perform betterments on behalf of the Non-Federal Sponsor. Each request shall be subject to review and written approval by the Division Engineer for the Southwestern Division. If the Government agrees to such request, the Non-Federal Sponsor, in accordance with Article III.F., must provide funds sufficient to cover the costs of such work in advance of the Government performing the work.

ARTICLE III - METHOD OF PAYMENT

A. As of the effective date of this Agreement, total design costs are projected to be $2,222000, with the Government's share of such costs projected to be $1,111,000, the Non-Federal Sponsor's share of such costs projected to be $1,111,000; and the costs for

betterments are projected to be $0.00. These amounts are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

B. The Government shall provide the Non-Federal Sponsor with quarterly reports setting forth the estimated total design costs and the Government's and Non-Federal Sponsor's estimated shares of such costs; costs incurred by the Government, using both Federal and Non-Federal Sponsor funds, to date; the amount of funds provided by the Non-Federal Sponsor to date; the estimated amount of any creditable in-kind contributions; and the estimated remaining cost of the Design.

C. The Non-Federal Sponsor shall provide to the Government required funds by delivering a check payable to "FAO, USAED, Galveston District (M3) **and**" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsor has deposited such required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor, or by providing an Electronic Funds Transfer of such required funds in accordance with procedures established by the Government.

D. The Government shall draw from the funds provided by the Non-Federal Sponsor to cover the non-Federal share of the total design costs as those costs are incurred. If the Government determines at any time that additional funds are needed from the Non-Federal Sponsor to cover the Non-Federal Sponsor's required share of the total design costs, the Government shall provide the Non-Federal Sponsor with written notice of the amount of additional funds required. Within 60 calendar days of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of such additional funds.

E. Upon conclusion of the Design and resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with the written results of such final accounting. Should the final accounting determine that additional funds are required from the Non-Federal Sponsor, the Non-Federal Sponsor, within 60 calendar days of written notice from the Government, shall provide the Government with the full amount of such additional funds. Should the final accounting determine that the Non-Federal Sponsor has provided funds in excess of its required amount, the Government shall refund the excess amount, subject to the availability of funds or if requested by the No-Federal Sponsor, apply the excess amount towards the non-Federal share of the cost of construction of the Project in the event a Project Partnership Agreement is executed for the Project. Such final accounting does not limit the Non-Federal Sponsor's responsibility to pay its share of total design costs, including contract claims or any other liability that may become known after the final accounting.

F. Payment of Costs for Betterments Provided on Behalf of the Non-Federal Sponsor. No later than 30 calendar days after receiving written notice from the

DRAFT

Government of the amount of funds required to cover any such costs, as applicable, the Non-Federal Sponsor shall make the full amount of such required funds available to the Government by delivering a check payable to "FAO, USAED, Galveston District (M3)" to the District Engineer, or by providing an Electronic Funds Transfer of such funds in accordance with procedures established by the Government. If at any time the Government determines that additional funds are required to cover any such costs, as applicable, the Non-Federal Sponsor shall provide those funds within 30 calendar days from receipt of written notice from the Government.

ARTICLE IV - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Government may suspend or terminate Design unless the Assistant Secretary of the Army (Civil Works) determines that continuation of the Design is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the Project.

B. If the Government determines at any time that the Federal funds made available for the Design are not sufficient to complete such work, the Government shall so notify the Non-Federal Sponsor in writing, and upon exhaustion of such funds, the Government shall suspend Design until there are sufficient Federal funds appropriated by the Congress and funds provided by the Non-Federal Sponsor to allow Design to resume.

C. In the event of termination, the parties shall conclude their activities relating to the Design and conduct an accounting in accordance with Article III.E. To provide for this eventuality, the Government may reserve a percentage of available funds as a contingency to pay costs of termination, including any costs of resolution of contract claims and contract modifications.

D. Any suspension or termination shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor pursuant to this Agreement shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE V – HOLD AND SAVE

To the extent permitted by law, the Non-Federal Sponsor shall hold and save the Government free from all damages arising from the Design, except for damages due to the fault or negligence of the Government or its contractors.

DRAFT

ARTICLE VI - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to the parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VII - MAINTENANCE OF RECORDS AND AUDIT

A. The parties shall develop procedures for the maintenance by the Non-Federal Sponsor of books, records, documents, or other evidence pertaining to costs and expenses for a minimum of three years after the final accounting. The Non-Federal Sponsor shall assure that such materials are reasonably available for examination, audit, or reproduction by the Government.

B. The Government may conduct, or arrange for the conduct of, audits of the Design. Government audits shall be conducted in accordance with applicable Government cost principles and regulations. The Government's costs of audits for the Design shall not be included in total design costs.

C. To the extent permitted under applicable Federal laws and regulations, the Government shall allow the Non-Federal Sponsor to inspect books, records, documents, or other evidence pertaining to costs and expenses maintained by the Government, or at the request of the Non-Federal Sponsor, provide to the Non-Federal Sponsor or independent auditors any such information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of non-Federal audits shall be paid solely by the Non-Federal Sponsor without reimbursement or credit by the Government.

ARTICLE VIII - RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other. Neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights a party may have to seek relief or redress against that contractor.

DRAFT

ARTICLE IX - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or mailed by certified mail, with return receipt, as follows:

If to the Non-Federal Sponsor:
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, TX 78401
ATTN: Executive Director

If to the Government:
USAED Galveston
2000 Fort Point Road
Galveston, TX 77550
ATTN: CESWG-PM-J

B. A party may change the recipient or address for such communications by giving written notice to the other party in the manner provided in this Article.

ARTICLE X - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XI - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

ARTICLE XII - OBLIGATIONS OF FUTURE APPROPRIATIONS

The Non-Federal Sponsor intends to fulfill fully its obligations under this Agreement. Nothing herein shall constitute, nor be deemed to constitute, an obligation of future appropriations by the Commissioners of the Port of Corpus Christi Authority of Nueces County, Texas, where creating such an obligation would be inconsistent with Article 16, Section 59(c) of the Constitution of the State of Texas. If the Non-Federal Sponsor is unable to, or does not, fulfill its obligations under this Agreement, the Government may exercise any legal rights it has to protect the Government's interests.

DRAFT

CERTIFICATE OF AUTHORITY

I, Leo J Welder, Jr., do hereby certify that I am General Counsel for the Port of Corpus Christi Authority of Nueces County, Texas, that the Port of Corpus Christi Authority of Nueces County, Texas is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the Port of Corpus Christi Authority of Nueces County, Texas in connection with the Corpus Christi, Texas Channel Improvement Project Main Channel and Barge Lanes, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement, as required by Section 221 of Public Law 91-611, as amended (42 U.S.C. Section 1962d-5b), and that the person who has executed this Agreement on behalf of the Port of Corpus Christi Authority of Nueces County, Texas, has acted within his statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this _____ day of _____ 20___.

_____
Leo J. Welder, Jr., Partner
Welder Leshin, LLP
General Counsel

DRAFT

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

_____
John P. LaRue
Executive Director
Port of Corpus Christi Authority of Nueces County, Texas

DATE: _____

DRAFT

NON-FEDERAL SPONSOR'S
SELF-CERTIFICATION OF FINANCIAL CAPABILITY
FOR AGREEMENTS

I, _____, do hereby certify that I am the Chief Financial Officer of the Port of Corpus Christi Authority of Nueces County, Texas (the "Non-Federal Sponsor"); that I am aware of the financial obligations of the Non-Federal Sponsor for the Corpus Christi, Texas Channel Improvement Project Main Channel and Barge Lanes; and that the Non-Federal Sponsor has the financial capability to satisfy the Non-Federal Sponsor's obligations under the Design Agreement Between the Department of the Army and Port of Corpus Christi Authority of Nueces County, Texas for Design for the Corpus Christi, Texas Ship Channel Improvement Project Main Channel and Barge Lanes.

IN WITNESS WHEREOF, I have made and executed this certification this _____ day of _____, _____.

BY: _____

TITLE: _____

DATE: _____

DRAFT

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David L. Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Award a Construction Contract in the Amount of $393,381.00 to J.M. Davidson LTD, the Lowest and Best Bidder Based on Bids Received on March 24, 2017, for Repairs to the PCCA Bridge at Oil Dock 12.

SUMMARY: Staff recommends the award of a construction contract to J.M. Davidson LTD for repairs to the PCCA bridge at Oil Dock 12. On March 24, 2017, staff received three responses to our Notice to Bidders (see attached Bid Tabulation). J.M. Davidson LTD submitted the lowest and best bid at $393,381.00.

BACKGROUND: The PCCA owns and maintains bridges throughout the inner harbor. These structures are privately owned by the PCCA and, as such, the Texas Department of Transportation (TxDOT) is not responsible for performing routine bridge inspections for these structures. In 2014, a private firm was hired to complete a detailed TxDOT-compliant inspection of six PCCA bridge structures. While minor repairs and improvements were recommended at all of the structures inspected, the bridge serving public Oil Dock 12 requires additional steel sheet pile installation to stabilize the bridge approach along with some concrete repairs in order to ensure the bridge maintains its proper load rating and continues to provide quality performance for additional years. Further work will include the recoating of the super structure and the installation of a new load rating sign. See attached map exhibit.

ALTERNATIVES: In October 2015, the PCCA bid a project to provide repairs to this bridge and a bridge serving Oil Dock 11. Since staff received only one bid, the Commission approved a recommendation to reject bids at that time and to re-bid the two bridge repairs as separate contracts to seek ways to reduce project costs. Repairs to the Bridge at Oil Dock 11 were bid and completed in 2016.

CONFORMITY TO PORT POLICY: This project is consistent with the PCCA Strategic Plan, identified in Strategic Goal #2 – Provide Facilities & Services to Meet Customer Needs to provide surface infrastructure and services to support maritime and industrial development.

EMERGENCY: No.

FINANCIAL IMPACT: The 2017 Engineering budget includes $1,000,000 for general maintenance of property and buildings. The recommended award includes the Base Bid in the amount of $393,381.00. Additionally, staff recommends award of Additive Bid Item 1 at $325/CY of additional flowable fill should it be required during the project.

STAFF RECOMMENDATION: Staff recommends award of a contract to J.M. Davidson LTD in the amount of $393,381.00 for the Base Bid. Staff also recommends award of Additive Bid Item 1 (additional flowable fill at $325/CY) should it be required during the project, with a $6,500 allowance. Staff further recommends that the Director of Engineering Services be granted a 5% contingency in accordance with the PCCA's standard contingency guidelines for general construction projects.

DEPARTMENTAL CLEARANCES:

Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Dave Michaelsen
	Eileen Mink
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

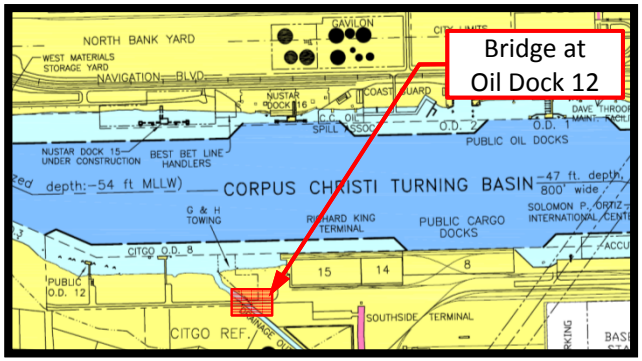
LIST OF SUPPORTING DOCUMENTS:

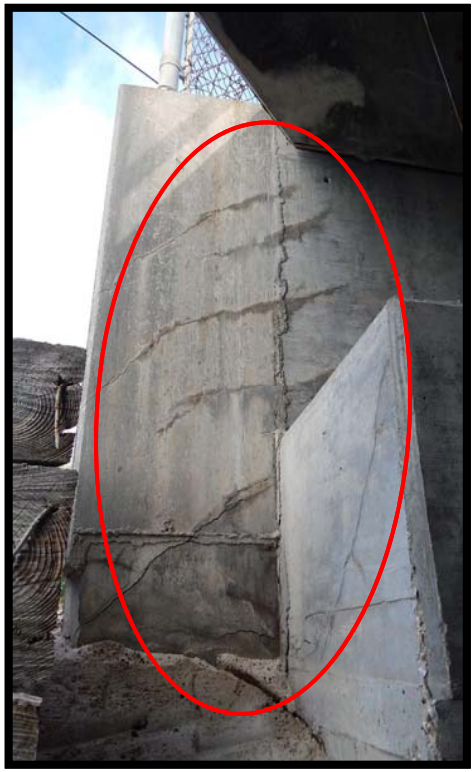
Bid Tabulation
Map Exhibit

Repairs to PCCA Bridge at Oil Dock 12



Superstructure Coating







Undermined Abutment



Undermined Abutment

Concrete Cracking

BID TABULATION FOR
REPAIRS TO PCCA BRIDGE AT OIL DOCK 12
PROJECT NO. 15-037B
Bid Opening: March 24, 2017 at 2PM

Company Name	Bid Bond or Check	Base Bid[A]	Additive Bid Item 1[B]
J.M. Davidson LTD	5%	$393,381.00	$325.00
Russell Marine LLC	5%	$523,500.00	$450.00
Derrick Construction Company, Inc.	5%	$527,761.32	$120.00

*Project to be complete within 150 calendar days of the date of said Notice to Proceed.

[A] **BASE BID**: The scope of work to repair the short span bridge at PCCA Oil Dock 12 includes stabilizing existing bridge approaches by removing existing concrete and excavating existing soils, installing new steel sheet piles and flowable fill with shallow, partial, and full depth repairs to existing joints and concrete as well as replacement of the superstructure coating. This is a Lump Sum bid item.

[B] **ADDITIVE BID ITEM 1:** Additional Flowable Fill. This is a unit price bid item for cubic yards.

Read By: Lynn Angerstein

Tabulated By: Eileen Mink, E.I.T

Checked & Prepared By: Lucy Betancourt

Date: 03/24/2017

PORT CORPUS CHRISTI

October 28, 2016

Mr. Mark Trexler
Vice President
Corporate Development & Strategic Planning
NuStar
19003 IH-10 West
San Antonio, Texas 78257

Dear Mark:

Pursuant to our discussion this week, I'm pleased to reaffirm the willingness of Port of Corpus Christi Authority (PCCA) Sr. Staff to recommend to the PCCA Commission a termination of the Oil Dock #17 Lease Agreement upon the successful completion and delivery of certain engineering design work and associated permits for construction. Once NuStar receives the necessary approvals and U.S. Army Corps of Engineers (USCOE) permits, and has successfully transferred these permits to the Port of Corpus Christi Authority, PCCA Staff will place on the next Port Commission Agenda a recommendation to receive the permits and terminate the Lease for Oil Dock #17.

All engineering design work and associated permits which must convey to the PCCA include the following:

- *Approved USACE sampling and analysis plan (SAP)*
- *USACE Regulatory Permit*
- *USACE License to Construct*
- *Section 401 Water Quality Certification*

Note: USACE requires a 401-C Outgrant agreement and fees to place material into federally controlled DMPA's. As these are non-transferable, the PCCA would execute the agreement rather than NuStar once ready for execution.

Until all aforementioned permits are successfully conveyed to the PCCA, the Lease Agreement Terms & Conditions for Oil Dock #17 will remain in effect. If you have any questions or need additional information, please contact me at (361) 885-6133 or sstrawbridge@pocca.com.

Respectfully,
PORT OF CORPUS CHRISTI AUTHORITY

Sean C. Strawbridge
Deputy Executive Director &
Chief Operating Officer

SCS/scs

cc: Charles Zahn – Chairman, Port of Corpus Christi Authority
John LaRue – Executive Director

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

April 12, 2017

VIA E-Mail and First Class Mail

Port of Corpus Christi Authority
Mr. Sean C. Strawbridge
Deputy Executive Director & Chief Operating Officer
222 Power Street
Corpus Christi, Texas 78401

Re: NuStar Oil Dock 17 Lease

Dear Mr. Strawbridge:

Please let this letter serve as NuStar's written request to be released from that certain Lease Agreement between the Port of Corpus Christi Authority (PCCA) and NuStar Logistics, L.P. (NuStar) dated August 1, 2015 for the construction and operation of Oil Dock 17.

In December 2016, NuStar closed on the acquisition of certain assets from Martin Midstream, which included assuming the lease agreement with the PCCA for development and operation of Oil Dock 15. As NuStar considers Dock 15 a better fit with its existing North Beach assets, and in light of the capacity Oil Dock 15 provides, NuStar no longer has a business case for the development of Oil Dock 17.

In accordance with your letter dated October 28, 2016, NuStar has obtained the necessary permits from the U.S. Army Corps of Engineers (USCOE) and will transfer those permits to the PCCA, along with engineering design work completed by NuStar. Further, as part of the Lease Agreement for Oil Dock 17, NuStar made a one-time payment to PCCA in the amount of Three Hundred Fifty Thousand and No/100 Dollars ($350,000.00) as a license fee for work associated with that certain Dredge Impact Tract, as defined in Section 6.03(e). Section 6.06(f) states that the PCCA will refund this amount to NuStar in the event the lease terminates before dredging has occurred. NuStar has not commenced with any dredge activity. However, NuStar respectfully requests that rather than receive a refund of these monies, the lease for Oil Dock 15 be credited for this amount.

Please do not hesitate to contact me at (210) 918-2042 or mark.trexler@nustarenergy.com if you have any questions.

Sincerely,

Mark Trexler
Vice President
Corporate Development & Strategic Planning

19003 IH-10 West • San Antonio, Texas 78257 • (210) 918-2000

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Sarah L. Garza, Director of Environmental Planning & Compliance
sarah@pocca.com
(361) 885-6163

Approve Purchase Orders with US Ecology Landfill and Republic Services El Centro Landfill for the Disposal of Hazardous and Regulated Wastes Generated During the Demolition of Properties Acquired Under the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Assistance Program

SUMMARY: Staff recommends the approval of purchase orders for US Ecology and with Republic Services El Centro landfills to dispose of hazardous and regulated wastes generated during the demolition of properties acquired under the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Assistance Program.

BACKGROUND: During the demolition of properties acquired through the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Assistance Program, it is anticipated that asbestos-containing materials and hazardous and regulated wastes will be identified and require proper disposal. The number of properties to be acquired and the potential amount of hazardous and regulated wastes generated at each property is unknown.

As hazardous and regulated waste generation quantities are unknown, Staff is requesting $300,000 for each landfill to dispose of these wastes as properties are demolished. Since these landfill contracts are necessary to preserve and protect the public health and/or safety of the residents of Nueces County, they are exempt from competitive bidding pursuant to Texas Water Code § 60.412(a)(2).

ALTERNATIVES: There are no alternatives as this is a regulatory compliance requirement.

CONFORMITY TO PORT POLICY: Conforms to Strategic Plan Goal #5 (Be An Environmental Leader), Strategic Objective 5B (Continue to Meet and Exceed Regulatory Standards), Action Item 1 (Implement Environmental Standards Port-wide).

EMERGENCY: N/A

FINANCIAL IMPACT: The Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Assistance Program project is included in the annual capital budget.

STAFF RECOMMENDATION: Staff recommends award of purchase orders to US Ecology and Republic Services El Centro landfills in the amount of $300,000 each.

DEPARTMENTAL CLEARANCES:

Originating Department	Environmental Planning & Compliance
Reviewed By	Sarah Garza
	Steven Ashley
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

None

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David L. Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Approve a Third Amendment to Service Order No. 9 in the Amount of $509,727 with CH2M Hill Engineers Inc., under Professional Services Master Agreement No. 13-05, for Engineering Services Associated with the New Oil Dock 15 Project.

SUMMARY: Staff requests approval for a third amendment to Service Order No. 9 with CH2M Hill Engineers Inc. (CH2M), at a cost not to exceed $509,727, under an existing Professional Services Master Agreement, for additional engineering services associated with incorporating NuStar Logistics, L.P.'s requested revisions to the design and construction of Oil Dock 15 and for engineering services during construction.

BACKGROUND: In May 2016, the Commission approved a lease agreement with Martin Operation Partnership, LP for land on the north side of the Corpus Christi Turning Basin. As part of the agreement, the PCCA and Martin agreed to coordinate the design and construction of new Oil Dock 15, which met, among other criteria, Martin's liquid bulk handling operations. Designs were completed, a construction contract for Oil Dock 15 was awarded in September 2016, and construction is underway. In December 2016, NuStar Logistics, L.P. (NuStar) purchased Martin's terminalling assets in the Corpus Christi Ship Channel Inner Harbor area, and the Port Commission approved the assignment of Martin's lease associated with Oil Dock 15 to NuStar.

In conjunction with the purchase, NuStar reviewed the design of Oil Dock 15 and has identified changes to the construction project components/systems that will provide a dock facility that is consistent with their operational and maintenance model and would support NuStar's future plans for operations at the port. These modifications generally include changes to the dock structure to accommodate larger product piping, relocation or modification of dock and landside equipment, and other modifications that will provide a facility with an operational capacity of transferring liquids at 30,000 barrels per hour (Bbls/hr) which can efficiently be increased to up to 50,000 Bbls/hr in the future. These proposed modifications require professional engineering services to modify the current design and evaluate potential cost and schedule impacts to the ongoing construction project. Construction modifications will be implemented through change orders to the current construction contract.

In January 2017, the Commission approved a second amendment for initial engineering services in the amount of $250,000 to evaluate and implement NuStar requested design changes. This third amendment includes $173,900 for additional engineering services required to complete the identified design changes. In addition, this amendment provides for continuing engineering services during construction to ensure that the civil, structural and marine work is completed in general conformance with the updated construction documents, and includes initial oversight for construction of mechanical and piping systems, instrumentation and control systems, and electrical system components. This amendment also includes coordination for the programmable logic controls, observation and documentation of marine loading arm factory acceptance testing, and system component integration. The engineering services during construction will be completed on a time and material basis with a not-to-exceed fee of $335,827, for a total amendment amount of $509,727.

PCCA staff engineers are meeting regularly with NuStar, the PCCA's primary dock design consultant, CH2M Hill Engineers, Inc., and CH2M's mechanical/electrical sub-consultant, as well as the Oil Dock 15 Construction Contractor to ensure efficient Contractor performance and incorporation of NuStar's requested design changes. To this end, staff has negotiated the attached third amendment to CH2M's existing Service Order No. 9, under Professional Services Master Services Agreement 13-05.

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: Oil Dock 15 construction is included in the 2017 Capital Budget. The project is consistent with a goal in the PCCA 2025 Strategic Plan, identified in Strategic Goal #2 – Provide Facilities & Services to Meet Customer Needs to provide surface infrastructure and services to support maritime and industrial development.

EMERGENCY: Although this is not an emergency action, assessment and implementation of design changes that may impact current construction and commissioning of Oil Dock 15 is a time-critical activity.

FINANCIAL IMPACT: Additional design and construction costs associated with the NuStar request will be included in the overall project cost of the dock in accordance with the current Lease Agreement, which has been assigned to NuStar.

STAFF RECOMMENDATION: Staff recommends approval of a third amendment to existing Service Order No. 9 with CH2M Hill Engineers Inc., under Professional Services Master Agreement 13-05, for additional engineering services associated with incorporating NuStar Logistics, L.P.'s requested revisions to the design and construction of Oil Dock 15 and for additional engineering services during construction at a cost not to exceed $509,727. Additional Commission actions(s) may be necessary in the future for

further engineering and adjustments in the cost of construction of Oil Dock 15 as design changes are finalized and implemented.

DEPARTMENTAL CLEARANCES:

Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Brett Flint
	Natasha Fudge
	Bert Perez
Legal	Modifying scope and fee to standard Service Order template
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Third Amendment to Service Order No. 9

PORT CORPUS CHRISTI

April 18, 2017

Sidney A. Faas
CH2M Hill Engineers, Inc.
555 N. Carancahua, Suite 310
Corpus Christi, Texas 78401

Subject: Contract Amendment No. 3 to Service Order No. 9 under Master Agreement No. 13-05 with CH2M Hill Engineers, Inc. for New Public Oil Dock 15(16-033A)

Dear Mr. Faas:

PCCA has received the request submitted by CH2M Hill Engineers, Inc., for increased compensation related to the engineering design services and construction services for the New Public Oil Dock 15 project. After review of the referenced request, PCCA agrees that additional compensation is warranted based on the additional design elements included in the project and the construction schedule for the project.

On January 19, 2016 the Port Commission approved Service Order No. 8 with CH2M Hill Engineers, Inc. under existing Professional Services Master Agreement No. 13-05, for preliminary engineering and coordination services for the New Public Oil Dock 15 project at a cost not to exceed $150,000. On February 16, 2016, Port Commission approved Service Order No. 9 with CH2M Hill Engineers, Inc. under the referenced Professional Services Master Agreement for engineering services for the New Public Oil Dock 15 project for a not to exceed amount of $779,500. The Port Commission also approved a five percent contingency ($38,975) to cover minor changes in the scope of work during the design phase of the project, and an allowance of $300,000 for engineering services during construction. On October 1, 2016 the Port Commission approved an Amendment to Service Order 9 for engineering services associated with design of Oil Dock 15 at a cost not to exceed $399,225. On January 17, 2017 the Port Commission approved a second Amendment to Service Order 9 at a cost not to exceed $250,000 to initiate engineering services to assess, design and prepare construction drawings for changes to the project components/systems to provide a dock facility that is consistent with NuStar's operational and maintenance model and that will support NuStar's future plans for operations at the Port.

This Amendment No. 3 to Service Order No. 9 is provided in accordance with the paragraph titled "Amendments to Service Order". The scope of work includes additional engineering services to complete initiated design changes and prepare construction drawings for the project. The remaining modifications generally include completion of changes to the dock structure, piping adjustments, upsize of dock crude lines and vapor return systems to accommodate 50,000 barrel per hour future capacity, adjustments to various piping and mechanical system components, and other related tasks to support these initiatives. The Port will provide direction to accomplish specific project tasks on a time and material basis to support these initiates.

In addition, this Amendment provides for continuing engineering services during construction to ensure that the civil, structural and marine work is completed in general conformance with the updated construction documents, and includes initial oversight for construction of mechanical and piping systems, instrumentation and control systems, and electrical system components. This Amendment also includes coordination for the programmable logic controls, observation and documentation of marine loading arm factory acceptance testing, and system component integration.

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

By way of this Amendment No. 3, Service Order No. 9, "Compensation" is revised as shown included below. All other provisions of Service Order No. 9 and Master services Agreement No. 13-05 are in full force and effect.

Compensation:

In accordance with Article 4 of Master Agreement No. 13-05 and negotiations between the parties, ENGINEER will be compensated on a time and materials, not-to-exceed basis in accordance with Section 4 C 4.01of the Master Agreement, pursuant to this amended Service Order No. 9 as follows:

	Service Order No. 9	Amendment No 1	Amendment No 2	Amendment No 3	Total Amended Service Order No. 9
Report and Study Phase	-	-	-	-	$0.00
Preliminary Design Phase	$325,825.00	$119,767.50	-	-	$445,592.50
Final Design Phase	$443,675.00	$279,457.50	-	-	$723,132.50
Bid Phase	$10,000.00	-	-	-	$10,000.00
Subtotal	**$779,500.00**	**$399,225.00**	**$0.00**	**$0.00**	**$1,178,725.00**
Construction Phase (allowance)	$300,000.00				$ 300,000.00
Construction Phase – Mechanical /Electrical Engineering				$78,047.00	$78,047.00
Construction Phase – Civil/Structural Engineering				$257,780.00	$257,780.00
Design Changes during Construction			$250,000.00	$173,900.00	$423,900.00
Total	$1,079,500.00	$399,225.00	$250,000.00	$509,727.00	$2,238,452.00
Contingency	$38,975.00				$38,975.00
Total with Contingency	**$1,118,475.00**	**$399,225.00**	**$250,000.00**	**$509,727.00**	**$ 2,277,427.00**

Project Cost Summary

A summary of Costs for Project 16-033A follows:

Service Order 8,	$ 150,000.00
Service Order 9,	$ 1,118,475.00
Amendment No. 1	$ 399,225.00
Amendment No. 2	$ 250,000.00
Amendment No. 3	$ 509,727.00
Total Amended Service Order No. 9	$ 2,277,427.00
Total Project 16-033A	**$ 2,427,427.00**

Effective on the date executed by the last party to this Contract Amendment.

AUTHORITY:	**CONSULTANT:**
Port of Corpus Christi Authority	CH2M Hill Engineers, Inc.
By: _____	By: _____
Name: John P. LaRue	Name: Sidney A. Faas, P.E.
Title: Executive Director	Title: Vice President
Date Signed: _____	Date Signed: _____

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Sean Strawbridge
sstrawbridge@pocca.com
(361) 885-6133

Approve Amended & Restated Dock Use Agreement between Port of Corpus Christi Authority and Gravity Midstream Corpus Christi, LLC for Public Oil Dock 14

SUMMARY: Gravity Midstream Corpus Christi, LLC (Gravity) has requested a change in their Dock Use Agreement effective June 16, 2015 to reflect a shift in the Operational Period to commence January 1, 2018, and a removal of the Letter of Credit requirements.

BACKGROUND: The PCCA entered into an agreement with Gravity on June 16, 2015 to upgrade the design and construction of Public Oil Dock 14 from barge dock to an ocean-going vessel dock. Gravity was granted the right to use Oil Dock 14 on a priority basis and planned on installing pipelines and infrastructure to support its proposed loading/unloading operations and transport at least 122.4 million barrels across Oil Dock 14 over the initial seven-year term, or 3.6 million barrels per quarter for the first year and 4.5 million barrels per quarter over a seven (7) year period commending June 1, 2016.

In the process, Gravity was delayed by approximately seven (7) months in obtaining the requisite Real Estate permit from the US Army Corps of Engineers (USACE) for their pipeline, which is the basis for the request to push the Commencement Date of the Use Agreement to January 1, 2018.

The minimum throughput for the initial term was guaranteed by an irrevocable Letter of Credit in the initial amount of $11,811,600, which equaled the aggregate wharfage payments (at the 2015 tariff rate) that would be made to the PCCA if Gravity were to move the guaranteed minimum throughput across Oil Dock 14 during the first seven years of operations.

The Letter of Credit was to be reduced annually through the agreement's initial term to the approximate value of the remaining wharfage payments on the remaining guaranteed minimum throughput.

Gravity has requested the removal of the Irrevocable Letter of Credit requirement, and instead has agreed to make a one-time, up front, capital recovery payment in the amount of $11,028,338. This amount reflects a 3% discounted cash flow rate over the seven (7) year initial term on the same volume commitment of 122.4 million barrels at the 2017 tariff wharfage rate.

Thus Staff is recommending Commission approval of an Amended and Restated Dock Use Agreement to reflect the change in Commencement Date and the replacement of the Irrevocable Letter of Credit with the Capital Recovery Payment. See attached Amended & Restated Agreement.

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: This project supports Strategic Goal #1 (Fund Our Vision) and Strategic Goal #4B (Ensure Highest & Best Use of Existing Property & Facilities)

EMERGENCY: No.

FINANCIAL IMPACT: Receipt of $11,028,338 in upfront payment to be recorded as revenue over the Initial Term of 7 years; deferral of 2017 anticipated revenue of $694,800 to 2018 with the Commencement Date adjustment from June 1, 2017 to January 1, 2018.

STAFF RECOMMENDATION: Staff is recommending Commission guidance in this request and attached Draft MOU.

DEPARTMENTAL CLEARANCES:

Originating Department	Deputy Executive Director
Legal	Jimmy Welder
Finance	Dennis DeVries

LIST OF SUPPORTING DOCUMENTS:

Amended & Restated Dock Use Agreement – OD 14

PUBLIC OIL DOCK No. 14

AMENDED AND RESTATED DOCK USE AGREEMENT

Between

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

And

GRAVITY MIDSTREAM CORPUS CHRISTI, LLC

This Public Oil Dock No. 14 Amended and Restated Dock Use Agreement (the "**Agreement**") is made effective as of the ____ day of April, 2017 (the "**Effective Date**"), by and between PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS (the "**Authority**") and GRAVITY MIDSTREAM CORPUS CHRISTI, LLC, a Delaware limited liability company (the "**Company**" or "**GM**").

RECITALS:

(a) The Authority and M&G Resins USA, LLC, entered into an agreement effective as of June 28, 2013 entitled *Public Oil Dock No. 14 Construction and Priority Use Agreement.* Under the terms of this agreement, the Authority agreed to construct a new public oil dock on the north side of the Tule Lake Turning Basin in the Inner Harbor of the Corpus Christi Ship Channel ("**Public Oil Dock No. 14**") at the location shown on **Exhibit A** attached hereto. The Authority agreed that Public Oil Dock No. 14 and the adjacent slip would be sufficient in size to accommodate the mooring of four 30,000-barrel tank barges (moored two barges long by two barges wide), each barge being approximately 297 feet long and 54 feet wide.

(b) The Company asked the Authority to increase the size of Public Oil Dock No. 14 to accommodate oil tankers. To offset a portion of the additional costs the Authority would incur in constructing the expanded dock, the Company guaranteed that it or its affiliates would pay the Authority at least the sum of Eleven Million Eight Hundred Eleven Thousand Six Hundred Dollars ($11,811,600) (the "**Guaranteed Payment Amount**") on or before May 31, 2024 (or the date the Original Gravity Agreement terminates, if earlier) for GM Liquid Bulk Cargo (as defined in Section 1.01) loaded onto or discharged from vessels at Public Oil Dock No. 14. Furthermore, the Company agreed to secure its obligation to pay the Guaranteed Payment Amount with a letter of credit of like amount.

(c) To memorialize their agreement regarding Public Oil Dock No. 14, the Authority and the Company entered into an agreement effective as of June 16, 2015 entitled *Public Oil Dock No. 14 Dock Use Agreement* (the "**Original Gravity Agreement**"). Under the terms of the Original Gravity Agreement, the Authority agreed that Public Oil Dock No. 14 would be a barge and ship dock, with a dock slip of 945 feet in length, sufficient to accommodate inland barges and ships up to 835 feet long and 144 feet wide with a draft suitable for safe navigation in the adjacent Corpus Christi Ship Channel which is currently congressionally authorized and maintained by the Federal government at the depth of 45 feet ("**Ship Dock Project**"). The dock portion of the Ship Dock Project and its

breasting structures, mooring facilities, dock house, footings, piers, pilings, erosion control, and structural components are collectively referred to herein as the "**Ship Dock**."

(d) On August 14, 2015, Compass Bank issued in favor of the Authority its Irrevocable Standby Letter of Credit No. A31953T in the amount of Eleven Million Eight Hundred Eleven Thousand Six Hundred Dollars $11,811,600 (the "**Initial Letter of Credit**") to secure the Company's obligation to pay the Guaranteed Payment Amount and certain other obligations of the Company in the Original Gravity Agreement. The current stated expiration date of the Initial Letter of Credit is August 14, 2017.

(e) Due to the burdensome fees associated with maintaining a letter of credit for seven years as required in the Original Gravity Agreement, Gravity has offered to cause Compass Bank to make a discounted cash payment to the Authority in the amount of Eleven Million Twenty-Eight Thousand Three Hundred Thirty-Eight Dollars ($11,028,338) (the "**Capital Recovery Payment**") contemporaneously with the execution of this Agreement in lieu of the Company's obligation to pay the Guaranteed Payment Amount and in consideration of the Authority's (i) return of the Initial Letter of Credit to Compass Bank upon receipt of the Capital Recovery Payment, and (ii) implementation of the Volume Incentive Program described in Article 5 of this Agreement.

(f) The Authority is willing to accept the Company's offer on the terms and conditions specified in this Agreement.

(g) It is the intent of Authority and the Company that this Agreement shall replace the Original Gravity Agreement in its entirety.

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 1.01 Certain Definitions.

Each of the following words and terms shall have the meaning set forth or referred to in this Section whenever they are used in this Agreement:

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

"**Actual LBC Throughput**" means, with respect to any Operational Quarter, the actual number of Barrels of GM Liquid Bulk Cargo that the Company loads on and/or discharges from Vessels at the Ship Dock during that Operational Quarter.

"**Affiliate**" means any other business entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Company. For purposes of this definition, "**control**" means (1) the beneficial ownership of fifty percent (50%) or more of the outstanding voting ownership interests of another business entity, or (2) the ability to

direct the day-to-day management and long-term policies of another business entity, whether by contract or otherwise.

"**Agreement**" means this Public Oil Dock No. 14 Amended and Restated Dock Use Agreement, together with all Exhibits attached hereto and all amendments and supplements hereto.

"**Authority**" means the Port of Corpus Christi Authority of Nueces County, Texas.

"**Authority Parties**" has the meaning given to that term in Article 4.

"**Barrel**" or "**BBL**" means a 42 US gallon barrel.

"**Barrel Adjustment Factor**" means, with respect to any Operational Quarter, a fraction, the numerator of which is $.0965 (which was the applicable Wharfage Rate at the time of the execution of the Original Gravity Agreement), and the denominator of which is the Authority's Wharfage Rate for applicable Liquid Bulk Cargo on the first day of that Operational Quarter. By way of example, if January 1, 2018 is the first day of the first Operational Quarter and if the Authority's applicable Wharfage Rate on January 1, 2018 is $.1020 per Barrel of Liquid Bulk Cargo, the Barrel Adjustment Factor for the first Operational Quarter would be .0965/.1020.

"**Business Day**" means a day, except Saturday, Sunday and any day on which banks in Texas are permitted or required to be closed.

"**Capital Recovery Payment**" has the meaning given to that term in paragraph (e) of the Recitals.

"**Claims**" means all liabilities (including strict liability), actions, demands, damages, penalties, fines, losses, claims, costs, expenses (including reasonable attorneys' and experts' fees and expenses), suits, settlements or judgments of any nature whatsoever (including claims for personal injury, bodily injury, real and personal property damage and economic loss).

"**Commencement Date**" means January 1, 2018.

"**Commencement of Commercial Operations**" means the date on which GM Liquid Bulk Cargo is first loaded onto or discharged from a ship or barge at the Ship Dock, exclusive of any GM Liquid Bulk Cargo run through the Company Facilities to test the performance of the system. Company will promptly give notice to Authority when the Commencement of Commercial Operations occurs.

"**Company**" means Gravity Midstream Corpus Christi, LLC, a limited liability company organized and existing under the laws of the State of Delaware and its permitted successors and assigns.

"**Company Facilities**" has the meaning given to that term in Section 3.02(a). Neither the Ship Dock Project nor the Ship Dock itself includes the Company Facilities.

"**Company Parties**" has the meaning given to that term in Article 4.

"**Contractor**" means any business entity engaged by the Authority or the Company, as applicable, to construct or install the Ship Dock Project or the Company Facilities.

"**Dock Operations Agreement**" has the meaning given to that term in Section 3.04.

"**Extension Period**" has the meaning given to that term in Section 2.02(b).

"***force majeure***" has the meaning given to that term in Section 8.13.

"**GM**" means the Company.

"**GM Liquid Bulk Cargo**" means Liquid Bulk Cargo (i) which is owned by GM or in which GM otherwise has an ownership interest, or (ii) which GM is purchasing or selling in connection with the shipment of such Liquid Bulk Cargo in the Port of Corpus Christi, or (iii) in the possession of GM or one of its designated Affiliates for loading to or discharging from Vessels at the Ship Dock.

"**Guaranteed Payment Amount**" has the meaning given to that term in paragraph (b) of the Recitals.

"**Incentive Barrels**" has the meaning given to that term in Section 5.01.

"**Indemnified Claim**" has the meaning given to that term in Article 4.

"**Initial Letter of Credit**" has the meaning given to that term in paragraph (d) of the Recitals.

"**Initial Operating Period**" means the first seven (7) Operational Years.

"**Initial Term**" has the meaning given to that term in Section 2.02(a).

"**LBC Deficit Charge**" and "**LBC Deficit Charges**" have the meanings given to those terms in Section 6.01(d).

"**Liquid Bulk Cargo**" or "**LBC**" means crude oil, petrochemicals, condensate, jet fuel, gasoil, residual fuel oil and similar and related feedstock, or other processed petroleum products, except liquefied natural gas.

"**M&G**" means M&G Resins USA, LLC, a Delaware limited liability company.

"**M&G Construction and Priority Use Agreement**" means the Public Oil Dock No. 14 Construction and Priority Use Agreement by and between the Authority and M&G made effective as of January 1, 2015, as amended.

"**Minimum Quarterly Throughput**" has the meaning given to that term in Section 6.01(a).

"**Parties**" means Authority and Company.

"**Party**" means Authority or Company, as the case may be.

"**Operational Period**" means (1) the first seven (7) Operational Years if the Company does not elect to extend the Initial Term of this Agreement pursuant to Section 2.02(b), and (2) the first fourteen (14) Operational Years if the Company does elect to extend the Term of this Agreement pursuant to Section 2.02(b).

"**Operational Quarter**" means the three-month period beginning on the Commencement Date and each successive three-month period thereafter during the Operational Period; provided, however, that if this Agreement terminates or expires during an Operational Quarter, the period from first day of such Operational Quarter to the last day of the Term of this Agreement shall be deemed to be an Operational Quarter ("**Last Operational Quarter**").

"**Operational Year**" means the twelve-month period beginning on the Commencement Date and each successive twelve-month period thereafter during the Operational Period.

"**Original Gravity Agreement**" has the meaning given to that term in paragraph (c) of the Recitals.

"**Port Commission**" means the governing body of the Authority.

"**Public Oil Dock No. 14**" has the meaning given to that term in paragraph (a) of the Recitals.

"**Recitals**" means the Recitals to this Agreement.

"**Reportable Event**" has the meaning given to that term in Section 6.01(c).

"**Ship Dock**" has the meaning given to that term in paragraph (c) of the Recitals.

"**Ship Dock Project**" has the meaning given to that term in paragraph (b) of the Recitals; the Ship Dock Project is depicted on **Exhibit B** attached hereto.

"**Section**" means a section of this Agreement.

"**Security Surcharge**" means the security surcharge the Authority assesses under its Tariff on all Wharfage and dockage.

"**Security Surcharge Percentage**" has the meaning given to that term in Section 5.04.

"**Specifications**" means the drawings, plans and written descriptions contained in the contract documents for each Contractor's contract for the construction of the Ship Dock Project or the purchase, construction and installation of the Company Facilities on the Ship Dock Project, as applicable.

"**Tariff**" means the Authority's Tariff 100-A, Naming Rates, Rules and Regulations Applying on the Public and Private Wharves, as such may be amended from time to time.

"**Term of this Agreement**" means the period from the Effective Date until this Agreement ends or is terminated in accordance with the provisions of this Agreement.

"**Termination Date**" has the meaning given to that term in Section 7.02(a).

"**Trigeant Assets**" means the assets and property located at 6600 Up River Road, Corpus Christi, Texas, which the Company owns.

"**Vessel**" means any waterborne ship or barge.

"**Volume Incentive Program**" has the meaning given to that term in Section 5.01.

"**Wharfage**" or "**Wharfage Charges**" means the applicable charges the Authority assesses pursuant to its Tariff against Barrels of Liquid Bulk Cargo passing or conveyed over, onto or under the Authority's public oil docks or between Vessels (to or from barge, lighter, or water) when berthed at a public oil dock or when moored in a slip adjacent to a public oil dock.

"**Wharfage Rate**" means the number of cents per Barrel the Authority charges under its Tariff from time to time on GM Liquid Bulk Cargo passing or conveyed over, onto or under the Ship Dock or between Vessels (to or from barge, lighter or water) when berthed at the Ship Dock or when moored in a slip adjacent to the Ship Dock.

Section 1.02. Other Definitions

Capitalized terms in this Agreement which are not defined in Section 1.01 are defined in the text of this Agreement.

ARTICLE 2
CAPITAL RECOVERY PAYMENT; TERM; REPRESENTATIONS

Section 2.01 Capital Recovery Payment

(a) Contemporaneously with the execution of this Agreement, the Company will cause Compass Bank to pay the Capital Recovery Payment to the Authority, and this Agreement shall not become effective until the Authority receives the Capital Recovery Payment.

(b) Upon receipt of the Capital Recovery Payment, the Authority will promptly return the Initial Letter of Credit to Compass Bank.

Section 2.02. Term

(a) The Term of this Agreement shall commence on the Effective Date and shall end at 11:59 p.m., Central Time, on the last day of the seventh (7^{th}) Operational Year ("**Initial Term**"), unless otherwise extended or terminated in accordance with the terms hereof.

(b) The Company shall have the right and option to extend the Term of this Agreement for one (1) additional period of seven (7) years as provided in this Section 2.02(b) (the "**Extension**

Period"). The Extension Period shall commence on the day after the last day of the Initial Term and shall end at 11:59 p.m., Central Time, on the last day of the fourteenth (14th) Operational Year, unless otherwise extended or terminated in accordance with the terms hereof. To exercise such right of extension, the Company shall give written notice thereof to Authority, at least one hundred eighty (180) days prior to the end of the Initial Term, irrevocably exercising its option to extend the Term of this Agreement for one (1) additional period of seven (7) years. Notice of the Company's intention to extend the Initial Term, to be effective, must be sent by certified mail to Authority at the address provided in Section 8.16 and must be postmarked no later than the latest date provided in this Section for the Company's exercising the option. Notwithstanding anything to the contrary contained in this Agreement, the Company may not exercise such option if at the time of exercise an Event of Default is continuing. If the Company affirmatively exercises its option to extend the Term of this Agreement, then this Agreement shall continue in full force and effect under all the terms and conditions set forth herein during the Extension Period.

Section 2.03 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 existing and operating as a navigation district pursuant to the Acts. The Authority has determined that the Ship Dock Project constitutes a "dock," "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.

(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 the United States or the State 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 the Ship Dock 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, 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 2.04 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. The Company is currently solvent and will be solvent following the Capital Recovery Payment to the Authority, and the officers of the Company have no knowledge of any plans for the Company to take any action described in Section 7.01(3) and (4).

ARTICLE 3
THE SHIP DOCK PROJECT

Section 3.01 Construction, Ownership and Maintenance of the Ship Dock Project.

(a) The Authority has completed construction of the Ship Dock Project.

(b) The Authority paid for the cost of construction of the Ship Dock Project as provided in its contract with the Contractor awarded the contract for construction of the Ship Dock Project. The Authority owns and will continue to own the Ship Dock.

(c) The Authority hereby grants to the Company, its representatives and Contractors all necessary and reasonable rights of ingress and egress to the Ship Dock required to coordinate the Company's construction of the Company Facilities on the Ship Dock on the schedule to be determined by Authority and Company and their respective Contractors.

(d) The Authority shall be responsible for the maintenance of the Ship Dock, including the breasting structures, mooring facilities, dock house, footings, piers, pilings, erosion control all structural components relating to the Ship Dock, the structural integrity of the Ship Dock, and dredging of the slip to accommodate Vessels accessing Ship Dock. The Authority shall have no responsibility for the maintenance of the Company Facilities.

Section 3.02 Construction and Ownership of the Company Facilities.

(a) The Company will provide and install, pursuant to the terms of this Agreement, the necessary utilities, equipment, pipelines, pumps, combustors, manifolds, valves, support facilities and improvements (collectively, the "**Company Facilities**") to safely and properly move Liquid Bulk Cargo to or from Vessels docked at the Ship Dock and facilities on land at a minimum design loading rate of twenty-five thousand (25,000) Barrels per hour for ships (subject to any such ship's ability to load at such rate); and the Company will service and maintain the Company Facilities as described

in this Agreement. The Company shall construct the Company Facilities with all reasonable dispatch, subject to any events of *force majeure* and Section 3.02(d).

(b) The Company shall construct the Company Facilities in the manner provided in this Agreement and in accordance with 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(s) to provide insurance coverage on and in connection with the installation of the Company Facilities as described in **Exhibit C** 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.

(c) The Company shall pay all costs incurred by the Company with respect to the purchase, construction and installation of the Company Facilities on the Ship Dock as provided in its contract with the Contractor(s) awarded the contract for construction of the Company Facilities. The Company will own the Company Facilities, and the Company Facilities shall be for the exclusive use of the Company and its designees. The Authority hereby grants to the Company, its representatives and Contractors all necessary and reasonable rights of ingress and egress to the Ship Dock Project required to service and maintain the Company Facilities.

(d) The Company acknowledges and understands that the construction and installation of the Company Facilities and access to the Ship Dock is subject to and must be coordinated with the Authority and with M&G, which may be constructing its own facilities on the Ship Dock or may be using the Ship Dock for the movement of cargo at times when the Company is planning to construct the Company Facilities on the Ship Dock.

Section 3.03. Vessel Scheduling.

(a) So long as the M&G Construction and Priority Use Agreement remains in effect, M&G will have a first priority right (the "**First Priority Docking Right**") to use the Ship Dock. Accordingly, a Vessel that is bound for the Ship Dock to load or unload Liquid Bulk Cargo for M&G across the Ship Dock, to or from an M&G pipeline or storage tank, shall be scheduled by the Authority's Harbormaster to the Ship Dock ahead of any other Vessel bound for the Ship Dock. The M&G's First Priority Docking Right, however, does not include the right to require the Harbormaster to order a Vessel moored at the Ship Dock and engaged in loading or unloading cargo from such Vessel to depart the Ship Dock until after such Vessel has completed its loading or unloading at the Ship Dock. Each Vessel which was denied access to the Ship Dock because M&G exercised its First Priority Docking Right will be granted the right to access the Ship Dock before the next M&G Vessel. To further clarify, the Vessel(s) skipped over because M&G exercised its First Priority Docking Right will be granted access to the Ship Dock before the next M&G Vessel and M&G cannot exercise its First Priority Docking Right consecutively on the same Vessel(s).

(b) So long as the Company complies with the requirements of Section 6.01, Authority agrees that during the Operational Period the Company will have a second priority right (the "**Second Priority Docking Right**") to use the Ship Dock. Accordingly, a Vessel that is bound for the Ship Dock to load or unload Liquid Bulk Cargo for the Company across the Ship Dock, to or from a Company pipeline or storage tank, shall be scheduled by the Authority's Harbormaster to

the Ship Dock ahead of any other Vessel bound for the Ship Dock except an M&G Vessel entitled to a First Priority Docking Right. The Company's Second Priority Docking Right, however, does not include the right to require the Harbormaster to order a Vessel moored at the Ship Dock and engaged in loading or unloading cargo from such Vessel to depart the Ship Dock until after such Vessel has completed its loading or unloading at the Ship Dock. Each Vessel which was denied access to the Ship Dock because the Company exercised its Second Priority Docking Right will be granted the right to access the Ship Dock before the next Company Vessel. To further clarify, the Vessel(s) skipped over because the Company exercised its Second Priority Docking Right will be granted access to the Ship Dock before the next Company Vessel and the Company cannot exercise its Second Priority Docking Right consecutively on the same Vessel(s).

(c) The Authority represents and warrants to Company that M&G has no right to assign or transfer its First Priority Docking Right to any other party for the purposes of loading and/or discharging LBC to or from Vessels at the Ship Dock without the prior written consent of the Port Commission.

Section 3.04. Dock User Agreement.

The Company acknowledges and understands that it must enter into a Dock User Agreement with the Authority at least fifteen (15) Business Days prior to the Commencement of Commercial Operations (the "**Dock User Agreement**"). The Dock User Agreement will govern the overall housekeeping and operations of the Ship Dock and will be in substantially the form of the Authority's standard Dock User Agreement in effect at the time the Parties enter into the Dock User Agreement. Commencement of Commercial Operations may not occur until the Dock User Agreement has been in effect for at least fifteen (15) Business Days.

Section 3.05. Pipeline Easements.

The Company shall acquire all pipeline easements necessary to connect the Company Facilities to the Trigeant Assets. The Company understands and agrees that one or more of these easements must be obtained from private property owners. The Authority agrees to grant the Company a pipeline easement on the Authority's property (the "**Pipeline Easement**"), which will allow the Company to construct one or more pipelines on the Authority's property for purposes of connecting the Company Facilities to the Trigeant Assets. The actual route of the Pipeline Easement must be approved by and coordinated with the Authority, but will generally follow the routing and description shown on the easement schematic attached hereto as **Exhibit D**. The Pipeline Easement will be granted in accordance with the terms and conditions of the Authority's current standard form of pipeline easement for Authority customers and at the Authority's rates in effect at the time the Pipeline Easement is granted.

ARTICLE 4
INDEMNITY

Company shall defend, indemnify and hold harmless Authority, its commissioners, officers, directors, managers, employees, and agents (for purposes of this Article 4, the "Authority Parties") from and against any and all Claims arising out of or connected with the activities of the Company or its owners, officers, managers, agents, invitees, or licensees ("Company Parties") under this Agreement, TO THE EXTENT SUCH CLAIMS ARISE

OUT OF THE NEGLIGENCE, STRICT LIABILITY, WILLFUL MISCONDUCT, OR OTHER FAULT OR BREACH OF LEGAL DUTY BY COMPANY PARTIES (each an "Indemnified Claim"). In an Indemnified Claim against any Authority Party by or for an employee of a Company Party, the Company's indemnification obligation under this Article 4 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.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, TO THE EXTENT THE INDEMNIFIED CLAIM ARISES OUT OF THE JOINT, CONCURRENT OR COMPARATIVE NEGLIGENCE, CAUSATION, RESPONSIBILITY OR FAULT OF THE COMPANY PARTIES AND THE AUTHORITY PARTIES, WHETHER IN NEGLIGENCE, STRICT LIABILITY, WILLFUL MISCONDUCT, OR OTHER FAULT OR BREACH OF LEGAL DUTY, THEN (i) THE COMPANY SHALL DEFEND THE AUTHORITY PARTIES AGAINST SUCH INDEMNIFIED CLAIM, BUT (ii) THE COMPANY'S OBLIGATION TO INDEMNIFY THE AUTHORITY PARTIES AGAINST THE INDEMNIFIED CLAIM SHALL ONLY EXTEND TO THE PERCENTAGE OF TOTAL PROVEN RESPONSIBILITY OR FAULT OF THE COMPANY PARTIES IN CONTRIBUTING TO THE INDEMNIFIED CLAIM.

ARTICLE 5
VOLUME INCENTIVE PROGRAM FOR THE INITIAL OPERATING PERIOD

Section 5.01 Volume Incentive Program.

To encourage the Company to use the Ship Dock on a regular and level basis during the Initial Operating Period, the Authority agrees to the volume incentive program described in this Article 5 ("**Volume Incentive Program**"). Under the terms of the Volume Incentive Program, the Company will not be required to pay Wharfage on a certain number of Barrels (calculated in accordance with Section 5.02) of GM Liquid Bulk Cargo transferred across the Ship Dock during each Operational Quarter of the Initial Operating Period. These Barrels are referred to herein as "**Incentive Barrels**."

Section 5.02 Number of Incentive Barrels per Operational Quarter.

(a) The number of Incentive Barrels for any Operational Quarter in the Initial Operating Period shall be calculated as follows,

(i) the number of Incentive Barrels of GM Liquid Bulk Cargo for any Operational Quarter in the first Operational Year shall equal the product of Three Million Six Hundred Thousand (3,600,000) Barrels, multiplied by the Barrel Adjustment Factor for that Operational Quarter, rounded to the nearest whole number of Barrels; and

(ii) the number of Incentive Barrels of GM Liquid Bulk Cargo for any Operational Quarter in the second, third, fourth, fifth, sixth, and seventh Operational Years shall equal the product of Four Million Five Hundred Thousand (4,500,000) Barrels, multiplied by the Barrel Adjustment Factor for that Operational Quarter, rounded to the nearest whole number of Barrels.

(b) For illustration purposes only, if January 1, 2018 is the first day of the first Operational Quarter and if the Authority's Wharfage Rate on January 1, 2018 is $.1020 per Barrel of Liquid Bulk Cargo, the Barrel Adjustment Factor for the first Operational Quarter would be .0965/.1020, so the number of Incentive Barrels of GM Liquid Bulk Cargo for the first Operational Quarter would be 3,405,882 Barrels.

Section 5.03 Wharfage Payments.

(a) If the number of Incentive Barrels for any Operational Quarter of the Initial Operating Period exceeds the Actual LBC Throughput for that Operational Quarter, the Company will not be required to make any wharfage payments to the Authority on these Barrels of Actual LBC Throughput.

(b) If the Actual LBC Throughput during any Operational Quarter of the Initial Operating Period exceeds the number of Incentive Barrels for that Operating Period, then the Company shall make a wharfage payment to the Authority for such Operational Quarter in an amount equal to the product of (A) the number of Barrels by which the Actual LBC Throughput for such quarter exceeds the number of Incentive Barrels for such quarter, multiplied by (B) the Wharfage Rate for Liquid Bulk Cargo published in the Tariff on the first day of the first month of such quarter. The Company shall make this payment to the Authority within forty-five (45) days after the Company's receipt of the Authority's invoice for such Wharfage Charges.

Section 5.04. Security Surcharge.

The Authority assesses a Security Surcharge in its Tariff equal to a stated percentage of all Wharfage and Dockage charges (the "**Security Surcharge Percentage**"). The Company understands and agrees that every Barrel of GM Liquid Bulk Cargo that the Company transfers across the Ship Dock will be subject to a Security Surcharge equal to the product of the Wharfage Rate on Liquid Bulk Cargo in effect at the time of transfer, multiplied by the Security Surcharge Percentage in effect at the time of transfer. For example, if the Authority's Wharfage Rate on January 1, 2018 is $.1020 per Barrel of Liquid Bulk Cargo and if the Authority's Security Surcharge Percentage on January 1, 2018 is 9.5%, then each Barrel of GM Liquid Bulk Cargo that the Company transfers across the Ship Dock in the first Operational Quarter will be subject to a Security Surcharge of $0.00969 (0.969 cents) per Barrel. The Company will also be responsible for paying a Security Surcharge on Dockage.

ARTICLE 6
VOLUME COMMITMENTS DURING THE EXTENSION PERIOD

Section 6.01 Minimum Quarterly Throughput Obligations during the Extension Period.

(a) If the Company exercises its option to extend the Term of this Agreement pursuant to Section 2.02(b), the Company guarantees that it will load on and/or discharge from Vessels at the Ship Dock Six Million Three Hundred Thousand (6,300,000) Barrels of GM Liquid Bulk Cargo during each Operational Quarter of the Extension Period ("**Minimum Quarterly Throughput**").

(b) If the Last Operational Quarter is less than ninety-one (91) days, the Minimum Quarterly Throughput for the Last Operational Quarter shall equal a percentage of the Minimum

Quarterly Throughput, where the percentage is a fraction (expressed as a percentage), the numerator of which is the actual number of days in the Last Operational Quarter, and the denominator of which is ninety-one (91).

(c) Notwithstanding anything to the contrary contained in this Section 6.01, the Minimum Quarterly Throughput for any Operational Quarter of the Extension Period shall be reduced by 1/2184th for each hour the Company is prevented from loading and/or discharging GM Liquid Bulk Cargo to/from Vessels at the Ship Dock due to any events of *force majeure*, breakdown of or damage to the Ship Dock facilities not caused by the Company, dock congestion, channel closure, an order by any governmental authority which prohibits a Vessel from berthing at the Ship Dock due to inadequate water depth and the portion of the slip used for berthing has a water depth of less than 45 feet, any failure by the Authority to apply for, obtain or maintain any permit, license, approval or other rights necessary for the operation of the Ship Dock, or any failure or default by the Authority in performing its obligations under this Agreement (each, a "**Reportable Event**"). In the event the Company is prevented from loading and/or discharging GM Liquid Bulk Cargo to/from Vessels at the Ship Dock due to a Reportable Event, the Company shall give the Authority written notice of such Reportable Event, with reasonably full particulars of such Reportable Event, within forty-eight (48) hours after the occurrence of the Reportable Event. If the Company fails to give the Authority timely written notice of a Reportable Event, the Company shall not be entitled to claim a reduction in the Minimum Quarterly Throughput as a result of such Reportable Event. The Company understands and agrees that maintenance dredging of the Ship Dock is not a Reportable Event.

(d) If the Minimum Quarterly Throughput for any Operational Quarter of the Extension Period exceeds the Actual LBC Throughput for that Operational Quarter, then the Company shall make a payment to the Authority for such Operational Quarter in an amount equal to the product of (A) the number of Barrels by which the Minimum Quarterly Throughput for such quarter exceeds the Actual LBC Throughput for such quarter, multiplied by (B) the Wharfage Rate published in the Tariff on the first day of the third month such quarter (each an "**LBC Deficit Charge**" and collectively the "**LBC Deficit Charges**").

(e) The Company shall pay the LBC Deficit Charge for any Operational Quarter of the Extension Period to the Authority within forty-five (45) days after the Company's receipt of the Authority's invoice for such LBC Deficit Charge.

Section 6.02 Records.

Company shall keep and maintain a complete and accurate set of books and records showing all GM Liquid Bulk Cargo loaded or unloaded at the Ship Dock in order that Authority may ascertain therefrom the Actual LBC Throughput for each Operational Quarter of the Operational Period. Such books and records shall be subject to inspection by Authority, its agents and attorneys at any reasonable time.

Section 6.03. Place of Payment

Payment of the Capital Recovery Payment shall be made by electronic transfer to an account to be designated by Authority. Wharfage Charges, Dockage, and Security Surcharges shall be paid in accordance with the instructions provided in the invoices for these charges. All

such payments must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset, except as otherwise provided herein.

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Default by the Company.

An **"Event of Default"** by the Company shall occur:

(1) if the Company fails to pay any Wharfage Charges or any LBC Deficit Charges when due, and any such default shall continue for thirty (30) days after the receipt of written notice thereof by the Company; or

(2) if the Company fails in any material respect to keep, perform, or observe any material non-monetary covenant, condition, agreement, or obligation under this Agreement that is to be kept, performed or observed by Company, and shall fail to cure, correct or remedy such non-monetary failure within forty-five (45) days after Company has received written notice specifying such non-monetary failure, unless such non-monetary failure cannot be cured with due diligence within such period of forty-five (45) days, in which case such non-monetary failure shall not be deemed to continue if the Company proceeds with due diligence to cure the failure and diligently completes the curing thereof; or

(3) if the Company shall be adjudicated bankrupt or be declared insolvent under the Federal Bankruptcy Code or any other federal or state law (as now or hereafter in effect) relating to bankruptcy, insolvency, reorganization, winding-up or adjustment of debts (hereinafter collectively called "**Bankruptcy Laws**"), or if the Company shall (i) apply for or consent to the appointment of, or the taking of possession by, any receiver, custodian, trustee, or liquidator (or other similar official under Bankruptcy Laws) of the Company or of any substantial portion of the Company's property; (ii) admit in writing its inability to pay its debts generally as they become due; (iii) make a general assignment for the benefit of its creditors; (iv) file a petition commencing a voluntary case under or seeking to take advantage of any Bankruptcy Law; or (v) acquiesce in writing to, any petition commencing an involuntary case against the Company pursuant to any Bankruptcy Law; or

(4) if an order for relief against the Company shall be entered in any involuntary case under the Federal Bankruptcy Code or any similar order against the Company shall be entered pursuant to any other Bankruptcy Law, or if a petition commencing an involuntary case against the Company or proposing the reorganization of the Company under the Federal Bankruptcy Code shall be filed in and approved by any court of competent jurisdiction and not be discharged or denied within ninety (90) days after such filing, or if a proceeding or case shall be commenced in any court of competent jurisdiction seeking (i) the liquidation, reorganization, dissolution, winding-up or adjustment of debts of the Company, (ii) the appointment of a receiver, custodian, trustee, or liquidator (or other similar official under Bankruptcy Laws) of the Company or of any substantial portion of the Company's property, or (iii) any similar relief as to the Company pursuant to any

Bankruptcy Law, and any such proceeding or case shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continued unstayed and in effect for ninety (90) days.

Section 7.02 Remedies of Authority.

(a) If an Event of Default occurs and is continuing, then the Authority may, at any time thereafter prior to the curing thereof and without waiving any other remedies available to the Authority (Authority's remedies being cumulative), terminate this Agreement effective as of the date the Company receives the notice of termination ("**Termination Date**").

(b) Should the Authority terminate this Agreement due to an Event of Default, the Company shall pay to the Authority the accrued but unpaid Wharfage Charges and LBC Deficit Charges, if any, as of the Termination Date within ten (10) days after the Company's receipt of the Authority's invoice for such charges. If the Company fails to pay the unpaid Wharfage Charges and LBC Deficit Charges to the Authority when due, the Authority shall have the right to enforce the payment of such unpaid charges by any method provided by law or equity. The Authority hereby acknowledges and agrees that (i) termination of this Agreement, and (ii) collection of the accrued but unpaid Wharfage Charges and LBC Deficit Charges as of the Termination Date shall be the Authority's sole and exclusive remedy for any Event of Default by the Company under this Agreement; provided, however, that nothing in this Agreement shall prevent the Authority from pursuing the Company for any other amounts that may be due under the Tariff. The Company's obligation to pay the accrued but unpaid Wharfage Charges and LBC Deficit Charges as of the Termination Date pursuant to this Agreement is a continuing obligation of the Company and this obligation shall not terminate until the full amount of such Wharfage Charges and LBC Deficit Charges, if any, have been paid notwithstanding the fact that this Agreement shall have been terminated.

Section 7.03 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.

Section 7.04. Default by Authority.

(a) Authority shall in no event be charged with default in the performance of any of its obligations hereunder, unless Authority shall have failed to correct any such default within forty-five (45) days following receipt of written notice from Company to Authority, properly specifying any obligations Authority has failed to perform. If Authority fails to keep, perform, or observe any of the covenants, agreements, terms, or provisions contained in this Agreement that are to be kept, performed or observed by Authority, and if Authority fails to remedy the same within forty-five (45) days after Authority has been given a written notice specifying such failure, then in such event an "**Actionable Authority Default**" shall be deemed to have occurred, unless such failure cannot be cured with due diligence within such period of forty-five (45) days, in which case such

failure shall not be deemed to continue if the Authority proceeds with due diligence to cure the failure and diligently completes the curing thereof.

(b) If an Actionable Authority Default occurs and is continuing, then in such event the Company shall be entitled, at any time thereafter prior to the curing thereof and without waiving any other remedies available to the Company (Company's remedies being cumulative), to (i) enforce the performance of this Agreement by any method provided by law or equity, and (ii) a release from its obligation to pay any LBC Deficit Charges under this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.01 Compliance.

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

Section 8.02 No Partnership; No Third Party Beneficiaries.

The relationship between Authority and Company at all times shall remain solely that of Ship Dock owner and Ship 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 8.03 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 8.04 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 8.05 Severability.

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

Section 8.06 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 8.07 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 8.08 Attorneys' Fees.

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

Section 8.09 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. Authority shall provide immediate notice to Company of any open records request and allow Company to seek protective order within the statutory time limits. In the event that Authority is requested to disclose any information regarding the Company or the transactions contemplated hereby which can be withheld under the Texas Public Information Act, Authority will provide the Company with prompt prior notice so that the Company may seek a protective order or other appropriate remedy and/or waive the right to have the information withheld.

Section 8.10 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 reasonable satisfactory evidence of his or her authority to execute this Agreement on behalf of Company.

Section 8.11 Recording.

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

Section 8.12 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 this Agreement means this Agreement as amended or modified and in effect for time to time in accordance with the terms thereof.

Section 8.13 *Force Majeure.*

No failure or omission by the Company or the Authority, in the performance of any obligation under this Agreement, except the Company's failure to pay any Wharfage Charges or LBC Deficit Charges when due, 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 reasonable control of the Party claiming suspension, and which by the exercise of reasonable diligence such Party is unable to prevent or overcome, and which wholly or partially prevents or delays such Party's performance of its obligations under this Agreement, including any of the foregoing which satisfy the foregoing criteria: acts of God, earthquakes, fires, tornadoes, named storms, hurricanes, floods, wars (whether or not affecting the United States of America), service interruptions involving a pipeline, rebellions, insurrections, riots, explosions, strikes, lockouts, criminal acts, terrorism, transportation embargoes, and the necessity for compliance with rules, regulations, or orders of any governmental authority (excepting the Authority) ("***force majeure***").

In the event the Company or the Authority is rendered unable, in whole or in part, by *force majeure* to carry out its obligations under this Agreement, it is agreed that upon such Party's giving notice, with reasonably full particulars of such *force majeure*, in writing to the other Party within forty-eight (48) hours after the occurrence of the cause relied upon, the obligations of the Party 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.

Section 8.14 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 8.15 Transfer or Assignment.

(a) Neither this Agreement nor any of the rights and obligations hereunder may be transferred or assigned, in whole or in part, by either of the Parties without the prior written consent of the other Party, except as set forth in Section 8.15(b) or Section 8.15(c). Each Party agrees not to unreasonably withhold its consent to a transfer or an assignment of this entire Agreement to any other party.

(b) Notwithstanding anything to the contrary contained herein, the Company shall be entitled, upon notice to the Authority, but without the Authority's consent, to pledge or assign its

rights and interests in this Agreement to any lender as security in connection with any financing transaction for the benefit of the Company or any of its Affiliates.

(c) Notwithstanding anything to the contrary contained herein, the Company shall be entitled, upon notice to Authority, but without Authority's or the Port Commission's consent, to transfer or assign all (but not less than all) of its rights and interests in this Agreement to (1) any party that acquires all or substantially all of Company's assets and the Company Facilities and that assumes in writing all of Company's obligations under this Agreement, or (2) any party into or with which Company is merged or consolidated (whether or not Company is the surviving entity in such merger), subject to the following conditions:

(i) at the time of the transfer or assignment no Event of Default is continuing;

(ii) the Company delivers a copy of the instrument or instruments of transfer or assignment of this Agreement to the Authority within ten (10) days after the date of sale, merger or consolidation, as the case may be; and

(iii) the Company delivers an original instrument of assumption by the transferee or assignee of all of the Company's obligations under this Agreement to the Authority within ten (10) days after the date of sale, merger or consolidation, as the case may be.

(d) Any permitted transfer or assignment of this Agreement by the Company under Section 8.15(a) or Section 8.15(c), unless the transfer or assignment is by merger or consolidation and the Company is the surviving entity in such merger or consolidation, shall result in a complete release of the Company from its obligations under this Agreement.

Section 8.16 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 and/or Deputy Executive Director

Gravity Midstream Corpus Christi, LLC
Phoenix Tower
3200 Southwest Freeway, Suite 1275
Houston, Texas 77027
Attention: Mr. Craig Peus, President and CEO

Section 8.17 Entire Agreement; Survival.

(a) 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 with respect to the particular subject matter of this Agreement that are not fully expressed in this Agreement. No change, waiver or discharge of this Agreement is valid unless it is contained in a writing that is signed by the Party against whom it is sought to be enforced.

(b) Termination or expiration of this Agreement shall not affect the rights and obligations of either Party that may have accrued prior to the date of termination or expiration. Without limiting the generality of the foregoing, the provisions of Section 3.02(c), Article 4, and Section 7.02(b), as well as all rights and obligations with respect to any amounts that remain unpaid under this Agreement as of the date of termination or expiration, shall survive the termination or expiration of this Agreement. Furthermore, all other obligations in this Agreement which by their nature continue beyond the Term of this Agreement, shall survive the expiration or termination of this Agreement.

Section 8.18 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 8.19 Dispute Resolution

In the event a dispute arises between the Parties regarding the application or interpretation of, or in any way relating to, this Agreement, the Parties agree to attempt to resolve all disputes arising hereunder promptly, equitably and in a good faith manner. If the Parties shall have failed to resolve the dispute within the ten (10) Business Days after any written notice of the dispute has been received by the other Party, then either Party may elect to refer the dispute to the respective upper management of the Parties by notice in writing to the other Party, and the appropriate upper management of the Parties shall meet within the ten (10) Business Days after the date of the notice, to resolve the dispute. If the dispute is not resolved within five (5) Business Days after such a meeting has commenced (but in any event within ten (10) Business Days after the date of the letter referring the matter to upper management), then either Party may at any time thereafter resort to mediation, under the provisions of Section 8.20.

Section 8.20 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, either Party may request that the American Arbitration Association 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. Any mediation shall not extend beyond thirty (30) days after the appointment of the mediator, and

should the Parties fail to resolve any dispute by mediation within such 30-day period, the Parties shall have all rights available at law or in equity.

Section 8.21 Complete Amendment and Restatement of Original Gravity Agreement.

This Agreement amends and completely restates the Original Gravity Agreement and supersedes all prior agreements, whether written or oral, between the Parties with respect to the specific subject matter of this Agreement, and this Agreement (along with the exhibits hereto) constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to the specific subject matter hereof. This Agreement shall govern and control as to all events, acts, omissions, liabilities and obligations first occurring, arising, or accruing from and after the Effective Date. This Agreement is intended, and shall be deemed and construed, to be a continuation (without interruption or recommencement) of the various terms and provisions of the Original Gravity Agreement, which shall continue to govern and control as to all events, acts, omissions, liabilities and obligations occurring, arising, or accruing prior to the Effective Date. Nonetheless, the Agreement will not become effective if the Company fails to make the Capital Recovery Payment in accordance with the terms of this Agreement, and in such case the Original Gravity Agreement would remain in effect for all purposes.

[Signature page follows this page]

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals, each of which shall be deemed to be an original, as of the dates provided below each signature, to be effective, however, for all purposes as of the date on which Compass Bank delivers the Capital Recovery Payment to the Authority.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____
John P. LaRue, Executive Director

Date: _____

GRAVITY MIDSTREAM CORPUS CHRISTI, LLC

By: _____
Craig Peus, President and CEO

Date: April 13, 2017

EXHIBIT A
LOCATION OF THE PUBLIC OIL DOCK NO. 14

EXHIBIT B
DRAWING OF THE PUBLIC OIL DOCK NO. 14
AND ADJACENT SLIP

EXHIBIT C
INSURANCE COVERAGES TO BE PROVIDED BY THE CONTRACTORS FOR COMPANY

The Company will require its Contractor(s) to provide the following insurance coverage on and in connection with the installation of the Company Facilities:

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.

Authority shall be furnished by Company 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 approved by, and on file with, the Texas Insurance Commission, and must be reasonably acceptable in their 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, (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, and (c) provide that notwithstanding any language in any policy of insurance held by Company ("**Company Insurance**") to the effect that the Company Insurance is primary, the policy or policies held by Contractor are primary coverage and the Authority Insurance is non-contributory.

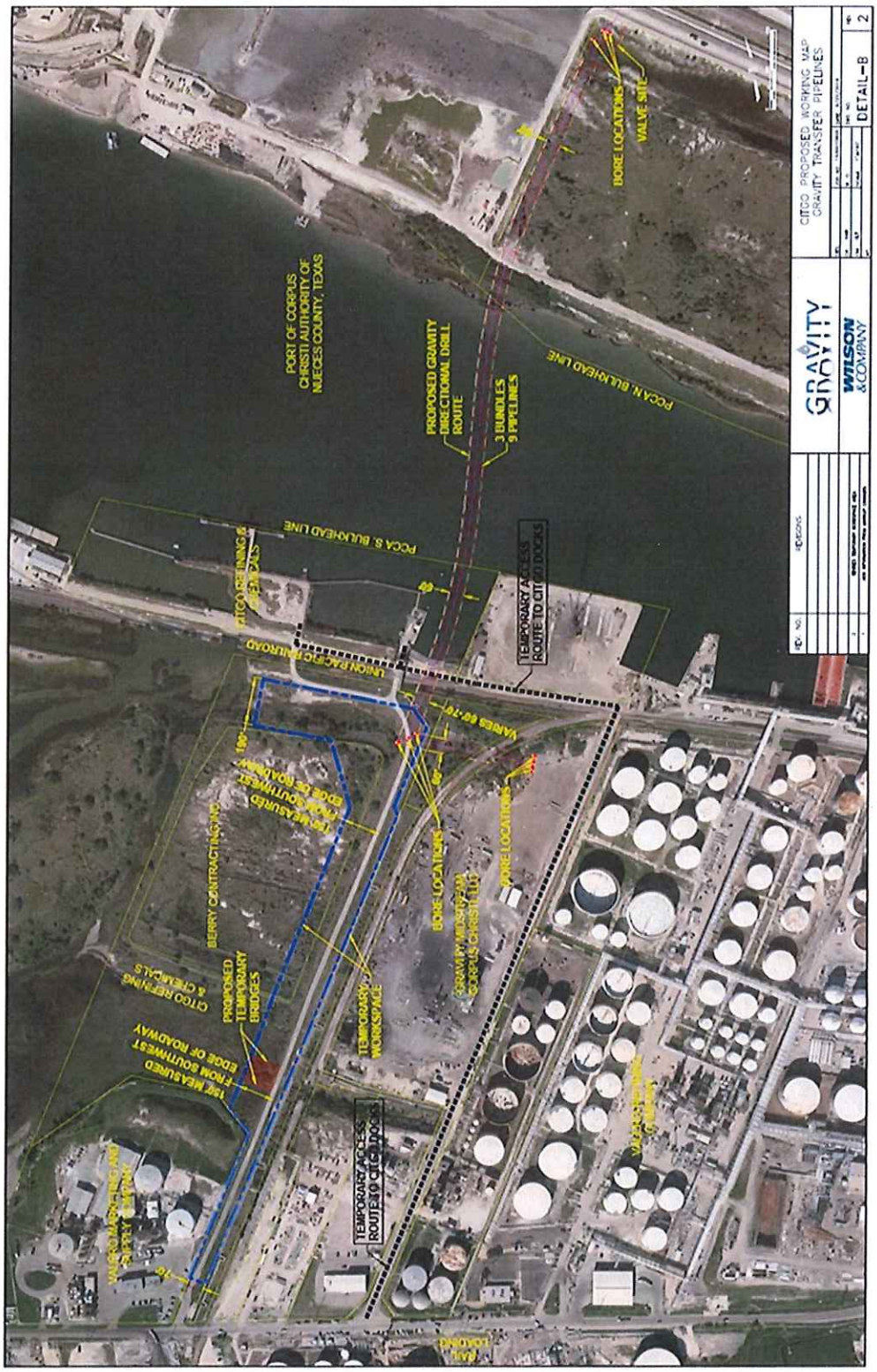
Contractor shall deliver to Authority and Company certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of 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.

END OF EXHIBIT C

EXHIBIT D

PIPELINE EASEMENT ROUTING SCHEMATIC



PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Russell Cordo, Assistant Harbormaster
russell@pocca.com
(361) 885-6166

Approve Temporary Rule Change to Tariff 100-A for 4 Hour Notice to Harbormaster for Vessel Movements

SUMMARY: Staff requests approval of a temporary rule change to Tariff 100-A to include a four (4) hour notice requirement to the Harbormaster for vessel movements for a 90 day trial period effective May 1, 2017.

BACKGROUND: Staff requests approval of a temporary rule change to Tariff 100-A to include a four (4) hour notice requirement to the Harbormaster for vessel movements. The intent is to improve efficiency on the Port's Waterways which will benefit all Users. The temporary rule change and notice language is attached hereto. The trial period will begin May 1, 2017, and will be effective for a term of 90 days. During the 90 day trial period, the Harbormaster, Aransas-Corpus Christi Pilots, and Industry will compile data to determine whether a 4 hour notice to the Harbormaster improves efficiency on the Port's Waterways. Following the 90 day trial period, staff may request that the Port Commission approve a permanent rule change.

During the trial period there will be no change in the Aransas-Corpus Christi Pilot cancellation or detention charges. Any change to cancellation or detention charges must be approved by the Pilot Board.

South Texas Waterways Advisory Committee (STWAC) was provided the attached notice on April 11, 2017, that the temporary rule change would be considered by the Port Commission on April 18, 2017. The data collected from the 90 day trial period will be shared with STWAC. The Port Commission may call upon STWAC to make a recommendation as to a permanent rule change.

ALTERNATIVES: Adopt a permanent rule change and forego the 90 day trail period.

CONFORMITY TO PORT POLICY:

EMERGENCY: No

FINANCIAL IMPACT: None

STAFF RECOMMENDATION:

DEPARTMENTAL CLEARANCES:

Originating Department	Harbormaster's Office
Reviewed By	Russel Cordo
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

Notice and Temporary Rule Change
Email to STWAC Members

The Note below includes applicable definitions from Tariff 100-A for easy reference.

NOTICE TO ALL PORT USERS:

The following Tariff Item is effective for a term of 90 days beginning on the Effective Date. During the 90 day trial period, the Harbormaster, Aransas-Corpus Christi Pilots, and Industry will compile data to determine whether a 4 hour notice to the Harbormaster improves efficiency on the Port's Waterways. Following the 90 day trial period, the Port Commission may approve a permanent rule change.

ITEM _____ (I) Eff. 5-1-2017
FOUR HOUR NOTICE TO HARBORMASTER

All Users of Waterways must provide the Harbormaster a minimum four (4) hours' notice prior to any inbound movement, outbound movement, or shifting. A Vessel's order may be postponed two (2) hours prior to movement.

NOTE – Tariff Item 100 (Definitions):

USER - Any person or entity using Terminal Facilities or Waterways, or to whom or for whom any service, work or labor is furnished, performed, done or made available by the Port Authority, or any person or entity owning or having custody of cargo moving over such facilities or waterways. (C) 1-1-2017

VESSEL - Any vessel used for the transportation by water of marine cargo, whether self-propelled or non-self-propelled and shall include in its meaning the owner thereof. See also Item 674 (C) 9-8-2009

WATERWAYS - The Corpus Christi Ship Channel, LaQuinta Channel with its tributary channel known as Jewel Fulton Canal, the Inner Harbor and the canals in Rincon Industrial Park, the channels connecting them with the Corpus Christi Ship Channel, and all other channels or canals within the jurisdiction of the Port Authority. See also item 674 (C) 9-8-2009

STWAC Members:

The Port is considering a revision to Tariff 100-A to include a four (4) hour notice requirement to the Harbormaster for vessel movements. The intent is to improve efficiency on the Port's Waterways which will benefit all Users. Port Staff is proposing the following temporary rule change which will be presented to the Port Commission for approval on April 18, 2017. The trial period will begin May 1, 2017, and will be effective for a term of 90 days. During the 90 day trial period, the Harbormaster, Aransas-Corpus Christi Pilots, and Industry will compile data to determine whether a 4 hour notice to the Harbormaster improves efficiency on the Port's Waterways. Following the 90 day trial period, the Port Commission may approve a permanent rule change. The data collected from the 90 day trial period will be shared with STWAC. The Port Commission may call upon STWAC to make a recommendation as to a permanent rule change.

Please note, during the trial period there will be no change in the Aransas-Corpus Christi Pilot cancellation or detention charges. Any change to cancellation or detention charges must be approved by the Pilot Board.

If approved by the Port Commission on April 18, 2017, the text in italics below will be posted on the cover page of Tariff 100-A. The Note below includes applicable definitions from Tariff 100-A for easy reference.

NOTICE TO ALL PORT USERS:

The following Tariff Item is effective for a term of 90 days beginning on the Effective Date. During the 90 day trial period, the Harbormaster, Aransas-Corpus Christi Pilots, and Industry will compile data to determine whether a 4 hour notice to the Harbormaster improves efficiency on the Port's Waterways. Following the 90 day trial period, the Port Commission may approve a permanent rule change.

ITEM _____ (I) Eff. 5-1-2017
FOUR HOUR NOTICE TO HARBORMASTER

All Users of Waterways must provide the Harbormaster a minimum four (4) hours' notice prior to any inbound movement, outbound movement, or shifting. A Vessel's order may be postponed two (2) hours prior to movement.

NOTE – Tariff Item 100 (Definitions):

USER - Any person or entity using Terminal Facilities or Waterways, or to whom or for whom any service, work or labor is furnished, performed, done or made available by the Port Authority, or any person or entity owning or having custody of cargo moving over such facilities or waterways. (C) 1-1-2017

VESSEL - Any vessel used for the transportation by water of marine cargo, whether self-propelled or non self-propelled and shall include in its meaning the owner thereof. See also Item 674 (C) 9-8-2009

WATERWAYS - The Corpus Christi Ship Channel, LaQuinta Channel with its tributary channel known as Jewel Fulton Canal, the Inner Harbor and the canals in Rincon Industrial Park, the channels connecting them with the Corpus Christi Ship Channel, and all other channels or canals within the jurisdiction of the Port Authority. See also item 674 (C) 9-8-2009

Russell Cordo
Assistant Harbormaster
Port of Corpus Christi
222 Power Street
Corpus Christi, Texas 78401
Office: 361-885-6166

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Jimmy Welder, General Counsel
Direct: (361) 561-8002; jwelder@welderleshin.com

Approve a Resolution electing to operate under Chapter 2267 of the Texas Government Code and adopting Guidelines for Public-Private Partnerships

SUMMARY: The Commission has expressed interest in establishing a Public-Private Partnership Program that could be used for specific Port projects in the future. To accomplish this objective, the Commission would need to approve a resolution electing to operate under Chapter 2267 of the Texas Government Code and adopting Guidelines for Public-Private Partnerships.

BACKGROUND: Chapter 2276 of the Texas Government Code establishes a process by which a political subdivision of the State of Texas, such as the Port of Corpus Christi Authority, may enter into a public-private partnership with a private company for the development or operation of a qualifying project (as defined in Chapter 2276). The Texas Facilities Commission describes a public-private partnership as follows:

> A public-private partnership is a contractual agreement between a public agency (federal, state or local) and a private sector person or entity organized for the purpose of timely delivering services or facilities in a cost-effective manner that might not otherwise be possible using traditional sources of public financing. Through this contractual agreement, the assets and professional skills of each sector (public and private) are shared to deliver a service or facility for the use of the general public, e.g., planning, designing, financing, constructing, operating, maintaining, and owning, and each sector shares in the potential risks of the timely and efficient delivery of the service or facility. To be considered under the public-private partnership development program, a proposal must merit designation as a "qualifying project," as defined hereafter.

A “qualifying project” includes any port facility, public building, or similar facility made available to PCCA for public use. In order for PCCA to use Chapter 2276 for a public-private partnership, the Port Commission must approve a resolution (1) electing to operate under Chapter 2276, and (2) adopting guidelines that enable PCCA to comply with Chapter 2276. A resolution to that effect is included with this memorandum, along with proposed Port of Corpus Christi Authority Guidelines for Public-Private Partnerships (“P3 Guidelines”).

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

As you will see when reviewing the P3 Guidelines, this is not a simple process. The process is initiated by PCCA's request for proposals for a qualifying project. Chapter 2267 does not permit PCCA to consider an unsolicited public-private partnership. The members of the P3 Oversight Committee described in the P3 Guidelines will evaluate all proposals submitted to PCCA in response to an RFP and make recommendations to the Port Commission. For the evaluation of any P3 Proposal with an estimated cost of $5 million or more for the construction or renovation of a facility, PCCA is required to retain an architect, a professional engineer, and a registered municipal advisor, none of whom shall be employees of PCCA, to advise members of the Oversight Committee.

After reviewing the Oversight Committee's recommendation, the Port Commission will accept the P3 Proposal that the Commission determines to be the best value for PCCA or the Commission will reject all Proposals. If the Commission accepts a Proposal, the Commission is required to hold a public hearing on the accepted P3 Proposal not later than the 30th day before the day PCCA enters into an Interim or Comprehensive Agreement with the Proposer. The Commission is required to hold a second public hearing on the final version of the proposed Comprehensive Agreement not later than the 10th day before the date PCCA enters into the agreement.

While this appears to be a tedious process, the Center for Alternative Finance and Procurement has been established within the Texas Facilities Commission for the express purpose of consulting with local government agencies regarding best practices for procuring and financing qualifying projects. The Center will also assist agencies in the receipt of proposals, negotiation of interim and comprehensive agreements and management of qualifying projects.

ALTERNATIVES: N/A

CONFORMS TO PORT POLICY: Yes

EMERGENCY: No

FINANCIAL IMPACT: Approving the Guidelines will have no financial impact. The financial impact of a specific P3 Project would need to be analyzed at the time the project is under consideration.

STAFF RECOMMENDATION: If the Commission wishes to establish a Public-Private Partnership Program for certain qualifying PCCA projects, Staff recommends Commission approval of the attached Resolution Electing to Operate under Texas Government Code Chapter 2267, and Adopting Guidelines For Public-Private Partnerships

DEPARTMENTAL CLEARANCES:

Originating Department	Deputy Executive Director & Chief Operating Officer
Reviewed & Approved	Sean Strawbridge
Legal	Jimmy Welder

LIST OF SUPPORTING DOCUMENTS:

Attachment A – Resolution Electing to Operate Under Texas Government Code Chapter 2267, and Adopting Guidelines for Public-Private Partnerships

Attachment B – Guidelines for Public-Private Partnerships

RESOLUTION TO OPERATE UNDER
TEXAS GOVERNMENT CODE CHAPTER 2267, AND
ADOPTING GUIDELINES FOR PUBLIC-PRIVATE PARTNERSHIPS

WHEREAS, the Texas Legislature enacted the Public and Private Facilities and Infrastructure Act of 2011 (the "Act") in order to facilitate and expand the use of public-private partnerships (P3's); and

WHEREAS, the Act is codified under Chapter 2267 of the Texas Government Code ("Chapter 2267"); and

WHEREAS, the Port of Corpus Christi Authority ("PCCA") may operate under Chapter 2267, if the Port Commission adopts a resolution making that election; and

WHEREAS, PCCA may consider proposals for P3's, if the Port Commission adopts guidelines that enable PCCA to comply with Chapter 2267 and makes them publicly available; and

WHEREAS, the Port Commission finds it to be in the best interest of PCCA to elect to operate under Chapter 2267 and to adopt guidelines to enable PCCA to comply with Chapter 2267;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF CORPUS CHRISTI AUTHORITY ("COMMISSION") AS FOLLOWS:

Section 1. PCCA herby elects to operate under Chapter 2267 of the Texas Government Code.

Section 2. PCCA hereby adopts the "Port of Corpus Christi Authority Guidelines for Public-Private Partnerships" ("Guidelines") in the form presented to this meeting.

Section 3. A copy of the Guidelines shall be attached to the minutes of this meeting as Exhibit A, and the Guidelines shall be made publicly available as soon as practicable after the conclusion of this meeting.

Section 4. This resolution is adopted by the Commission this 21st day of April, 2017.

PORT OF CORPUS CHRISTI AUTHORITY
GUIDELINES FOR PUBLIC-PRIVATE PARTNERSHIPS
Adopted by the Port Commission on April 21, 2017

ARTICLE 1
PURPOSE AND SCOPE

The terms "***Public-Private Partnership***" and "***P3***" refer generally to agreements between public entities and the private sector by which the private sector makes physical assets or services available to a public entity for an extended term in exchange for fixed payments. Pursuant to the Texas Public and Private Facilities and Infrastructure Act (Chapter 2267, Texas Government Code) (the "***Act***," as amended from time to time), the Port Commission ("***Port Commission***") of the Port of Corpus Christi Authority of Nueces County, Texas (the "***PCCA***") has adopted these Guidelines for Public-Private Partnerships ("***Guidelines***") to create PCCA's P3 Program and to further the public purposes declared in Section 2267.002(a)-(c) of the Act.

These Guidelines govern the submission and evaluation of "P3 Proposals" (defined in Article III below) by the private sector to partner with PCCA for the development or operation of certain improvements "necessary or desirable to real property" owned by PCCA. A successful P3 Proposal will result in an agreement between the private sector and PCCA for development, completion, financing, operation, or maintenance of a "Qualifying Project" (defined in Article III below).

ARTICLE 2
GUIDELINES REQUIRED

A. It is PCCA's intention to comply with all mandatory provisions of the Act. Under the Act, PCCA must adopt and make publicly available guidelines that enable PCCA to comply with the Act before requesting proposals for a Qualifying Project. The Act provides that the guidelines must be reasonable, encourage competition, and guide the selection of P3 Proposals, and must:

1. require PCCA to:
    a. make a representative available to meet with persons who are considering submitting a proposal; and
    b. provide notice of the representative's availability;
2. provide reasonable criteria for choosing among competing proposals;
3. contain suggested timelines for selecting proposals and negotiating an interim or comprehensive agreement;
4. allow PCCA to accelerate the selection, review, and documentation timelines for proposals involving a Qualifying Project considered a priority by the entity;
5. include financial review and analysis procedures that at a minimum consist of:
    a. a cost-benefit analysis;
    b. an assessment of opportunity cost;
    c. consideration of the degree to which functionality and services similar to the functionality and services to be provided by the proposed project are already available in the private market; and

d. consideration of the results of all studies and analyses related to the proposed Qualifying Project;

6. allow PCCA to consider the nonfinancial benefits of a proposed Qualifying Project;

7. ensure that PCCA, for a proposed project to improve real property, evaluates design quality, life-cycle costs, and the proposed project's relationship to any relevant comprehensive planning or zoning requirements;

8. include criteria for:

a. the Qualifying Project, including the scope, costs, and duration of the project and the involvement or impact of the project on multiple public entities;

b. the creation of and the responsibilities of an oversight committee, with members representing PCCA, that acts as an advisory committee to review the terms of any proposed interim or comprehensive agreement; and

c. the role the Center for Alternative Finance and Procurement established by the Texas Facilities Commission in the review, analysis, or evaluation of the Qualifying Project;

9. require PCCA to analyze the adequacy of the information to be released by PCCA when seeking competing proposals and require that PCCA provide more detailed information, if PCCA determines necessary, to encourage competition, but without disclosing confidential and proprietary information provided by a private entity submitting a proposal;

10. establish criteria, key decision points, and approvals required to ensure that PCCA considers the extent of competition before selecting proposals and negotiating an interim or comprehensive agreement; and

11. include a requirement that PCCA engage the services of qualified professionals, including an architect, professional engineer, or registered municipal advisor, not otherwise employed by PCCA or the Center to provide independent analyses regarding the specifics, advantages, disadvantages, and long-term and short-term costs of a Qualifying Project unless the Port Commission determines that the analysis is to be performed by similarly qualified employees of PCCA.

B. A Qualifying Project includes any improvements necessary or desirable to real property owned by PCCA. PCCA may approve any Qualifying Project that the Port Commission determines serves a public purpose. Under the Act, PCCA may approve as a Qualifying Project the development or operation of a facility needed by PCCA, or the design or equipping of a Qualifying Project, if the Port Commission determines that the project serves the public purpose of Act. The Act provides that the Port Commission may determine that the development or operation of a project serves the public purpose if:

1. there is a public need for or benefit derived from the project;

2. the estimated cost of the project is reasonable in relation to similar facilities; and

3. the project’s plans will result in the timely development or operation of the project.

ARTICLE 3
DEFINITIONS

These Guidelines specifically incorporate by reference the definitions in Section 2267.001 of the Act. Any variance between the capitalization of terms in the Act and in these Guidelines is immaterial. In the event of a substantive conflict between definitions in the Act and in these Guidelines, the Act shall control. In addition to definitions appearing in the Act and elsewhere in these Guidelines, for the purposes of these Guidelines the terms listed below have the meaning stated.

Authority's Website is http://portofcc.com/

Comprehensive Agreement means the comprehensive agreement authorized by Section 2267.058, Government Code, between the contracting person and PCCA.

Contracting Person means a person who enters into a Comprehensive or Interim Agreement with PCCA under Chapter 2267 of the Government Code.

Interim Agreement means an agreement authorized by Section 2267.059, Government Code, between the contracting person proposing the development or operation of the Qualifying Project and PCCA.

P3 Contract means an agreement between a public entity and a private entity by which the private entity makes physical assets or services available to the public entity for a term of twenty or more years in exchange for fixed payments.

P3 Procurement Record means a document or other record in any form directly related to a P3 Proposal. Notwithstanding the previous sentence, a P3 Procurement Record does not include (a) information excepted or otherwise exempt from the public disclosure requirements of the Texas Public Information Act (Chapter 552, Texas Government Code), or (b) information not constituting a procurement record within the meaning of Section 2267.066(f) of the Act.

P3 Proposal means a proposal submitted to PCCA in response to a P3 Solicitation.

P3 Solicitation means a request for proposals ("RFP") issued by PCCA for a Qualifying Project.

Project means either a Qualifying Project or a proposed Qualifying Project, depending on context.

Proposer means a private person or entity that plans to submit or that has submitted a P3 Proposal to PCCA.

Qualifying Project means a service or an improvement to real property provided or proposed to be provided by a private entity to PCCA by means of a P3 Contract, in accordance with the Act.

P3 Proposal means a P3 Proposal submitted to PCCA in response to a P3 Solicitation, as contemplated by Section 2267.053(b) of the Act.

ARTICLE 4
OVERVIEW OF P3 PROGRAM

A. A person may not develop or operate a Qualifying Project for PCCA unless the person contracts with PCCA as prescribed by these Guidelines and applicable law. See TEX. GOV'T CODE § 2267.051.

B. Participation in the P3 Program is initiated by responding to a P3 Solicitation.

C. PCCA will exercise full due diligence in the evaluation of P3 Proposals and will examine carefully the qualifications, capabilities, resources, and other attributes of a Proposer and its team. Proposers will be held strictly accountable for representations made and information provided to PCCA regarding their qualifications and experience.

D. If required under Section 2267.055(a) of the Act, the selected Proposer must provide "each affected jurisdiction" with copies of its Solicited P3 Proposal.

E. Absent a legally enforceable written agreement executed by an authorized representative of PCCA, PCCA will not be responsible for any costs incurred in the preparation, submission, or presentation of a P3 Proposal.

ARTICLE 5
AUTHORITY'S P3 REPRESENTATIVE

A. PCCA has designated its Deputy Executive Director and Chief Operating Officer as its representative ("***P3 Representative***") to administer PCCA's P3 Program and, as required by Section 2267.052(b)(1) of the Act, confer with persons considering submission of a P3 Proposal. The P3 Representative will be available during PCCA's regular business hours, by appointment only. Requests to meet with the P3 Representative regarding matters within the scope of these Guidelines should be submitted in writing to the following address:

Mr. Sean C. Strawbridge
Port of Corpus Christi Authority
Deputy Executive Director & Chief Operating Officer
222 Power Street
Corpus Christi, TX 78401

B. The P3 Representative may designate in writing another employee of PCCA to act in his stead with regard to any particular P3 Proposal. The P3 Representative may amend or withdraw this designation at any time.

C. The Port Commission may designate in writing a different P3 Representative, which designation shall be effective upon its posting at PCCA's Website.

ARTICLE 6
AUTHORITY'S P3 OVERSIGHT COMMITTEE AND PROFESSIONAL ADVISORS

A. As required by Section 2267.052(b)(8) of the Act, PCCA has established a P3 Oversight Committee, with the members specified below, that will act as an advisory committee to review the terms of any proposed interim or comprehensive agreement:

Position 1 (Chair): Deputy Executive Director & Chief Operating Officer

Position 2: Chief Commercial Officer

Position 3: Director of Finance

B. Members of the Oversight Committee do not serve for specific terms; new members may be designated to the above Positions by the Chairman of the Port Commission as circumstances require. Names of the members of the Oversight Committee and any changes in the Committee's membership will be announced promptly on PCCA's Website.

C. The P3 Oversight Committee shall evaluate each Solicited P3 Proposal.

1. In most instances, the Committee will complete its evaluations not later than 90 days after the Solicited P3 Proposals are received by the P3 Representative. As authorized by Section 2267.052(b)(4) of the Act, this timeline may be adjusted for Solicited P3 Proposals considered a priority by PCCA.

2. The Committee shall consider the extent of competition evidenced by Solicited P3 Proposals responsive to the P3 Solicitation. If the Committee reasonably concludes the Solicited P3 Proposals do not reflect competition among Proposers sufficient to provide PCCA with good value, the P3 Representative may amend, supplement, or withdraw the P3 Solicitation. See TEX. GOV'T CODE § 2267.052(b)(10).

3. During its evaluation of a Solicited P3 Proposal, the Committee may communicate with a Proposer to clarify information in the Solicited P3 Proposal or to confirm the Proposer understood the requirements of the P3 Solicitation. The Committee shall maintain a record of each such communication, which record shall be a P3 Procurement Record.

4. After evaluating the Solicited P3 Proposals, the Committee shall recommend to the Port Commission either (a) the acceptance of a particular Solicited P3 Proposal for negotiation to an Interim or Comprehensive Agreement, in accordance with Articles 9 and 10 of these Guidelines, or (b) the rejection all of the Solicited P3 Proposals.

5. Additional criteria and procedures for the evaluation of Solicited P3 Proposals shall be as described in the P3 Solicitation but shall not be inconsistent with the Act.

C. The P3 Oversight Committee shall also review the terms of any proposed Interim or Comprehensive Agreement and make recommendations to the Port Commission regarding these agreements.

D. As required by Section 2267.052(c)(2) of the Act, PCCA will engage the services of qualified professionals, including an architect, professional engineer, or registered municipal advisor, not otherwise employed by PCCA, or the Center to provide independent analyses regarding the specifics, advantages, disadvantages, and long-term and short-term costs of a Qualifying Project unless the Port Commission determines that the analysis is to be performed by similarly qualified employees of the PCCA.

E. As required by Section 2267.052(c-1) of the Act, for the evaluation of any P3 Proposal with an estimated cost of $5 million or more for the construction or renovation of a facility, PCCA shall retain an architect, a professional engineer, and a registered municipal advisor, none of whom shall be employees of PCCA, to advise members of the Oversight Committee.

F. The Oversight Committee is not subject to the Texas Open Meetings Act (Chapter 551, Texas Government Code). See TEX. GOV'T CODE § 551.001(3).

ARTICLE 7
RFP FOR P3 PROPOSALS

A. A P3 Solicitation shall be by RFP. These Guidelines do not govern all RFPs issued by PCCA. These Guidelines pertain only to a Request for Proposals for a Public-Private Partnership.

B. A P3 Solicitation may be preceded by a Request for Qualifications ("RFQ") if the P3 Representative reasonably concludes doing so is likely to serve PCCA's interests. In such event, the P3

Oversight Committee shall determine from responses to the RFQ whether PCCA will proceed with the P3 Solicitation and, if so, shall identify one or more Proposers eligible to respond to the P3 Solicitation.

C. Before issuing a P3 Solicitation, PCCA shall analyze the adequacy of the information to be supplied by the P3 Solicitation, as required by Section 2267.052(b)(9) of the Act. If the analysis indicates additional information is likely to encourage competition among private entities, PCCA shall revise the P3 Solicitation to include such information, subject to Section 2267.053(g) of the Act. The P3 Representative shall prepare a brief summary of the analysis required by this Article 7, which summary shall be a P3 Procurement Record.

D. P3 Solicitations shall follow PCCA's procurement policies and procedures stated in PCCA's Procurement Manual, except as may be modified by mandatory provisions of the Act. Additional procedures and requirements applicable to a particular Solicited P3 Proposal will be specified in the P3 Solicitation, which may or may not address every provision of these Guidelines. While it is PCCA's duty to state the requirements for responding to a P3 Solicitation, it is the Proposer's obligation to determine from the P3 Solicitation the extent to which these Guidelines apply and to request clarification from the P3 Representative as may be necessary or prudent.

E. At a minimum, each P3 Solicitation shall:

1. State that PCCA will "make a best value determination in evaluating the proposals received and consider the total project cost as one factor in evaluating the proposals," as required by Section 2267.053(b-1) of the Act.

2. State that PCCA is not required to select the proposal that offers the lowest total project cost and that PCCA may also consider the following factors, as applicable to the Project:

    a. the proposed cost of the Qualifying Project;

    b. the general reputation, industry experience, and financial capacity of the person submitting a proposal;

    c. the proposed design and overall quality of the Qualifying Project;

    d. the eligibility of the project for accelerated selection, review, and documentation timelines under these Guidelines;

    e. comments from local citizens and affected jurisdictions;

    f. benefits to the public;

    g. the person's good faith effort to comply with the goals of a historically underutilized business plan;

    h. the person's plans to employ local contractors and residents;

    i. for a Qualifying Project that involves a continuing role beyond design and construction, the person's proposed rate of return and opportunities for revenue sharing;

j the relationship and conformity of the Qualifying Project to a state or local community plan impacted by the Qualifying Project or to the uses of property surrounding the Qualifying Project;

k. the historic significance of the property on which the Qualifying Project is proposed to be located;

l. the environmental impact of the Qualifying Project; and

m. other criteria that PCCA considers appropriate.

ARTICLE 8
PUBLIC HEARING ON AN ACCEPTED P3 PROPOSAL

A. After reviewing the Oversight Committee's report and recommendation on the proposals received in response to a P3 Solicitation, the Port Commission shall accept the P3 Proposal that the Commission determines provides the best value PCCA, based on the evaluation factors specified in the RFP for the Proposals, or the Commission may reject all Proposals.

B. As required by Section 2267.066(a) of the Act, not later than ten days after the Authority's acceptance of a P3 Proposal in accordance with Section 2267.053(b) of the Act, PCCA shall post a copy of the accepted P3 Proposal on PCCA's Website. PCCA shall make available for public inspection at least one copy of the Proposal.

C. Notwithstanding any provision to the contrary in these Guidelines, no employee, consultant, or agent of PCCA may publish, make available for inspection, or otherwise reveal to any person not employed by or in privity with PCCA, any trade secret, proprietary information, financial records, or work product of a Proposer except (a) as required by the Texas Public Information Act; (b) as required by court order; or (c) with the written agreement of authorized representatives of the Proposer and any other entity with a legally enforceable proprietary or legal interest in all or part of the information.

D. As required by Section 2267.066(d) of the Act, PCCA shall hold a public hearing on the accepted P3 Proposal during the Proposal review process not later than the 30th day before the day PCCA enters into an Interim or Comprehensive Agreement with the Proposer. The public hearing shall be held in the area in which the proposed Qualifying Project is to be performed.

ARTICLE 9
COMPREHENSIVE AGREEMENTS

A. A Proposer may not develop or operate a Qualifying Project without a Comprehensive Agreement with PCCA. PCCA may not enter into a Comprehensive Agreement without prior approval by the Port Commission.

B. The P3 Representative shall designate one or more professionals employed or retained by PCCA to negotiate the terms of a Comprehensive Agreement. Negotiation of a Comprehensive Agreement should be completed not later than 90 days after the Port Commission's acceptance of a P3 Proposal pursuant to these Guidelines. As authorized by Section 2267.052(b)(4) of the Act, this timeline may be adjusted for P3 Proposals considered a priority by PCCA.

C. The Comprehensive Agreement shall provide for:

1. delivery of letters of credit or other security in connection with the development or operation of the Qualifying Project, in the forms and amounts satisfactory to PCCA,

and delivery of performance and payment bonds in compliance with Chapter 2253 of the Government Code for all construction activities;

2. review of plans and specifications for the Qualifying Project by PCCA and approval by PCCA indicating that the plans and specifications conform to standards acceptable to PCCA, except that the Contracting Person may not be required to provide final design documents for a Qualifying Project before the execution of a Comprehensive Agreement;

3. inspection of the Qualifying Project by PCCA to ensure that the Contracting Person's activities are acceptable to PCCA in accordance with the Comprehensive Agreement;

4. maintenance of a public liability insurance policy, copies of which must be filed with PCCA accompanied by proofs of coverage, or self-insurance, each in the form and amount satisfactory to PCCA and reasonably sufficient to ensure coverage of tort liability to the public and project employees and to enable the continued operation of the Qualifying Project;

5. monitoring of the practices of the Contracting Person by PCCA to ensure that the Qualifying Project is properly maintained;

6. reimbursement to be paid to PCCA for services provided by PCCA;

7. filing of appropriate financial statements on a periodic basis; and

8. policies and procedures governing the rights and responsibilities of PCCA and the Contracting Person if the Comprehensive Agreement is terminated or there is a material default by the Contracting Person, including conditions governing:

    a. assumption of the duties and responsibilities of the Contracting Person by PCCA; and

    b. the transfer or purchase of property or other interests of the Contracting Person to PCCA.

D. The Comprehensive Agreement shall provide for any user fee, lease payment, or service payment established by agreement of the parties. In negotiating a user fee under this Article 9(D), the parties shall establish a payment or fee that is the same for persons using a facility of the Qualifying Project under like conditions and that will not materially discourage use of the Qualifying Project. A user fee or lease payment established in the Comprehensive Agreement as a source of revenue may be in addition to, or in lieu of, a service payment.

E. The Comprehensive Agreement may include a provision that authorizes PCCA to make grants or loans to the Contracting Person from money received from the federal, state, or local government or any agency or instrumentality of the government.

F. The Comprehensive Agreement must incorporate the duties of the Contracting Person under Chapter 2276 of the Government Code and may contain terms PCCA determines serve the public purpose of Chapter 2276. The Comprehensive Agreement may contain:

1. provisions that require PCCA to provide notice of default and cure rights for the benefit of the Contracting Person and the persons specified in the agreement as providing financing for the Qualifying Project;

2. other lawful terms to which the Contracting Person and PCCA mutually agree, including provisions regarding unavoidable delays or providing for a loan of public money to the Contracting Person to develop or operate one or more Qualifying Projects; and

3. provisions in which the authority and duties of the Contracting Person under Chapter 2276 of the Government Code cease and the Qualifying Project is dedicated for public use to PCCA.

G. Any change in the terms of the Comprehensive Agreement that the parties agree to must be added to the Comprehensive Agreement by written amendment.

H. The Comprehensive Agreement may provide for the development or operation of phases or segments of the Qualifying Project.

I. The Comprehensive Agreement must provide that a security document or other instrument purporting to mortgage, pledge, encumber, or create a lien, charge, or security interest on or against the Contracting Party's interest may not extend to or affect the fee simple interest of PCCA in the Qualifying Project or PCCA's rights or interests under the Comprehensive Agreement. Any holder of debt shall acknowledge that the mortgage, pledge, or encumbrance or a lien, charge, or security interest on or against the Contracting Party's interest is subordinate to the fee simple interest of PCCA in the Qualifying Project.

J. PCCA shall accept no liability arising from or otherwise related to a Qualifying Project prior to PCCA's entering into a legally enforceable Comprehensive Agreement stating all rights and obligations of the parties.

ARTICLE 10
INTERIM AGREEMENTS

A. Before or in connection with the negotiation of the Comprehensive Agreement, PCCA may enter into an Interim Agreement with the Contracting Person proposing the development or operation of the Qualifying Project. The Interim Agreement may:

1. authorize the Contracting Person to begin project phases or activities for which the Contracting Person may be compensated relating to the proposed Qualifying Project, including project planning and development, design, engineering, environmental analysis and mitigation, surveying, and financial and revenue analysis, including ascertaining the availability of financing for the proposed facility or facilities of the Qualifying Project;

2. establish the process and timing of the negotiation of the Comprehensive Agreement; and

3. contain any other provision related to any aspect of the development or operation of a Qualifying Project that the parties consider appropriate.

B. The P3 Representative shall designate one or more professionals employed or retained by PCCA to negotiate the terms of an Interim Agreement.

C. Negotiation of an Interim Agreement, if any, should be completed not later than 60 days after the Port Commission's acceptance of a P3 Proposal pursuant to these Guidelines. As authorized by Section 2267.052(b)(4) of the Act, this timeline may be adjusted for P3 Proposals considered a priority by PCCA.

D. PCCA may not enter into an Interim Agreement without prior approval of the Port Commission.

ARTICLE 11
PUBLIC HEARING ON A COMPREHENSIVE AGREEMENT

A. On completion of the negotiation phase for the development of an Interim or Comprehensive Agreement and before an Interim Agreement or Comprehensive Agreement is entered into, PCCA shall post a copy of proposed agreement on PCCA's Website.

B. As required by Section 2267.066(e-1) of the Act, after making the proposed Comprehensive Agreement available as required by Article 11(A), above, PCCA shall hold a public hearing on the final version of the proposed Comprehensive Agreement and vote on the proposed Comprehensive Agreement after the hearing. The hearing must be held not later than the 10th day before the date PCCA enters into a Comprehensive Agreement with a Contracting Person.

C. If PCCA enters into an Interim Agreement or Comprehensive Agreement with a Contracting Person, PCCA shall make procurement records available for public inspection on request. For purposes of this Article 11(C), procurement records do not include the trade secrets of the Contracting Person or financial records, including balance sheets or financial statements of the Contracting Person, that are not generally available to the public through regulatory disclosure or other means.

D. Cost estimates relating to a proposed procurement transaction prepared by or for PCCA are not open to public inspection.

E. Any inspection of procurement transaction records under this Article 11 is subject to reasonable restrictions to ensure the security and integrity of the records.

ARTICLE 12
CONTENTS OF P3 PROPOSALS

A. The required contents of a P3 Proposal will be described in PCCA's P3 Solicitation for a Qualifying Project. This Article 12 provides a general description of the type of information likely to be requested in connection with any P3 Solicitation made by PCCA.

B. Proposers shall submit trade secrets, financial records, and proprietary or other confidential information exempt from disclosure under the Act or under Section 552.101, Texas Government Code, in hard copy only, enclosed in a separate, sealed envelope, marked "CONFIDENTIAL MATERIALS." Failure to so mark confidential or proprietary information may lead to disclosure of the information as a publicly available record. The duty lies with the Proposer to identify and mark confidential information delivered to PCCA.

C. A P3 Proposal should convey the key components of the proposal, the experience and capacity of the Proposer's development team, and the financial and implementation strategies offered to ensure successful completion of the Project.

1. Cover Letter and Executive Summary. A cover letter signed by an authorized representative of the Proposer and summarizing key components of the Proposer's P3 Proposal, including general descriptions of the facility or facilities to be constructed by the Proposer, the Proposer's qualifications and experience with similar projects, the business arrangement for PCCA's use of the facilities, and the community benefits, if any, likely to result from the Project.

2. Information Required by Statute. As applicable to the Project, information sufficient for PCCA to evaluate the P3 Proposal according to the factors addressed by Section 2267.052(b)(5)–(8)(A) of the Act.

3. Additional Information Regarding Qualifications. Information evidencing the Proposer's thorough understanding of the complexities of the Project as well as management and operational expertise sufficient to complete the Project in a timely and professional manner.

4. Additional Information Regarding Development Plan. To the extent not already supplied, provide the following:

   a. A plan for the development, financing, and operation of the Project, specifically including an anticipated schedule of funds required, in what amounts, at what times, and from what sources.

   b. A summary of all anticipated third-party business arrangements (as examples only, agreements for ground leases, build-to-suit, long-term maintenance, employee leasing, or parking management).

   c. Preliminary schedules for:

      i. Obtaining required permits or approvals from any federal, state, or local agencies; and

      ii. Requesting and obtaining any financial or other commitments from public or not-for-profit sources.

   d. For a P3 Proposal involving an improvement to real property:

      i. A conceptual design including, at a minimum, the following:

         (a) Conceptual renderings (drawings, computer aided models, aerial sketches, photomontages, or other) from which PCCA may deduce the nature and general character of the improvement and its relationship to the subject property and surrounding improvements;

         (b) A conceptual site plan encompassing the subject property and portions of contiguous properties from which PCCA may deduce pedestrian entrances and proposed outdoor areas, and a circulation plan (for walking, cycling, public transportation, and motor vehicles) illustrating how the improvement will relate to public rights-of-way both to and within the site;

         (c) A preliminary facility program describing the improvement's mix of uses, estimating square footage for each use and addressing likely parking needs; and

         (d) Preliminary exterior building elevations illustrating entrances and related elements.

      ii. A preliminary schedule for initiation, construction phasing, completion, and acceptance by PCCA.

iii. A proposed timeline for significant responsibilities to be performed by PCCA.

e. A representation (to which PCCA is likely to give significant weight) regarding the full availability of all human, financial, and material resources necessary for completion of the Project in a timely and professional manner.

f. A statement regarding any special terms, conditions, or contingencies the Proposer is offering to or requesting from PCCA.

5. Project Analyses. The project analyses should support the business case of the Project. As applicable and to the extent not already supplied, provide the following:

a. Location and Site Analysis.

i. An explanation of how the design of the improvement and the attributes of the site will generate significant social, financial, and economic benefits.

ii. A general description of properties in the immediate vicinity of the Project, together with an explanation of the impact (both economic and non-economic) the Project is likely to have on the said properties both during and after construction.

iii. A list of any public utilities likely to be affected by the Project and a summary of plans to accommodate same.

b. Market and Competitive Analysis. A preliminary analysis supporting the revenue assumptions and economic viability of the Project. (If the Port Commission accepts the P3 Proposal, PCCA may require a more detailed analysis.)

c. Life-Cycle Cost Analysis. A preliminary analysis enabling PCCA to estimate the total long-term cost of the Project and the lowest cost of ownership consistent with PCCA's goals for functionality, durability, design, and overall quality of the asset. (If the Port Commission accepts the P3 Proposal, PCCA may require a more detailed analysis.)

d. Project Schedule. A conceptual timeline identifying all stages of project development from design to completion and acceptance by PCCA.

e. Legal Analysis. A list of all permits and approvals from federal, state, and local agencies required for the development and completion of the Project, together with a description of any reasonably anticipated support for or opposition to the Project (including potential legal responses) from public or private persons or entities.

6. Additional Information Regarding Financial Matters. To the extent not already supplied, provide the following:

a. Financial Analysis.

i. The Proposer's financing plan for the Project, including identification of sources of capital, financing mechanisms, and amounts of debt and equity to capitalize the Project.

ii. A description of the sources and anticipated amounts of working capital to pay operating costs from start-up through completion and acceptance by PCCA.

iii. Letters, not more than ninety days old, from authorized representatives of regulated financial institutions evidencing the existence of liquid assets or suitable unencumbered lines of credit sufficient to finance all reasonably anticipated pre-development activities.

iv. Documentary evidence of the Proposer's liquid assets or acceptable forms of equity of a nature and in amounts sufficient to meet requirements likely to be imposed by a regulated construction lender.

b. Project Budget. A development budget using standard estimating techniques detailing any anticipated land acquisitions, pre-development costs, and hard and soft costs from initial design through completion and PCCA's acceptance of the Project. The budget should include cost estimates for relocation of any utility facilities to be displaced as a result of the Project.

c. Pro Forma Financial Statements.

i. A discounted cash flow analysis for the entire term of the Project, including estimates of costs, operating expenses, capital reserves (including, as applicable, replacement and re-tenanting reserves), net operating income, benchmarks, calculations of net present value, and internal rate of return.

ii. A projected balance sheet, statement of losses and earnings, and income statement for the first year of the Project following PCCA's acceptance.

7. Additional Information Regarding Community Impact. To the extent not already supplied, provide the following:

a. A description of the Project's anticipated financial benefit to PCCA.

b. Estimates of the number and value of subcontracts generated by the Project for area subcontractors.

c. Estimates of the number of jobs for area residents to be generated by the Project and of the compensation (including the value of benefits) for such jobs.

d. A description of the Project's anticipated non-financial benefits to PCCA.

e. Any additional information the Proposer considers important with regard to the Project's impact on the area surrounding the Project and PCCA as a whole.

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Sean Strawbridge, Deputy Executive Director & Chief Operating Officer
Direct: (361) 885-6130; sstrawbridge@pocca.com

Authorize Executive Director to Execute a Reimbursement Letter Agreement with TxDOT for Acquisition, Relocation, Demolition, and Administration Expenses associated with the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Program, and to Execute a Supplemental Letter Agreement to the Four Party Agreement with TxDOT for carrying out additional responsibilities under the Four Party Agreement

BACKGROUND: In December 2015, the Port of Corpus Christi Authority (PCCA) entered into a Four Party Agreement with the Texas Department of Transportation ("TxDOT') which delegated TxDOT's responsibility for the Hillcrest/Washington-Coles Voluntary Real Estate Acquisition and Relocation Program ("Hillcrest Program"). This Four Party Agreement allows for TxDOT to reimburse the PCCA for Hillcrest Program expenses associated with acquisition, relocation, demolition, and administration ("acquisition costs"). To further clarify the reimbursement process and expenses, TxDOT has sent PCCA an Approval Letter of Reimbursement of Acquisition Costs ("Reimbursement Letter" - **Attachment A**).

Further, on February 3, 2017, TxDOT and the Federal Highway Administration ("FHWA") entered into an additional agreement allowing for relocation benefits for eligible Tenants of Landlords who do not wish to participate in the Hillcrest Program. TxDOT has sent PCCA a Supplemental Letter Agreement ("Supplemental Letter" - **Attachment B**) which further outlines the additional activities the PCCA will engage in under the Four Party Agreement to fully comply with the agreement between TxDOT and FHWA.

The PCCA Staff is recommending the Commission authorized the Executive Director to execute both the Reimbursement Letter and the Supplemental Letter based on the mutually agreeable terms Staff has negotiated with TxDOT.

ALTERNATIVES: N/A

CONFORMS TO PORT POLICY: Yes - Conforms to Strategic Goal #3 – Sustain Productive Stakeholder Relationships

EMERGENCY: No. However PCCA Staff and Counsel have been in discussions on a sufficient reimbursement process for over 12 months.

FINANCIAL IMPACT: PCCA is responsible for the Acquisition Costs for the Hillcrest Program (excluding the Supplemental Letter activities which are reimbursed 100% by TxDOT) up to $20 million. TxDOT will reimburse PCCA for any eligible expenditures beyond the $20 million.

STAFF RECOMMENDATION: Staff recommends the Commission authorize the Executive Director to execute both the Reimbursement Letter and the Supplemental Letter for the Hillcrest Program.

DEPARTMENTAL CLEARANCES:

Originating Department	Deputy Executive Director & Chief Operating Officer
Reviewed & Approved	Dennis DeVries Darrin Aldrich Lynn Angerstein Sam Esquivel
Legal	Jimmy Welder

LIST OF SUPPORTING DOCUMENTS:

Attachment A – Reimbursement Letter

Attachment B – Supplemental Letter

ATTACHMENT “A”

Reimbursement Letter

April 18, 2017

Mr. John P. LaRue
Executive Director
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401

Re: Approval of the Port of Corpus Christi Authority's Acquisition Costs for the Hillcrest & Washington-Coles Neighborhood Acquisition Plan and Relocation Program

Dear Mr. LaRue:

The Texas Department of Transportation ("TxDOT"), the Port of Corpus Christi Authority of Nueces County, Texas ("Port"), the City of Corpus Christi, Texas, and the Corpus Christi Housing Authority entered into an agreement in December 2015 regarding the Corpus Christi Harbor Bridge Replacement Project ("Four Party Agreement"). The Port agreed to implement the Neighborhood Acquisition Plan and the Relocation Program described in the Four Party Agreement, subject to TxDOT's agreement to reimburse the Port for its Acquisition Costs over $20 million as provided in the following paragraph of the Four Party Agreement:

> *Reimbursement of Acquisition Costs in Excess of $20 Million.* Under this Agreement, the Port's "Acquisition Costs" include the out-of-pocket costs incurred by the Port in carrying out the Neighborhood Acquisition Plan and the Relocation Program. Acquisition Costs include paying the acquisition and relocation service provider, purchasing Neighborhood Property, purchasing any other real property required under the Voluntary Acquisition Program, providing relocation benefits and moving expenses to eligible displaced Owners and Tenants of Owner Occupied Property, eligible displaced Tenants of Residential Rental Property, and eligible displaced Businesses and Home Based Businesses, providing relocation benefits and moving expenses to any other Person or Business in the Neighborhood that is required under the Relocation Benefits Program, and demolishing dwellings and facilities acquired under the Plan. If the Port spends more than $20 million on Acquisition Costs ("Excess Acquisition Costs"), TxDOT shall reimburse the Port for these Excess Acquisition Costs. The Port shall submit monthly invoices to TxDOT for Excess Acquisition Costs, if any, and TxDOT agrees to pay these invoices within thirty (30) days of receipt of same.

To facilitate TxDOT's reimbursement of the Excess Acquisition Costs, the Port will submit an invoice to TxDOT for all Acquisition Costs incurred during the period beginning January 8, 2016, and ending April 30, 2017 (the "First Expense Invoice"). Thereafter, the Port will submit monthly invoices to TxDOT for Acquisition Costs as they are incurred (each a "Monthly Expense Invoice"). An invoice must include documentation showing that the expenses are properly considered Acquisition Costs under the Four Party Agreement. Attachment A to this letter lists the category of expenses and the documentation required for each.

In the Four Party Agreement the Port accepted responsibility to carry out the Neighborhood Acquisition Plan and the Relocation Program as described in the Voluntary Resolution Agreement of December 17, 2015 between TxDOT and the Federal Highway Administration ("Two Party Agreement"), and that if TxDOT notified the Port that the Port's work as described in the Four Party Agreement did not adequately satisfy the requirements of the Two Party Agreement, the Port agreed to carry out whatever additional work was needed. Further, TxDOT and the Federal Highway Administration entered into an agreement on February 3, 2017 to amend the Two Party Agreement and decide on how to implement it. TxDOT and the Port have entered into a separate letter agreement on implementing these requirements. Accordingly, the Port's expenses must be consistent with the requirements of the Two Party Agreement, as amended and implemented by the TxDOT and Federal Highway Administration agreement entered into on February 3, 2017.

Using email, the Port will submit invoices to the following persons:

Gabriel Lopez
Gabriel.Lopez@txdot.gov
(361) 808-2229

Michael Galloway
Michael.Galloway@txdot.gov
(512) 531-5907

The First Expense Invoice and each Monthly Expense Invoice thereafter will be set-off against the Port's obligation to spend up to $20 million on Acquisition Costs. Once the Port's invoices for Acquisition Costs exceed $20 million, TxDOT will reimburse the Port for these Excess Acquisition Costs in accordance with the Four Party Agreement.

Using email, TxDOT will submit approvals of invoices, any requests for additional documentation concerning an invoice, or challenges of invoices, to the following persons:

Sam Esquivel – Manager, Real Estate, PCCA
sesquivel@pocca.com
(361) 885-6140

Lynn Angerstein – Manager, Procurement, PCCA
lynn@pocca.com
(361) 885-6142

TxDOT will have sixty days from receipt to challenge any expense listed in the First Expense Invoice it believes does not qualify as an Acquisition Cost and thirty days from receipt to challenge any expense listed in a Monthly Expense Invoice it believes does not qualify as an Acquisition Cost (each, a "Review Period"). If during a Review Period, TxDOT requests additional documentation concerning an expense, the request will have the effect of extending the Review Period for the invoice for ten days, or for ten days after TxDOT receives the requested documentation, whichever is later.

Any disagreement about whether an expense is properly classified as an Acquisition Cost will be settled in a manner identical to the dispute resolution procedures in Section 7 of the Four Party Agreement. TxDOT's submission of a challenge to an invoice will be a "Resolution Start Notice" and include the information contemplated for such notices as described in Section 7. Notices will be sent to the persons listed in this letter, and not to the persons listed in the Four Party Agreement. All expenditures in an expense invoice that TxDOT does not challenge by the end of the Review Period will be deemed to be approved Acquisition Costs; however, such expenditures will remain subject to audit as described below.

The Port must keep and retain all records required by the Uniform Act, as implemented in Title 49 of the Code of Federal Regulations, Part 24, and required by Title VI of the Civil Rights Act of 1964.

The Port acknowledges and understands that acceptance of reimbursements from TxDOT for Excess Acquisition Costs shall constitute consent to an audit of these reimbursements by one or more of the following entities: FHWA, the Texas State Auditor, the Texas Comptroller, or TxDOT. The Port agrees to provide the auditor with access to any information the auditor considers relevant to the audit. For the absence of doubt, the scope of an audit may properly include all of the Port's Acquisition Costs, both costs incurred and paid by the Port, and costs incurred by the Port and reimbursed by TxDOT.

If you agree with this proposal for submitting invoices for the Port's Acquisition Costs, please sign and return one copy of this letter to us. A scanned copy will be sufficient for our purposes. Thank you for your consideration of this proposal, which we believe will be mutually beneficial.

Sincerely,

James Bass
Executive Director

Agreed to and accepted this ____ day of April, 2017, by the PORT OF CORPUS CHRISTI AUTHORITY.

By: _____
John P. LaRue
Executive Director

Attachment A

Harbor Bridge Replacement Project
Invoice Submitted by Port – Categories of Expenses
and Documentation Required

1. Del Richardson &Associates – invoice showing the "Contract Fees" (as defined in Section 6 of the Agreement for Real Property Acquisition and Relocation Assistance Services entered into between the Port and Del Richardson & Associates, Inc. on April 1, 2016 (the "DRA Contract"); documentation showing payment by Port

2. Del Richardson & Associates – invoice showing the Pre-Approved Travel Expenses and the Pass-Through Costs (as described in Section 7 of the DRA Contract); documentation showing payment by Port

3. Legal Services – invoice showing services provided; documentation showing payment by Port

4. Purchase of parcel - for each parcel, completed HUD-1 Form showing purchase price and closing costs; documentation showing payment by Port; include copy of recorded deed

5. Relocation of owner, tenant, or business – for each relocation, summary sheet showing relocation costs; include copy of receipts for relocation expenses incurred; documentation showing payment by Port

6. Demolition of structures – for each parcel, form showing demolition costs, inspection costs, abatement costs, rodent/ pest control costs; documentation showing payment by Port

7. Contractor W. L. Bates -- invoice showing services provided; documentation showing payment by Port

8. Contractor Spitzer and Associates -- invoice showing services provided; documentation showing payment by Port

9. Contractor Naismith Engineering -- invoice showing services provided; documentation showing payment by Port

10. Contractor L. K. Jordan Temporary Services – invoice showing services provided; documentation showing payment by Port

11. Field Office Costs—invoices showing costs and services provided; documentation showing payment by Port

12. Incidental Costs—invoices showing costs and services; documentation showing payment by Port

13. Other Costs—invoices showing any other necessary costs and services associated with the implementation of the Program; documentation showing payment by Port

14. Certification -- the Port must provide with its monthly invoice a certification signed by a responsible Port official stating that all of the expenses set forth in the invoice were incurred and paid by the Port and that they are Acquisition Costs as described in this letter agreement.

ATTACHMENT “B”

Supplemental Letter

April 18, 2017

Mr. John P. LaRue
Executive Director
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401

Re: Harbor Bridge Replacement Project - Effect of Recent Letter Agreement on the Four Party Agreement

Dear Mr. LaRue:

I thank the Port of Corpus Christi Authority ("Port") for the assistance it has provided on the Harbor Bridge Replacement Project ("Project"). The Texas Department of Transportation ("TxDOT"), the Port, the City of Corpus Christi, and the Corpus Christi Housing Authority entered into an agreement in December 2015 regarding the Project ("Four Party Agreement"). Under the agreement, the Port is carrying out in the Hillcrest neighborhood of Corpus Christi a Neighborhood Acquisition Plan, Relocation Program, and Voluntary Restrictive Covenant Program. (The capitalized terms used in this letter are as defined in the Four Party Agreement.)

As you know, the Four Party Agreement implemented the requirements of a separate agreement between TxDOT and the Federal Highway Administration ("FHWA") to resolve a civil rights complaint concerning the Project. The Voluntary Resolution Agreement between TxDOT and FHWA was entered into on December 17, 2015. I will refer to it in this letter as the "Two Party Agreement." I am writing to you because TxDOT and FHWA recently resolved disputes concerning the proper amendment and implementation of the Two Party Agreement, which will in turn affect how the Port will carry out its work under the Four Party Agreement. I have attached to this letter a copy of the letter agreement of February 3, 2017, between TxDOT and FHWA **(Attachment A)**, which resolved the disputes, and which will now affect the Port's work.

The Port must carry out its responsibilities under the Four Party Agreement consistent with the Two Party Agreement and the letter agreement of February 3, 2017. This includes providing benefits as specified in the letter agreement concerning the following matters:

1. Relocation benefits for Tenants of Residential Property, the Owners of which have not elected to participate in the Acquisition Program prior to July 1, 2017 ("July 1 Tenants"). Tenants must be given written notice of this no later than July 1, 2017.

2. Benefits for Owners of Residential Rental Property under the Relocation Benefits Program and the Acquisition Program.

3. Restrictions on providing relocation benefits to undocumented aliens.

4. Providing an appeal procedure for Owners, Tenants, and Businesses under the Relocation Program. I have attached a copy of the appeal procedure that TxDOT and the Port recently developed together to carry out this work **(Attachment B)**.

As specified in the Four Party Agreement, TxDOT will reimburse the Port for its Excess Acquisition Costs. The Port's Acquisition Costs will properly include those expenses incurred to carry out the letter agreement of February 3, 2017, except for relocation benefits paid to or for a July 1 Tenant of Residential Property, the Owner of which has not elected to participate in the Acquisition Program prior to the date the July 1 Tenant relocates ("Additional Relocation Benefits"). The Port will invoice TxDOT for any Additional Relocation Benefits as they are paid, and TxDOT will pay these invoices within thirty days.

In sum, TxDOT proposes that the Port carry out its responsibilities under the Four Party Agreement, consistent with the Two Party Agreement as amended and implemented in the letter agreement of February 3, 2017. Except as provided in the preceding paragraph, TxDOT will consider the Port's costs incurred in carrying out such work as Acquisition Costs, and, in accordance with the Four Party Agreement, reimburse the Port for Excess Acquisition Costs. If you agree with this proposal, please sign and return one copy of this letter to us. A scanned copy will be sufficient for our purposes.

Sincerely,

James Bass
Executive Director

Agreed to and accepted this ____ day of April, 2017, by the PORT OF CORPUS CHRISTI AUTHORITY.

By: _____
John P. LaRue
Executive Director

Texas Department of Transportation

125 EAST 11TH STREET, AUSTIN, TEXAS 78701-2483 | 512.463.8630 | WWW.TXDOT.GOV

February 1, 2017

Mr. Walter C. Waidelich, Jr.
Acting Deputy Administrator
Federal Highway Administration
1200 New Jersey Avenue, SE
Washington, D.C. 20590

RE: Voluntary Resolution Agreement (VRA) of December 17, 2015 – US 181 Harbor Bridge Replacement Project in Corpus Christi, Texas

Dear Mr. Waidelich:

The Texas Department of Transportation (TxDOT) is writing to you concerning the letters from the Federal Highway Administration (FHWA) dated October 13, 2016, December 19, 2016, and January 18, 2017. The letters commented on TxDOT's implementation of the VRA.

As a result of our discussions, I believe that TxDOT and FHWA have reached an agreement on how to amend the VRA and implement it. To the extent the contents of this letter agreement differ from or conflict with the VRA, the terms of this letter agreement shall govern. The issues agreed to are as follows (the capitalized terms are as defined in the VRA):

1. Section VI.B.4 of the VRA, under which TxDOT is to carry out a Relocation Benefits Program, is amended as follows:

    a. Beginning on July 1, 2017, TxDOT will offer, or cause to be offered, relocation benefits for Tenants of Residential Property, the Owners of which have not elected to participate in the Acquisition Program prior to July 1, 2017. After July 1, 2017, the Owner of the Residential Property does not need to participate in the Acquisition Program in order for the Tenant to be eligible to participate in the Relocation Program. However, a Tenant must otherwise satisfy the eligibility requirements in the VRA, including being a Tenant of the subject Residential Property on January 1, 2016, and continuously thereafter. A Tenant will be eligible only after the end of the term of any valid written lease. Neither TxDOT, the Port of Corpus Christi Authority, nor the Port Authority's relocation consultant, will pay any lost rent, fees, penalties, court costs, attorney's fees, or other costs associated with a Tenant violating the terms of a lease agreement. TxDOT will provide a written notice of the Relocation Program to Tenants no later July 1, 2017.

    b. TxDOT will provide relocation benefits and assistance to eligible displaced Owners of Residential Rental Property as follows: (1) only the expenses related to relocation of Owner's personal property located within the Residential Rental Property as provided by 49 C.F.R. § 24.301(g)(1)-(3), (5)-(6), with such expenses to be calculated under the process provided by 49 C.F.R. § 24.301(d), and (2) applicable relocation assistance advisory services as provided in 49 C.F.R. § 24.205(c). Such Owners will receive no other relocation assistance or benefits. To be eligible for these relocation benefits, the

displaced Owner must own the subject Residential Rental Property on January 1, 2016, and continuously thereafter. (By definition under the VRA, the Owner of Residential Rental Property does not occupy the displacement dwelling. Accordingly, and for the absence of doubt, the Owner is not eligible for replacement housing payments and housing of last resort payments.)

2. Under Section VI.B.3 of the VRA, TxDOT is to carry out an Acquisition Program, so that the Owner of a Residential Rental Property will receive the approved appraisal of the value of the property as determined under the appraisal process in 49 C.F.R. §§24.103 and 24.104, without giving effect to any rules that might render such rules inapplicable. The Owner will receive no payments for the property in excess of the approved appraisal.

3. The restrictions in 42 U.S.C. § 4605 and 49 C.F.R. § 24.208 apply to a Person's eligibility to receive benefits under the Relocation Benefits Program. There are no other laws or agreements that render such restrictions inoperative.

4. The programs available under the VRA are voluntary and therefore the appeal procedures in 49 C.F.R. § 24.10 and 43 T.A.C. § 21.118 do not apply. However, TxDOT will make available an appeal procedure concerning the person's eligibility for, or the amount of, benefits calculated under the Relocation Program. The Executive Director of TxDOT or his designee will be the agency official reviewing the appeal and making the final decision, if there is such an appeal. TxDOT will share the appeal procedure with the FHWA Texas Division Office prior to implementation. As is consistent with FHWA standard processes, there will be no appeal of a decision to FHWA, and FHWA will not otherwise participate in the appeal process. For the absence of doubt, there is no appeal procedure available concerning the Acquisition Program. FHWA will ascertain whether TxDOT has complied with its obligations under the Relocation Program and Acquisition Program through routine project file reviews and through review of the quarterly reports required by the VRA.

5. This letter agreement will be effective upon the last party signing it. Upon the effective date, TxDOT will direct the Port of Corpus Christi Authority and its relocation consultant to start immediately making written offers to Owners, Tenants, and Businesses according to the terms of the VRA, as amended by this letter agreement.

6. Nothing in this letter agreement delays or alters the time periods established in the VRA concerning TxDOT's implementation of the Acquisition Program and the Relocation Program.

7. This letter agreement resolves and satisfies all issues raised in FHWA's letters of October 13, 2016, December 19, 2016, and January 18, 2017. FHWA finds that TxDOT's actions are in compliance with the VRA, and directs that TxDOT carry out the requirements of the VRA consistent with this letter agreement.

8. Except as expressly set forth in this letter agreement, the terms of the VRA have not changed. There are no other outstanding disagreements, concerns, or differences between FHWA and TxDOT regarding the Harbor Bridge Relocation Project. For the absence of doubt, this letter agreement resolves every outstanding issue between FHWA and TxDOT regarding the Harbor Bridge Replacement Project as of the effective date of this letter agreement, including the meaning and implementation of the VRA.

9. This is the entire agreement to resolve and satisfy the issues raised in FHWA's letters of October 13, 2016, December 19, 2016, and January 18, 2017. No prior understandings, drafts exchanged, representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect, nor shall they be used to show the intent of the parties.

10. Nothing in this letter agreement shall be construed as creating liability in favor of any third party or parties against FHWA or TxDOT.

If you agree with my description of the resolution of issues as described in this letter, I ask that you counter-sign the letter (below) and return a copy to me.

Please let me know if you have any questions.

Sincerely,

James M. Bass
Executive Director

Agreed to and accepted this 3rd day of February 2017, by the FEDERAL HIGHWAY ADMINISTRATION.

By: _____
Walter C. Waidelich, Jr.
Acting Deputy Administrator

cc: Irene Rico, Associate Administrator, Office of Civil Rights, FHWA
Al Alonzi, Division Administrator, FHWA
Marc Williams, Deputy Executive Director, TxDOT
Chris Caron, District Engineer, Corpus Christi District, TxDOT
Charles Zahn, Chairman, Port of Corpus Christi Authority

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Sarah L. Garza, Director of Environmental Planning & Compliance
sarah@pocca.com
(361) 885-6163

Approval of a Consulting Services Contract for a Term of Three and One-Half Years with Trinity Consultants in the Amount of $166,250 for Consulting Services Related to Environmental Management System Internal Auditing

SUMMARY: Staff is seeking Commission Approval for a Consulting Services contract to provide oversight, facilitate, and complete the internal audits of the Environmental Management System (EMS) in accordance with the Port's documented procedures and ISO 14001:2015.

BACKGROUND: On March 15, 2017, the port advertised a Request for Proposals (RFP) for EMS Internal Auditing. The Port received three (3) proposals in response to the RFP. The proposals were evaluated by a committee comprised of Port staff. Trinity Consultants was determined to provide the best value to the Port.

An internal audit program is a required element of an EMS. In the past, a Port employee serving as an internal auditor tried to maintain Lead Auditor certification, which was extremely time consuming for Port staff. It was determined at that time to seek a third party to fulfill this role. Since 2014, a consultant has been used to lead our internal audit program.

ALTERNATIVES: An alternative would be to develop a Port employee to fulfill the obligations of the Lead Auditor role.

CONFORMITY TO PORT POLICY: Conforms to Strategic Plan Goal #5 (Be an Environmental Leader), Strategic Objective 5B (Continue to Meet and Exceed Regulatory Standards), Action Item 3 (Verify Compliance Annually).

EMERGENCY: No

FINANCIAL IMPACT: This project is budgeted in the annual operating budget. The total cost of the project for three and one-half years contract term is $166,250.

STAFF RECOMMENDATION: Staff recommends approval of the attached Consulting Services Contract with Trinity Consultants in the amount of $166,250.

DEPARTMENTAL CLEARANCES:

Originating Department	Environmental Planning & Compliance
Reviewed By	Sarah Garza
	Danielle Converse
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

Consulting Services Contract

CONSULTING SERVICES CONTRACT

THIS CONTRACT (the "Contract") is made and entered into effective as of the 18thday of _April, 2017 ("Effective Date") by and between the Port of Corpus Christi Authority of Nueces County, Texas ("Authority"), and Trinity Consultants("Consultant"), each a "Party" and collectively as "Parties".

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. CONTRACT: Authority hereby engages the Consultant and the Consultant hereby accepts its engagement for the purpose of providing to Authority the consulting services ("Services") as are generally described in the "Scope of Services" set forth in Exhibit A to this Contract which is incorporated herein by reference

2. PERIOD OF SERVICE: The Consultant shall complete the Services on or before October 18, 2020 (the "Deadline"), unless the Authority agrees to extend the Deadline for good reason; provided, however, that the Authority may terminate this Contract at any time in accordance with Section 14. Time is of the essence in performance of this Contract. There will be no obligation established between Authority and the Consultant for performance of the Services until Authority provides the Consultant execution of this Contract and receipt by the Authority of appropriate Certificates of Insurance and other documentation as may be required herein. The term of this Contract ("Term") shall begin on the Effective Date and shall end on the first to occur of the following: (1) the Deadline, as the same may have been extended by the Authority, (2) the date on which, in the opinion of Authority, all of the Services have been rendered, (3) the date on which this Contract is terminated by the Authority pursuant to Section 14, or (4) the date on which this Contract is terminated by the Consultant pursuant to Section 14.

3. COORDINATION OF SERVICES BY AUTHORITY: Authority shall designate a Project Representative who will, on behalf of Authority, coordinate with the Consultant and administer this Contract. It shall be the responsibility of the Consultant to coordinate all assignment-related activities with the Project Representative.

For the purposes of this Contract, the Project Representative shall be:

Danielle Converse
Senior Environmental Specialist
222 Power Street
Corpus Christi, TX 78401
(361) 885-6609
danielle@pocca.com

Authority may change the Project Representative at any time by giving the Consultant written notice of such change.

4. NOTICES: Notices, demands, requests or other formal communication related to the Contract shall be deemed to have been given when received, whether delivered personally or mailed. E-mail communications may be considered as formal notification provided the e-mail message states the message is intended as a formal notice and the receiving Party acknowledges receipt of the message as a formal notification. Notices shall be addressed as follows:

If to the Authority: John P. LaRue
Executive Director
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401
E-mail: john@pocca.com

If to the Consultant: Rich Pandullo
Director
Trinity Consultants
12700 Park Central Drive
Dallas, TX 75251
E-mail: RPandullo@trinityconsultants.com

Either Party may change the mailing or E-mail address for notifications by providing written notice of such change to the other Party.

5. CHANGES: This Contract may be changed or modified at the request of either the Consultant or the Authority, provided both Parties agree to the requested change, and a written amendment or modification of this Contract is prepared and executed by the Parties.

6. CONSULTANT'S RESPONSIBILITIES: In addition to all other obligations contained herein, the Consultant agrees, warrants, and represents that:

6.1 The Consultant will furnish all material, equipment, labor and supplies in such quantities and of the proper quality to professionally and timely perform the Services, except as otherwise mutually agreed by the Parties;

6.2 The Consultant shall perform the Services with the professional skill and care ordinarily provided by competent consultants practicing in the same or similar locality and under the same or similar circumstances and professional license;

6.3 The Consultant will comply with the provisions of all federal, state, and local laws, regulations, ordinances, requirements and codes which are applicable to its performance of Services;

6.4 The Consultant is not and will not be bound by any agreement and has not assumed nor will assume any obligation which would, in any way, restrict its ability to perform the Services or be inconsistent with the Services;

6.5 In performing the Services, the Consultant will not use any third party's confidential or propriety information, or infringe the rights of another party, nor will the Consultant disclose to the Authority, or bring onto the Authority's premises, or induce the Authority to use any third party's confidential or proprietary information;

6.6 The Consultant does not have the authority to act for the Authority, bind the Authority in any respect, or incur any debts or liabilities in the name of or on behalf of the Authority, except as otherwise expressly authorized in writing by the Authority;

6.7 Consultant is an independent contractor for the performance of his duties under this Contract. Accordingly, the Consultant shall be responsible for payment of all taxes including federal, state and local taxes arising out of the Consultant's activities in accordance with this Contract. Consultant is responsible for payment of the compensation, including any withholding, Social Security, or other taxes on such compensation, of any subcontractors retained by Consultant, or Consultant's employees performing Services consistent with its status as an independent contractor and in compliance with all applicable laws and regulations;

6.8 Consultant has and hereby retains full control of any supervision over the Consultant's obligations hereunder and over any persons employed or subcontracted by the Consultant for performing Services hereunder;

6.9 Consultant will in no way be considered an agent, partner, joint venturer, or employee of Authority at any time during the Term. Consultant will not undertake to commit Authority to any course of action in relation to a third party unless expressly requested and authorized to do so by the Authority in writing.

6.10 As of the Effective Date and at all times while providing Services hereunder, the Consultant shall possess and maintain in good standing any and all licenses or other authorizations and approvals necessary to perform the Services.

7. COMPENSATION: The compensation to be paid Consultant for providing the Services shall be the compensation described in Exhibit B hereto, which is incorporated herein by reference; provided, however, the total paid to Consultant for the Services shall not exceed One hundred sixty-six thousand two hundred fifty dollars ($166,250.00 Consultant will obtain the approval of Authority's Project Representative relative to incurring travel and other expenses before incurring such costs.

8. INVOICE PROCEDURE AND PAYMENT: Consultant shall submit invoices monthly to the Authority for work performed during the preceding calendar month. Such invoices shall be due and payable by Authority on or before thirty (30) days from receipt by Authority. Monthly compensation will be for the Services actually performed during the billing period,

invoiced in accordance with the Fee Schedule included in Exhibit B. Invoices shall also describe any work performed by subcontractors retained by Consultant and reimbursable costs. Consultant will provide sufficient detail with each invoice to substantiate the requested amount of monthly payment. At the Authority's request, Consultant will provide additional backup such as signed time sheets, invoices for materials and subcontracted service or other documentation sufficient to establish the accuracy of the invoices. Invoices are to be submitted in a format previously approved by Authority.

9. INSURANCE: Consultant shall procure and maintain at its sole expense, for as long as Consultant is obligated to provide Services under this Contract, the policies of insurance described in Exhibit C attached hereto and in at least the minimum amounts specified in Exhibit C to protect Consultant from claims which may arise out of or result from Consultant's Services pursuant to this Contract, whether such operations be by Consultant, by any subcontractor of Consultant, by anyone directly or indirectly employed by Consultant or Consultant's subcontractor, or by anyone for whose acts Consultant or Consultant's subcontractor may be liable. At least five (5) days prior to execution of this Contract, Consultant will provide to Authority's Risk Program Manager certificates of insurance issued by each insurance company providing any of the required insurance coverage, and the text entered in each certificate must be acceptable to Authority. The requirement to provide acceptable certificates of insurance is a material condition of this Contract, and work under this Contract will not commence until certificates of insurance have been received, reviewed, and accepted by Authority. The minimum limits of liability and coverage for the insurance required are set forth in Exhibit C attached hereto, which is incorporated herein by reference.

10. INDEMNIFICATION AND RELEASE. Consultant hereby releases and discharges Authority and its agents, servants, representatives, employees, officers, directors, and Port Commissioners (collectively, the "Authority Parties") from liability for and assumes the risk of loss or damage to the property of Consultant and the injury or death of any person employed by Consultant. Consultant shall defend, indemnify and hold harmless the Authority Parties from and against all damages, losses, costs and expenses, of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including reasonable attorneys' fees and the cost of defense), in connection with any action, proceeding, demand or claim but only to the extent caused by the negligent acts, errors, or omissions of the Consultant, its employees, agents, or subconsultants, or others for whom the Consultant is legally liable, in the performance of Services under this Contract. The Consultant is not obligated under this paragraph to indemnify the Authority Parties for the negligent acts of the Authority Parties.

Consultant's indemnity obligations under this Section 10 shall not be limited by a limitation on the amount or type of damages, compensation or benefits owed by Consultant to any employee of Consultant under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. The obligations of the Consultant under this Section 10 shall survive the end of the Term of the Contract.

11. LIMITATION OF LIABILITY: Except as otherwise expressly provided herein, neither Party shall be liable or responsible to the other Party for any indirect, incidental or consequential loss or damage of any nature whatsoever (including, but not limited to, contract,

negligence or tort liability) of the other Party, including without limitation, any actual or anticipated profits, loss of time, inconvenience, commercial loss or any other damages, even if the Party has advance notice of the possibility of such damages.

12. DISCLOSURE OF INTERESTED PARTITES: Consultant will comply with the provisions of Section 2252.908 of the Texas Government Code and Chapter 46 of the Texas Ethics Commission Rules by preparing a Texas Form 1295, "Certificate of Interested Parties" and submitting the signed and notarized form to Authority at the time Consultant submits the signed contract to Authority. This provision will only apply to contracts approved by the Port of Corpus Christi Authority Port Commission.

13. ASSIGNMENT: Neither Authority nor Consultant will assign or transfer its interest in this Contract without the written consent of the other.

14. SUSPENSION OR TERMINATION: Authority may suspend or terminate this Contract for convenience with seven (7) days prior written notice to Consultant of such action. Upon termination of this Contract in accordance with this paragraph, Authority will have no further obligation to the Consultant hereunder except to pay the Consultant unpaid fees and expenses which the Consultant can reasonably show to have been earned under this Contract. **Under no circumstances may Consultant claim or recover consequential damages from Authority.**

In the event of suspension of Services, the Consultant shall resume the full performance of the Services when directed in writing to do so by Authority. Suspension of the Services for reasons other than the Consultant's negligence or failure to perform shall not affect the Consultant's compensation as provided for in this Contract. The schedule for performance of the Services shall be amended by a mutually agreed, written modification to this Contract to reflect the suspension.

Either Party may terminate this Contract by giving written notice to the other Party if the other Party ("Defaulting Party"): (a) materially breaches any term, condition or provision of this Contract and fails to cure the breach to the satisfaction of the notifying Party within ten (10) days after the Defaulting Party receives a written notice of the breach from the notifying Party, or (b) becomes the subject of any proceedings under state or federal law for the relief of debtors or otherwise becomes insolvent, or bankrupt, or makes any assignments for the benefit of one or more creditors.

15. DISPUTES: Each Party agrees that any dispute between the Parties relating to this Contract will first be submitted in writing to a panel of two senior executives of the Authority and Consultant, who shall promptly meet and confer in an effort to resolve such dispute through good faith consultation and negotiation. Each Party's executive shall be identified by notice to the other Party, and may be changed at any time thereafter also by notice to the other. Any decisions of the executives will be final and binding on the Parties. In the event the executives are unable to resolve any dispute within thirty (30) days after submission to them, either Party may then refer such dispute to mediation.

If the Parties refer to mediation any controversy or claim arising out of or relating to this Contract or the existence, validity, breach or termination thereof, whether during or after its term,

they shall select a mutually acceptable mediator within forty-five (45) days thereafter. Neither Party shall unreasonably withhold consent to the selection of a mediator. The Parties shall share equally the costs of mediation. If the Parties agree, they may substitute other forms of alternative dispute resolution. Any mediation shall not extend beyond thirty (30) days after the appointment of the mediator, and should the Parties fail to resolve any dispute by mediation within such 30-day period, the Parties shall have all rights available at law or in equity.

16. ATTORNEY'S FEES, DEFAULT: In the event Consultant or Authority breach any of the terms of this Contract and the Party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting Party agrees to pay reasonable attorney's fees and costs incurred by the prevailing Party.

17. STAFFING: Consultant will designate in writing to Authority its project representative, and the manner in which it will provide staff support for the project, which must be approved by Authority. Consultant must notify Authority's Project Representative of any change in personnel assigned to perform work under this Contract, and the Authority's Project Representative has the right to reject the person or persons assigned to fill the position or positions. The Authority's Project Representative shall also have the right to require the removal of the Consultant's previously assigned personnel, including Consultant's project representative, provided sufficient cause for such removal exists. The criteria for requesting removal of an individual will be based on, but not limited to, the following: technical incompetence, inability to meet the position's qualifications, failure to perform, poor attendance, ethics violation, unsafe work habits, or damage to Authority or other property. Upon notice for removal, Consultant shall replace such personnel with personnel substantially equal in ability and qualifications for the positions and shall submit the proposed replacement personnel qualification and abilities to the Authority, in writing, for approval.

18. OWNERSHIP OF WORK PRODUCT: Studies, plans, reports, surveys, drawings, specifications, computations and other information (collectively "Work Product") and documents prepared by the Consultant, subconsultants, and/or suppliers under this Contract will remain the Authority's property upon completion. This provision does not apply to pre-existing proprietary information of Consultant, subconsultants, and/or suppliers.

19. CONFIDENTIAL INFORMATION: It is understood that information developed by or communicated to Consultant in the performance of this Contract, as well as any and all information in whatever form or medium supplied to Consultant in connection herewith which is not generally available to the public is proprietary to the Authority and constitutes confidential information of the Authority. Consultant will make no oral or written disclosure of such information to third parties either during or after the term of this Contract, except as approved in writing by the Authority's Project Representative or as otherwise required by law. In the event the Consultant becomes aware that confidential information must be disclosed under a legal requirement, Consultant will notify Authority of the requirement and the affected information.

20. FORCE MAJEURE: Neither Party shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such obligation is delayed by any cause beyond the reasonable control of the affected Party. In the event of such a delay, the time

for performance for the affected Party shall be extended for a period equal to the time lost during the delay, or the Contract may be terminated in accordance with terms herein should such delay be sufficient that termination is in the best interest of the Authority.

21. SEVERABILITY and WAIVER: If any part of this Contract is held to be invalid, illegal, or unenforceable in any respect, such determination shall not affect any other provision of this Contract, and this Contract shall then be construed as if the invalid, illegal, or unenforceable provision had not been included in this Contract. Further, the failure of either Party in any one or more instances to insist upon strict performance of any of the terms and provisions of this Contract or to exercise any option herein conferred shall not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such terms, provisions or options on any future occasion.

22. GOVERNING LAW: This Contract shall be governed by and construed in accordance with the laws of the State of Texas. The Parties agree that venue of all claims and lawsuits arising out of this Contract shall lie in Nueces County, Texas.

23. OPEN RECORDS: The Authority is a governmental body subject to the requirements of the Texas Public Information Act (Texas Government Code, chapter 552), and as such the Authority is required to disclose to the public (upon request) this Contract and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, the Consultant agrees that the disclosure of this Contract or any other information or materials related to the consummation of the transactions contemplated hereby to the public by the Authority as required by the Texas Public Information Act or any other applicable law will not expose the Authority (or any party acting by, through or under the Authority) to any claim, liability or action by the Consultant.

24. NO ORGANIZATIONAL CONFLICT OF INTEREST: Consultant hereby certifies that it has no actual or potential Organizational Conflict of Interest. "Organizational Conflict of Interest" means that because of other activities or relationships with other persons or entities, the Consultant is unable or potentially unable to render impartial assistance or advice to Authority or the Consultant's objectivity in performing the services under this Contract is or might otherwise be impaired. Consultant agrees to immediately notify Authority of any actual or potential Organizational Conflict of Interest that develops during the term of this Contract. Consultant agrees that Authority may terminate this Contract immediately if it becomes aware of any Organizational Conflict of Interest during the term of the Contract.

25. DEFAMATION: The Parties covenant and agree that in no event, and at no time during the Term or at any time thereafter, shall either of them disparage, denigrate, slander, libel or otherwise defame the other or the other's businesses, services, properties or assets, or employees, personnel, agents, or representatives.

26. HEADINGS: All Section headings or other titles used in this Contract are used solely for convenience and shall not affect or be used in connection with the interpretation or construction of this Contract.

27. ENTIRETY OF CONTRACT: This writing embodies the entire Contract and understanding between the Parties hereto, and there are no other contracts or understandings, oral or written, between them with reference to the subject matter hereof that are not merged herein and superseded hereby. No alteration, change, or modification of the terms of this Contract shall be valid unless made in writing and signed by both Parties hereto.

[Signature page follows this page]

IN WITNESS WHEREOF, this Contract is made effective as of the Effective Date.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____

Name: John P. LaRue

Title: Executive Director

Date: _____

"Authority"

TRINITY CONSULTANTS

By: Rich Pandullo

Name: Rich Pandullo

Title: Director

Date: 04-07-2017

"Consultant"

EXHIBIT A

SCOPE OF SERVICES

The Consultant will perform the following services in accordance with the terms and conditions set forth in this Contract:

Consultant is to serve as the lead auditor and conduct internal audits at planned intervals over a three and half (3 ½) year period within the EMS fence line (see Exhibit A) to provide a determination on whether the environmental management system:

a) Conforms to:

1. The organization's own requirements for its environmental management system and
2. The ISO 14001:2015 requirements.

b) Is effectively implemented and maintained and that established policies and procedures are fully implemented.

In accordance with ISO 14001:2015, Section 9.2.2 – Internal Audit Program and the attached Internal Audit Procedure for the Port attached as **Exhibit C**. Consultant is to establish and implement, an annual internal audit schedule, including the frequency, methods, responsibilities, planning requirements and reporting. It is expected that up to three internal audits will be conducted per year - a full system audit and up to two implementation audits.

When planning the internal audit, Consultant will take into consideration the environmental importance of the processes concerned, changes affecting the organization and the results of previous audits. Specific activities by the Consultant will include:

- Arranging audit logistics with Authority staff
- Coordinating internal auditors' work schedules to ensure sufficient number of members are available for the scheduled audits
- Developing customized training material for internal auditor refresher training
- Developing recommendations for achieving continual improvement in the audit program and discussing these ideas with the Director of Environmental Planning and Compliance

Consultant will also define the audit criteria and develop the scope for each audit prior to the audit and provide to Authority staff for review and approval. Consultant will serve as Lead Auditor for up to three audits each calendar year, and provide two qualified auditors for each audit. Consultant will also define the internal audit team(s) that will conduct the audit. Each internal audit team may consist of Consultant staff and/or Authority staff. Each internal audit team must have at least one (1) Authority staff internal auditor. Consultant will schedule electronic calendar appointments

with Authority staff/departments/facilities being audited at least one week in advance of the scheduled audit. Upon Authority approval, the audits shall be conducted as follows:

- Full EMS Audit: complete audit of the system throughout the EMS fence line to include one half day refresher training for all Internal Audit Team members. It is anticipated that this audit will be completed in two and one half days.
- Spot Check Audit: audit addressing areas of concern where performance improvement is desired by the Port to include two hours of EMS audit refresher training for all Internal Audit Team members. It is anticipated this audit will be completed in two days.
- Find and Fix Audit: audit evaluating the existing status of corrective action closure activity. It is anticipated that this audit will be completed in one and one half days.

Consultant will also conduct audits ensuring objectivity and the impartiality of the audit process and ensure that the results of the audits are documented and reported to relevant management. Consultant will ensure the internal audit results when necessary include well written and clear non-conformances and identification of areas needing improvement and areas of strong performance.

As Lead Auditor, consultant will oversee and verify internal audit team results. Consultant's Lead Auditor will conduct or direct appropriate follow up when necessary. Consultant's Lead Auditor will provide verbal results of audit to Authority Environmental Staff immediately upon completion of audit, ensuring accuracy and clarity with respect to implementing corrective actions.

Consultant will provide documented information as evidence of the implementation of the audit program or established procedure and the audit results. Additionally, the audit and results will be tracked and documented through the Port's Environmental Management Information System, which is on an Intelex Platform. Consultant will also provide to the Director of Environmental Planning & Compliance and the Senior Environmental Compliance Specialist, a draft Internal Audit Report summarizing the results of the Internal Audit within one week following completion of the audit and a final Internal Audit Report within three (3) days following receipt of Port Authority comments. The Consultant will develop recommendations for achieving continual improvement in the audit program and discussing these ideas with the Director of Environmental Planning and Compliance.

Consultant will participate in the Authority's annual third party surveillance and registration audits.

Consultant will establish an internal auditor training program that adequately prepares Authority staff serving as internal auditors and provide the group training to the audit team each year on the auditing process and audit tools. Additional training will be provided throughout the year based on needs of the internal auditors as determined by the lead auditor.

The Consultant's project team includes the following individuals; along with identified roles and responsibilities:

- Rich Pandullo - Project Manager and Lead EMS Auditor
  Participate in and oversee work on all audits, conduct internal auditor training, work with Authority staff to ensure findings are appropriately entered into the Intelex system, ensure audits are conducted in conformance with the Authority's Internal EMS Audit and Nonconformance procedures

- Michael Bobo - EMS Auditor/ Local Office Liaison
  Serve as primary contact for the Consultant, assist in executing EMS audits as approved by the Authority

- Jerry Skaggs - EMS Auditor
  Assist in executing EMS audits as approved by the Authority

- Jamie White - EMS Auditor
  Assist in executing EMS audits as approved by the Authority

- Varun Anand; Intelex Support

The budgetary estimate for this project is on a "time and materials' basis for work conducted in a given year.

EXHIBIT B

FEE SCHEDULE

The Consultant will perform the Services described in Exhibit A in accordance with the terms and conditions of this Contract on a fixed rate or an hourly fee basis; provided, however, that the total fee for services rendered under this Contract will not to exceed $166,250.00, without Authority's written approval. Services provided by Consultant will be billed as specified in Exhibit B. These fees will cover all of Consultant's overhead costs, including but not limited to, office rent, long distance telephone charges, postage, payroll and copying charges.

The Authority agrees to reimburse the Consultant for certain authorized and approved travel expenses incurred by the Consultant during the Term and directly resulting from the Consultant's performance of the Services under this Contract. Reimbursement for lodging and meals may not exceed the maximum allowable per diem rates for domestic or foreign travel as set by the U.S. Department of Defense, Defense Travel Management Office. Lodging and meal per diem rates for specific locations (foreign and domestic) may be found at: http://www.defensetravel.dod.mil/site/perdiemCalc.cfm. Authority will also reimburse the Consultant for Direct Costs incurred by the Consultant in performing the Services. The Consultant shall submit proper documentation of any such approved travel expenses and Direct Costs to Authority from time to time, and such costs and expenses shall be billed to Authority at Consultant's actual cost.

Not later than the twentieth (20th) day of each calendar month, Consultant shall submit to Authority detailed invoices for all services performed and Direct Costs incurred, if any, pursuant to this Agreement during the prior calendar month. The invoices shall describe in detail the Services performed during the prior month and shall list the days and hours worked, approved Direct Costs, milestone achievements, tasks performed or completed, and the Services performed during each day of the prior month. Authority shall review the invoices and notify Consultant in writing (including email) within twenty (20) days of any disputed amounts.

Should this Contract be terminated for any reason, the Consultant will be paid all fees earned up to the termination date and any approved direct expenses incurred.

ATTACHMENT TO EXHIBIT B

TABLE 1. ESTIMATED ANNUAL PROJECT BUDGET

Task Description	Labor Amount	Travel Amount	Total
Planning and Coordination	$7,604	$0	$7,604
Full EMS Audit	$15,216	$750	$15,966
Spot Check Assessment	$11,888	$414	$12,302
Find and Fix Assessment	$11,128	$500	$11,628
		Total:	**$47,500**

EXHIBIT C

INSURANCE

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

	TYPE OF INSURANCE	LIMITS OF LIABILITY
A.	Workers' Compensation	Statutory
B.	Employer's Liability	$500,000 per Occurrence $500,000 Aggregate
C.	Commercial General Liability	$1,000,000 per Occurrence $2,000,000 Aggregate

The CGL Policy will provide contractual liability coverage at the aforementioned limits.

D.	Business Automobile Liability	$500,000 per Occurrence

Automobile liability insurance coverage will include all owned, non-owned, and hired vehicles.

E.	Professional Liability	$1,000,000

Consultant will procure and maintain professional liability insurance for protection from claims arising out of performance of its Services under this Contract caused by any error, omission, or act for which the Consultant is legally liable. Policies written on a claims-made basis shall have an extended reporting period of at least two (2) years beyond termination of the Contract.

Each policy, except Professional Liability, must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, its Port Commissioners, officers and employees ("Authority Parties"). Additionally, the Authority Parties shall be designated as an Additional Insured either by a blanket additional insured or a specific endorsement on all policies, except for Worker's Compensation, Employer's Liability, and Professional Liability. In the event that the work of Consultant's employees fall within the purview of the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or the Federal Employer's Liability Act, Consultant shall extend its insurance coverage to provide insurance against the liabilities imposed under the applicable Act or Acts.

Each policy, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insureds with respect to claims arising under this Contract.

The insurance required as listed above, shall apply to any contractor or subcontractor performing for or on behalf of Consultant, and Consultant shall ensure that any such subcontractor is aware of and is in compliance with the insurance requirements during any period such contractor is performing work under this Contract.

The minimum insurance required may be increased periodically upon request by Authority to commercially reasonable limits. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least "A-, VII".

Consultant's liability shall not be limited to the specified amounts of insurance required herein.

Each policy, except Professional Liability, must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, its Port Commissioners, officers and employees ("Authority Parties"). Additionally, the Authority Parties shall be designated as an Additional Insured either by a blanket additional insured or a specific endorsement on all policies, except for Worker's Compensation, Employer's Liability, and Professional Liability. In the event that the work of Consultant's employees fall within the purview of the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or the Federal Employer's Liability Act, Consultant shall extend its insurance coverage to provide insurance against the liabilities imposed under the applicable Act or Acts.

Each policy, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insureds with respect to claims arising under this Contract.

The insurance required as listed above, shall apply to any contractor or subcontractor performing for or on behalf of Consultant, and Consultant shall ensure that any such subcontractor is aware of and is in compliance with the insurance requirements during any period such contractor is performing work under this Contract.

The minimum insurance required may be increased periodically upon request by Authority to commercially reasonable limits. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least "A-, VII".

Consultant's liability shall not be limited to the specified amounts of insurance required herein.

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Darrin Aldrich, Director of Real Estate
Darrin@pocca.com
(361) 885-6169

Approve a Lease Agreement with M & G Resins USA, LLC for a 6 acre Temporary Construction Laydown Area at the South Shore Dredge Material Placement Area Through April 17, 2018

SUMMARY: M & G Resin USA, LLC (M&G) representatives are requesting a renewal and acreage increase to their current 5-Acre Lease Agreement dated November 18, 2015 by and between the Port of Corpus Christi Authority (PCCA) and M & G Resins USA, LLC. The primary term of the Lease Agreement will be for one (1) year, terminating on April 17, 2018. Upon the expiration of the primary term the Lease Agreement will be extended on a month to month basis (Month to Month Term) upon the approval of PCCA, not to exceed an additional six month. During the Month to Month Term either party may terminate the lease by giving the other party 30 days prior written notice of termination. The leased premises will increase from five (5) to six (6) acres. In addition, M&G must construct a fence running in a north to south direction along the eastern boundary of the Leased Premises, so as to entirely enclose the six-acre Lease Premises no later than 21 days from the Effective Date. M&G will maintain the current Foreign Trade Zone designation for the six (6) acres lease premises during the renewal period. All such fencing shall be in accordance with all Foreign Trade Zone and Customs and Border Protection fencing Requirements.

BACKGROUND: In order to meet scheduled plant construction completion dates M & G has requested a renewal of the current Lease Agreement. M & G's existing 8-acre laydown site to the west of the plant site, the 10-acre laydown site to the east of the plant site and the 27.84-acre laydown site to the north of the plant site are all full. Due to few options for open storage staff proposes that M & G continue using the area at the South Shore Dredge Material Placement Area as shown on the attached Exhibit.

ALTERNATIVES: Do not approve the Lease Agreement with M & G Resins USA, LLC.

CONFORMITY TO PORT POLICY: This project is consistent with the PCCA Strategic Plan (Strategic Goal #2 – Provide facilities and services to meet customer needs to provide surface infrastructure and services to support maritime and industrial development).

EMERGENCY: N/A

FINANCIAL IMPACT: $144,000.00 during the primary term of the Lease Agreement

STAFF RECOMMENDATION: Staff recommends approval of a Lease Agreement with M & G Resins USA, LLC for a 6-acre Temporary Construction Laydown Area at South Shore Dredge Material Placement Area Through April 17, 2018.

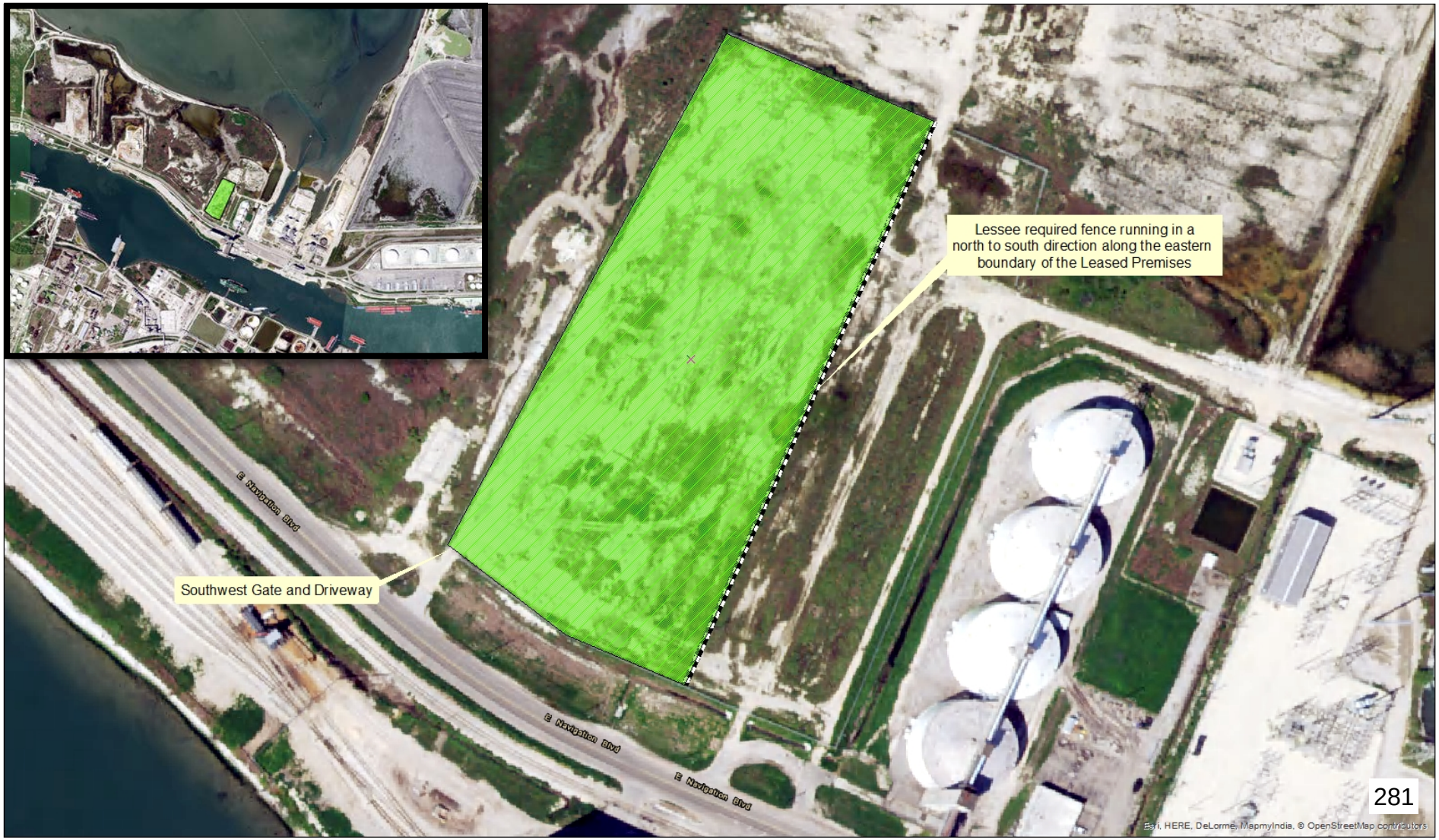
DEPARTMENTAL CLEARANCES:

Originating Department	Real Estate
Reviewed & Approved	Darrin Aldrich
Legal	Bruce Hawn
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Memo Exhibit
Lease Agreement
Lease Agreement Summary

Approve a Lease Agreement with M & G Resins USA, LLC for a 6 acre Temporary Construction Laydown Area at the South Shore Dredge Material Placement Area Through April 17, 2018



State Plane NAD 1983
South Zone FIPS 4205
Not To Scale

Generated by
Port of Corpus Christi
Real Estate Department

Exhibit A
6 acre Laydown Area
South Shore Dredge Material Placement Area

Map Disclaimer:
This product is for informational purposes and has not have been prepared for, or be suitable for legal, engineering, or surveying purposes.

N

PORT OF CORPUS CHRISTI AUTHORITY
LEASE AGREEMENT SUMMARY

Lessee:	M & G Resins USA, LLC
Premises:	6 acre Temporary Construction Laydown Area at the South Shore Dredge Material Placement Area
Use:	Temporary Construction Laydown Yard
Term:	One (1) year April 18, 2017 – April 17, 2018
Options:	Month to Month Term not to exceed 6 months
Start Date:	April 18, 2017
End Date:	April 17, 2018
Annual Rent:	$144,000.00
Tenant Business:	PET and PTA plastics plant
Tenant Contact:	Jeff Shea M&G Resins USA, LLC's 555 N. Carancahua - Tower II Suite 800 Corpus Christi, TX 78401 Mobile: 361-813-3306 email: jeff.shea@mg-chemicals.com
Remarks:	Beginning May 18, 2017 either party may terminate this lease agreement without cause upon thirty (30) days written notice to the other. M&G must construct a fence running in a north to south direction along the eastern boundary of the Leased Premises, so as to entirely enclose the six acre Lease Premises no later than 21 days from the Effective Date. All such fencing shall be in accordance with all Foreign Trade Zone and Customs and Border Protection fencing Requirements. Upon the expiration of the Primary Term the Lease Agreement will be extended on a month to month basis (Month to Month Term) upon the approval of PCCA and not to exceed an additional six month, beginning on April 18, 2018, during the Month to Month Term either Party will be entitle to terminate the lease by giving the other Party 30 day prior written notice of termination.

LEASE AGREEMENT

This **LEASE AGREEMENT** (the "**Lease Agreement**") is made the 17th day of April, 2017 by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called "**Authority**"), and **M & G RESINS USA, LLC,** a Delaware limited liability company with a permit to do business in Texas, whose principal address is 555 N. Carancahua, Suite 800, Corpus Christi, Texas 78401, (hereinafter called "**Lessee**"). Authority and Lessee shall be hereinafter jointly referred to as the "**Parties**" or individually to as the "**Party**".

ARTICLE I
LEASED PREMISES

A. Description and Term: Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee that certain real property situated in Nueces County, Texas, being a 6 acre tract, more or less, depicted in "**Exhibit A**" attached hereto and incorporated herein by reference (hereinafter the "**Leased Premises**"), **TO HAVE AND TO HOLD** the Leased Premises for a term (the "**Primary Term**") of twelve (12) months, beginning the 17th day of April, 2017 (the "**Effective Date**"), and terminating at midnight, Central Time on the 16th day of April, 2018, unless sooner terminated. Upon the expiration of the Primary Term this Lease Agreement shall be extended on a month to month basis (the "**Month to Month Term**") upon the approval of the Authority, not to exceed an additional 6 months, beginning on April 17, 2018, during which period either Party shall be entitled to terminate the lease by giving the other Party 30 days prior written notice of such termination.

B. Holding Over: In the event of any holding over by Lessee beyond the Primary Term or the Month to Month Term of this Lease Agreement without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee will pay 2.0 times the monthly rent being charged Lessee in the month prior to the commencement of Lessee's holding over, and Lessee will be subject to all other terms of this Lease Agreement insofar as the same are applicable to a tenant at sufferance. Nothing is this Section shall be construed to give Lessee the right to holdover after the termination of this Lease.

C. Termination Without Cause: Either party hereto may terminate this lease agreement without cause upon thirty (30) days written notice to the other, beginning on the 18th day of May 2017.

D. Assignment: Lessee may not assign this Lease Agreement in whole or in part or any interest therein nor sublet the Leased Premises or any part thereof nor grant any license, concession or other right of occupancy of any portion of the Leased Premises without the prior written consent of Authority.

ARTICLE II
RENT AND UTILITIES

A. Rent: Twelve Thousand and 00/100 Dollars ($12,000.00) and other good and valuable consideration. During any month to month extension of this Lease Agreement, Lessee shall pay to the Authority on or before the 18th day of each month, a rental of twelve Thousand and 00/100 Dollars ($12,000.00).

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

B. Utilities: In addition to the rent described hereinabove, Lessee agrees to pay when due all charges it contracts for (a) water, gas, electricity, and other utilities, (b) garbage service, (c) security or guard services, or (d) railroad services in connection with the Leased Premises.

ARTICLE III
USE OF PREMISES

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

> For the storage of components as follows: structural steel, instrumentation, piping, and hardware materials; light fabrication; and employee and contractor temporary offices and parking.
>
> Ingress and Egress, Gates and Driveways: The Leased Premises is a parcel of land carved out of a larger parcel of Authority owned land fronting along the Joe Fulton International Trade Corridor that is partially or fully enclosed by a security fence together with gates and driveways providing controlled access to the Fulton Corridor. Beginning on the Effective Date, Lessee shall be entitled to non-exclusive use of the gate and driveway located nearest to the southwest corner of the Authority's larger parcel of land as depicted on Exhibit A for ingress and egress to and from the Leased Premises. Lessee shall promptly repair any damage to the gates and driveways caused by Lessee, its contractors or invitees during Lessee's Use of the Leased Premises. Upon termination of this Lease Agreement, Lessee's non-exclusive use of the gate and drive shall terminate and Lessee shall return the gate and driveway to substantially the same condition that which existed as of the Effective Date, subject to reasonable wear and tear. Except for the period of time during which Lessee is passing through the gate, the gate shall be closed and locked so as to preserve the controlled access to the Authority's lands.

In its use of the Leased Premises, Lessee will not violate any applicable and enforceable restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, or

any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters.

B. Hazardous Use: No hazard may be created or allowed to continue on the Leased Premises that will increase the insurance rate of Authority or of other lessees of Authority whose properties are adjacent to the Leased Premises.

Lessee's occupancy, operation and/or use of the Leased Premises shall not violate any applicable city, state or federal laws or regulations pertaining to the storage, disposal, use or release of environmentally hazardous substances ("Hazardous Materials") as defined by any applicable city, state or federal law or regulation, and must comply with Authority's Tariffs, Rules and Regulations and the Port of Corpus Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual.

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

Lessee must clean up, remove, remediate and repair any soil or ground water contamination and damage caused by the presence or release of any Hazardous Materials in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of applicable law. Lessee shall immediately give Authority written notice of any suspected breach of this paragraph, upon learning of the presence or any release of any Hazardous Materials, or upon receiving any notice from governmental agencies pertaining to Hazardous Materials which may affect the Leased Premises.

The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this lease for a period of two (2) years and thereafter automatically terminate and be null and void for all purposes.

Lessee shall not bring or permit to remain on the Leased Premises any asbestos, petroleum or petroleum products, explosives or toxic materials except for commercially reasonable amounts of materials used in the ordinary course of Lessee's business, nor commit or permit to remain any waste or damage to the Leased Premises

C. Use by Authority: Authority reserves the right to use any streets or roadways on the Leased Premises. Authority further reserves the right to use as much of the Leased Premises as is necessary to perform surveying, environmental testing and other assessments on the Leased Premises, including without limitation environmental assessments and soil borings, and to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way to other parties for the laying of, pipelines for oil, petroleum, petroleum products, fiber optics and any other products over, under and upon the Leased Premises (collectively, the "Authority Uses"); provided, however, that the same shall not unreasonably interfere with Lessee's use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Article subject to Lessee's reasonable approval. Authority shall coordinate its use of the Leased Premises with Lessee.

ARTICLE IV
CONDITION OF PREMISES AND MAINTENANCE

A. Lessee's Inspection: Lessee has inspected the Leased Premises, including all improvements, fixtures, equipment and personal property situated on the Leased Premises and has conducted any environmental assessment it desired and on the date of this Lease Agreement accepts the Leased Premises As Is, Where Is, and in the condition it existed on that date, as reasonably suited and fit for Lessee's intended uses of the Leased Premises. Lessee acknowledges that A**uthority has made no express warranties with regard to the premises and to the maximum extent permitted by applicable law, Authority hereby disclaims, and lessee waives the benefit of, any and all implied warranties, including implied warranties of habitability, or fitness or suitability for lessee's purpose. Lessee shall not be responsible for any contamination or pollution of the Leased Premises which was caused by a party other than Lessee prior to the date of this Lease.**

B. Authority's Inspection: Authority's agents, representatives, or employees may enter the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this Lease Agreement, for purposes of maintaining, repairing, or altering the Leased Premises, or for the purpose of showing the Leased Premises to prospective lessees.

C. Federal Spoil Disposal Easement: Lessee has been advised and acknowledges that the Leased Premises is situated within an area commonly known as the South Shore Dredge Material Placement Area (Cell A) and is subject to; and Lessee agrees to be bound by, the terms and conditions of that instrument dated the 24th day of February, 1936 by and between the Nueces County Navigation District No. 1 and the United States of America, a copy of which is attached hereto as "**Exhibit B**" and a part hereof for all purposes.

D. Maintenance: Lessee will, throughout the Term , at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises

and improvements in that condition. All maintenance, repairs, and replacements required by this Section must be performed promptly when required and so as not to cause material depreciation in the value of the Leased Premises (excepting real estate market fluctuations that occur from time to time).

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

At the expiration of the Term or any renewals or extensions thereof, or earlier termination or the lease, Lessee will surrender the Leased Premises in good order and repair except for reasonable wear and tear since the last necessary repair, replacement, restoration or renewal made by Lessee pursuant to its obligations under this Lease Agreement.

D. Alterations: All alterations or improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this Lease Agreement will be at the sole cost and expense of Lessee. Lessee must construct and install Lessee's improvements in a good and workmanlike manner. New or additional improvements may not be constructed nearer than 8.5 feet to the centerline of any existing or proposed railroad track on or adjacent to the Leased Premises. Lessee will construct a fence running in a north to south direction along the eastern boundary of the Leased Premises, so as to entirely enclose the six acre Lease Premises. All such fencing shall be in accordance with all Foreign Trade Zone and Customs and Border Protection fencing Requirements no later than 21 days from the Effective Date.

Lessee must submit to Authority plans for any proposed buildings, drainage or improvements of any kind on the Leased Premises, or any alterations or additions to existing buildings or improvements (collectively, the "**Plans**"), and the Plans must be approved in writing by the Director of Engineering Services of Authority prior to the commencement of work on the same, which approval shall not be unreasonably denied, delayed or conditioned.

Lessee, in any contract for the construction of improvements to the Leased Premises ("**Lessee Construction Contract**"), will have its contractor and a corporate surety, approved by the state of Texas, execute separate performance and payment bonds, each in the sum of 100% of the accepted contract price ("**Lessee Construction Contract Price**") set forth in the Lessee Construction Contract. Performance bonds must be conditioned on the faithful performance of the work in accordance with the plans specifications, and contract documents. Performance and Payment Bonds must executed by a surety meeting the requirements of §2253.021(d) of the Texas Government Code; and must name Authority as a co-obligee. However, if the Lessee Construction Contract Price is less than $100,000 then no performance bond will be required; and if the Lessee Construction Contract Price is less than $25,000 a Payment Bond will not be required. In the event a contract amendment increases the Lessee Construction Contract Price to an amount in excess of $100,000, then a

performance bond, meeting the requirements set forth above, will be required from that point forward; In the event a contract amendment increases the Lessee Construction Contract Price to an amount in excess of $25,000, then a payment bond, meeting the requirements set forth above, will be required from that point forward. Lessee shall provide Authority prior to any construction all performance and payment bonds required hereunder. IT IS THE INTENT OF AUTHORITY AND LESSEE THAT NOTHING CONTAINED IN THIS LEASE SHALL (1) BE CONSTRUED AS A WAIVER OF AUTHORITY'S LEGAL IMMUNITY AGAINST MECHANIC'S LIENS ON AUTHORITY PROPERTY AND/OR ITS CONSTITUTIONAL AND STATUTORY RIGHTS AGAINST MECHANICS LIENS ON AUTHORITY PROPERTY, INCLUDING THE LEASED PREMISES, OR (2) BE CONSTRUED AS CONSTITUTING THE EXPRESS OR IMPLIED CONSENT OR PERMISSION OF AUTHORITY FOR THE PERFORMANCE OF ANY LABOR OR SERVICES FOR, OR THE FURNISHING OF ANY MATERIALS TO LESSEE THAT WOULD GIVE RISE TO ANY MECHANIC'S LIEN AGAINST AUTHORITY'S INTEREST IN THE LEASED PREMISES, OR ANY PROPERTY OF AUTHORITY OR IMPOSING ANY LIABILITY ON AUTHORITY FOR ANY LABOR OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE UPON CREDIT.

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

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

At the expiration or earlier termination of this Lease Agreement, all alterations, additions or improvements upon the Leased Premises made by Lessee, shall, absent any agreement between Authority and Lessee to the contrary at the time of installation, or unless Authority otherwise elects, which election shall be made by giving a notice in writing (a) not less than fifteen (15) days prior to the expiration of this Lease Agreement, or (b) not more than fifteen (15) days following any termination of this Lease Agreement other than by expiration, become the property of Authority and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Primary Term or the Month to Month Term. In the event Authority notifies Lessee to remove any or all of the alterations, additions or improvements made by Lessee, Lessee shall do so and shall repair any damage caused by such removal, all within thirty (30) days after the date of expiration or termination of this Lease Agreement. Trade fixtures, furnishings and equipment which are installed by Lessee, at its expense, may be removed by Lessee provided Lessee removes the same and repairs any damage caused by such removal within thirty (30) days after the date of expiration or termination of this lease agreement.

E. **Signs:** Lessee shall not place any signs at or on the Leased Premises, nor paint any signs on any building on the Leased Premises unless first approved by the Director of Engineering Services of Authority in writing, which approval shall not be unreasonably denied, delayed or conditioned.

ARTICLE V
INSURANCE

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

1. Property insurance coverage on the buildings, improvements and betterments situated on the Leased Premises against Direct Physical Loss and against loss or damage by any other risk, now and from time to time insured against by "special form" (formerly "all risk") property insurance and in builder's risk completed value form during substantial construction of improvements (including malicious mischief and vandalism)in amounts sufficient to provide coverage for 100% of the Insurable Value of such buildings, improvements and betterments situated on the Lease Premises. In addition Lessee will carry flood insurance on each of the buildings, improvements and betterments situated on the Leased Premises with the maximum policy limits permitted under such flood insurance. Lessee is responsible for insuring its personal property on the Leased Premises. "**Insurable Value**" means replacement cost;

2. For all its employees engaged in performing work, workers' compensation, and employer's liability insurance with policy limits of at least $500,000.00 per accident, or such similar insurance which is in accordance with state and federal law and regulations applicable to said employees; and

3. Commercial General Liability insurance coverage with policy limits, of at least $1,000,000.00 per occurrence and $2,000,000.00 general aggregate at this location, and endorsed to provide contractual liability coverage and Time Element Pollution coverage.

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

5. Umbrella liability insurance with limits of not less than $5,000,000.00 (over and above the underlying primary CGL coverage) is required.

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

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

Authority shall be furnished, to Authority Attention: Insurance Manager, prior to Lessee taking possession or occupancy of the Leased Premises, as proof of the insurance required of Lessee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be approved by, and on file with, the Texas Insurance Commission; and, in addition the text of the certificates must be approved by Authority which approval shall not be unreasonably denied, delayed, or conditioned. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and employer's liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Authority, Attention: Insurance Manager, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("**Authority Insurance**") to the effect that the Authority Insurance is primary, the policy or policies held by Lessee are primary coverage and the Authority Insurance is non-contributory.

Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of the Policies must be stated in the certificate of insurance provided to Authority if either exceeds $50,000.00; and, in such event, Authority may decline to approve this Lease Agreement without any liability to Lessee. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Lessee neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority may procure such insurance at Lessee's expense, and Authority is entitled to reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Lessee receives Authority's notice of payment until reimbursement.

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

ARTICLE VI
INDEMNITY AND WAIVER

A. As used in this Article VI, each of the following terms shall have the meanings set forth in this Article VIA:

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

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

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

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

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

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

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

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

(2) Lessee's breach of this Lease Agreement;

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

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

(5) any act, omission, willful misconduct, strict liability, breach of warranty, express or implied, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing, of or by any Lessee Party, including the sole, joint,

concurrent, or comparative negligence of any Lessee Party in connection with or pertaining to this Lease Agreement.

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

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

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

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

G. If any action or proceeding is brought against any Indemnified Persons by reason of any Indemnified Claim described in this Article VI, the Indemnified Persons will

be represented by their general counsel, or another attorney selected by the Indemnified Persons and approved by Lessee, which approval will not be unreasonably withheld.

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

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

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

ARTICLE VII
DEFAULT

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

A. Without terminating this Lease Agreement, Authority may terminate Lessee's right of possession of the Leased Premises under this Lease Agreement by giving Lessee five (5) calendar days notice of termination of Lessee's right of possession and Lessee's right of possession shall thereupon cease and come to an end and Authority may reenter and take possession of the Leased Premises; provided, however, Authority shall not be required to give such notice prior to the filing of an action of forcible detainer or at common law upon default by Lessee in the payment of rent. Upon entering and taking possession of the Leased Premises, Authority may:

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

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

B. Terminate this Lease Agreement.

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

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

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

Notwithstanding anything in this Lease Agreement herein to the contrary, Authority shall in no event be charged with or liable for any consequential damages, including but not limited to loss of profits or lost business opportunity, suffered by Lessee as a result of Authority's breach of this Lease Agreement or failure to perform any of its obligations under this Lease Agreement.

ARTICLE VIII
GENERAL PROVISIONS

A. No Waiver: The waiver of any breach of any term or condition of this Lease Agreement does not waive any other breach of that term or condition or of any other term or condition.

B. Notice: All payments, notices, demands, or requests from Lessee to Authority shall be given to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All payments, notices, demands, or requests from Authority to Lessee shall be given to Lessee at Attention: Andre Meyer 27610 Huntington Road, Apple Grove, West Virginia 25502 or at such other address as Lessee shall request in writing.

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

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

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

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

G. Attorneys' Fees: In the event Authority or Lessee breaches any of the terms of this agreement whereby the party not in default employs attorneys to protect or enforce its rights hereunder and substantially prevails, then the defaulting party agrees to pay the other party's reasonable attorneys' fees so incurred by such other party.

H. Public Disclosure: Authority is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Public Information Act (Texas

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

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

Notwithstanding the foregoing, any extension of time for *force majeure* shall be conditioned upon the party seeking an extension of time delivering written notice of such *force majeure* to the other party within 10 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 60 days.

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

K. **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.

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

Next Page is the Signature Page.

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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____
John P. LaRue
Executive Director

"Authority"

M & G RESINS USA, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

"Lessee"

ATTACHMENT: Exhibit "A"
Exhibit "B"

(Acknowledgements on the next page)

STATE OF TEXAS §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of October, 2016 by JOHN P. LARUE, Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Authority.

_____
NOTARY PUBLIC, STATE OF TEXAS

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of October, 2016, by _____, _____ of M & G RESINS USA, a Delaware limited liability company, on behalf of said company.

_____
NOTARY PUBLIC, STATE OF _____



State Plane NAD 1983
South Zone FIPS 4205
Not To Scale

Generated by
Port of Corpus Christi
Real Estate Department

Exhibit A
6 acre Laydown Area
South Shore Dredge Material Placement Area

Map Disclaimer:
This product is for informational purposes and has not have been prepared for, or be suitable for legal, engineering, or surveying purposes.

N

Exhibit B

Exhibit B

No. 99445.

Office Chief of Engineers, Mar. 2, 1936, 7245 (Aransas Pass - Corpus Christi Chan.) - 147/3

THE STATE OF TEXAS }
COUNTY OF NUECES. } KNOW ALL MEN BY THESE PRESENTS: That NUECES COUNTY NAVIGATION DISTRICT NO.1, for and in consideration of appropriations to be made by the Congress of the United States of America for the maintenance, deepening or enlarging of the approach channel and turning basin at Corpus Christi, Texas, and the industrial canal and turning basin at Avery Point, do hereby give and grant to the UNITED STATES OF AMERICA the right, power and privilege to deposit spoil and other excavated matter from said channels and turning basins upon land owned by said Nueces County Navigation District No. 1, situated in Corpus Christi, Texas, Nueces County, Texas, and more particularly described as follows:- FIRST TRACT: Beginning at a point on the north boundary of the submerged lands patented by the State of Texas to Nueces County Navigation District No. 1 on May 7, 1930, which point lies 2060 feet due west of Original Shore Line Boundary Monument No. 4 on Rincon Point; thence due west along said north boundary of acquired submerged lands a distance of 2300 feet to a corner; thence S. 45° W. a distance of 1350 feet to intersection with crest line of levee surrounding Avery Point Turning Basin; thence S. 66° 19' E. along said levee crest line a distance of 930 feet to a corner; thence along said levee crest line S. 21° 19' E. a distance of 545 feet to a corner; thence S. 66° 19' E. along said levee crest line to a corner a distance of 1025 feet; thence at right angles to levee crest line N. 23° 41' E. along boundary line to point of beginning a distance of 2695 feet. SECOND TRACT: Beginning at a point in levee crest line 2435 feet west of the west boundary of the Corpus Christi Turning Basin and 355 feet north of the north boundary of the Corpus Christi Turning Basin extended west; thence due east along said levee crest line a distance of 1305 feet to west boundary of Texas Company lease extended for a corner; thence due north along west boundary of Texas Company lease 422.5 feet to a corner; thence due east along north boundary of Texas Company lease extended to a corner which is an intersection with west boundary of the Republic Pipe Line Company lease, a distance of 1085 feet; thence due north along west boundary of Republic Pipe Line Company lease to a corner, a distance of 33.6 feet; thence due east along north boundary of Republic Pipe Line Company lease a distance of 800 feet to a corner; thence due south along east boundary of said Republic Pipe Line Company lease to a corner, a distance of 381.1 feet, being the S.E. corner of said Republic Pipe Line Company lease; thence due east parallel to north side railway lead and 75' distance from center line thereof to a corner, a distance of 60 feet; thence due north a distance of 381.1 feet to a corner; thence due east a distance of 800 feet to a corner; thence due south a distance of 381.1 feet to a corner; thence due east 60 feet to a corner; thence due north 381.1 feet to a corner; thence due east 300 feet to a corner; thence S. 63° E. a distance of 855 feet to a corner; thence S. 35° 30' E. a distance of 97 feet to a corner; thence N. 53° 30' E. parallel to and a 150 foot distant from the N. W. boundary of the W.H. Norris Lumber Company lease to a corner, a distance of 194 feet; thence N. 36° 30' W. to a corner a distance of 85 feet, which corner is at the S. W. end of an old levee; thence N. 32° 0' E. along crest line of said old levee a distance of 367 feet to a corner lying in the northerly boundary of the Nueces County Navigation District No. 1 property; thence N. 58° 3' W. along said northerly boundary to a corner, a distance of 1755 feet; thence S. 31° 57' W. to a corner, a distance of 300 feet; thence due west a distance of 2098.57 feet to a corner; thence due south 740 feet to a corner; thence due west along a northerly boundary of Nueces County Navigation District No. 1 property, a distance of 1715 feet to a corner; thence due south to an intersection with crest of levee, the point of beginning, a distance of 455 feet. Said areas for spoil disposal being shown on Map marked B which is attached hereto and made a part hereof. We do hereby, expressly waive and release said United States of America, its officers, agents, servants and contractors from any

and all claims for damages to the land and premises owned by us adjacent said ship channel resulting from the construction and maintenance work, and the deposit of spoil or other matter, this and release of damages being intended as a continuing covenant which shall run with the land and be binding upon ourselves and our successor or successors in ownership of said land. And we covenant and certify that we are the true and lawful owners of said land and premises, and that we have the right to make this covenant and release. IN TESTIMONY WHEREOF we have caused this instrument to be executed on this 24 day of Feb. 1936.

(Corp. Seal)

NUECES COUNTY NAVIGATION DISTRICT NO. 1,

Richard King, Chairman Navigation and Canal Commissioners.

ATTEST: J. N. Barnes, Assistant Secretary.

THE STATE OF TEXAS }
COUNTY OF NUECES. } BEFORE ME, the undersigned authority, on this day personally appeared Richard King known to me to be the person whose name is subscribed to the foregoing instrument of writing and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated. GIVEN under my hand and seal at Corpus Christi, Tex. this 24 day of Feb. 1936.

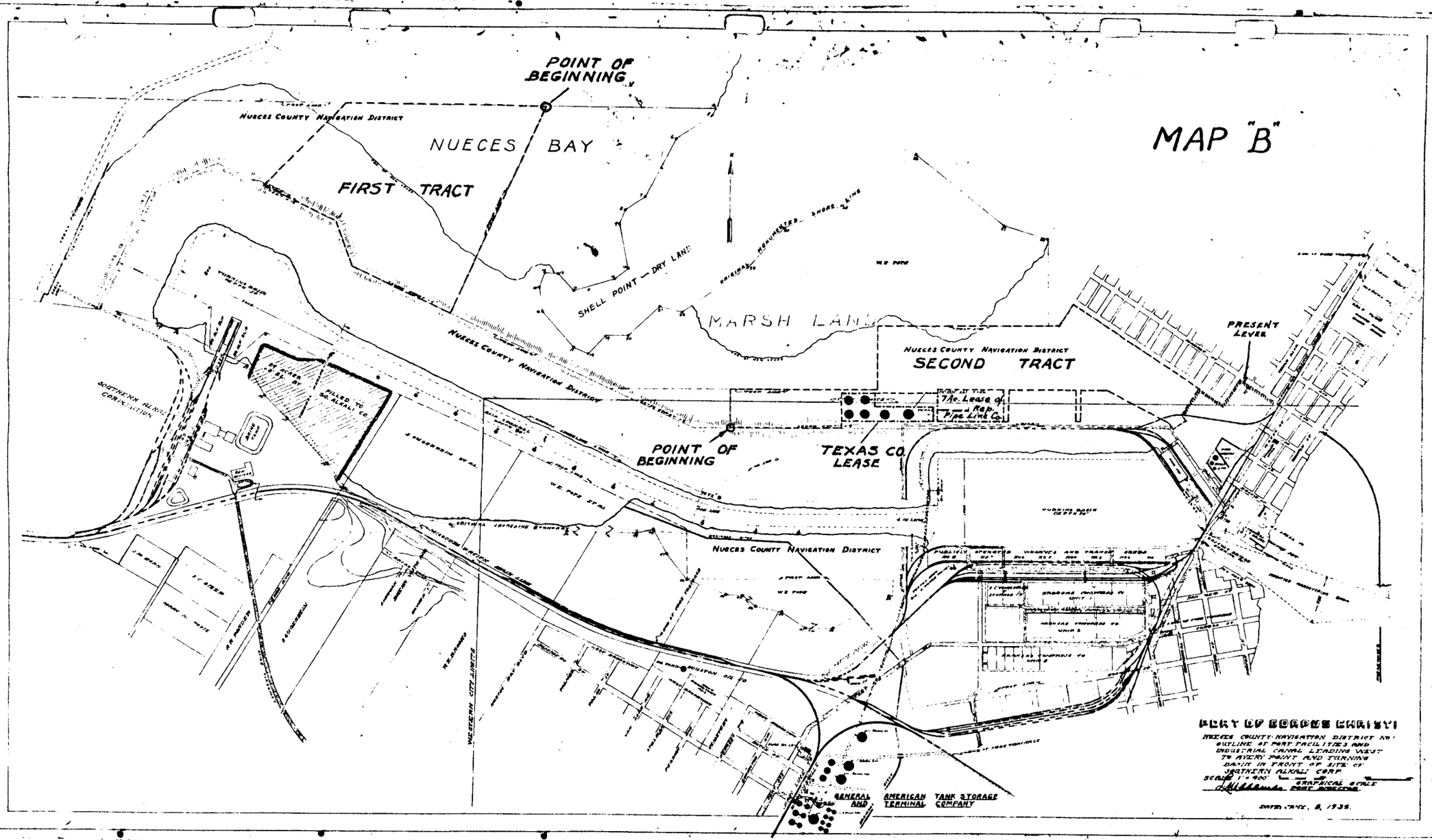
(Nueces Co. Tex. L. S.)

L. B. Dunn, Notary Public in and for Nueces County, T ex a s .

NOTE: See attached Map "B" on page 131.

ENDORSED: Filed for record at 2:36 o'clock P.M. Mar. 19, 1936, Roy D. Clift, Clerk County Court, Nueces Co. Tex. By D. A. Jennings, Deputy.

. . . . . .


MAP "B"
POINT OF BEGINNING
NUECES COUNTY NAVIGATION DISTRICT
NUECES BAY
FIRST TRACT
SHELL POINT — DRY LAND
MARSH LAND
NUECES COUNTY NAVIGATION DISTRICT
SECOND TRACT
PRESENT LEVEE
POINT OF BEGINNING
TEXAS CO. LEASE
7 Ac. Lease of Rep Pipe Line Co.
SOUTHERN ALKALI CORP. LEASE
NUECES COUNTY NAVIGATION DISTRICT
WESTERN CITY LIMITS
GENERAL AMERICAN TANK STORAGE TERMINAL COMPANY
PORT OF CORPUS CHRISTI
NUECES COUNTY NAVIGATION DISTRICT NO. 1
OUTLINE OF PORT FACILITIES AND INDUSTRIAL CANAL LEADING WEST TO RIVER FRONT AND TURNING BASIN IN FRONT OF SITE OF SOUTHERN ALKALI CORP.
SCALE 1" = 400' GRAPHICAL SCALE
DATED JULY 8, 1935.

25

STATE OF TEXAS)

COUNTY OF NUECES)

I, MARION UEHLINGER, County Clerk in and for Nueces County, Texas, do hereby certify that the above and foregoing is a true and correct Photographic copy of Agreement from Nueces County Navugation District to United States of America, as the same appears of record in my office in Volume 221 Page 130-132 Deed Records Record of Nueces County, Texas.

WITNESS my hand and the seal of the County Court of said County at office in Corpus Christi, Texas, this the 30th day of April, A.D. 1982.

MARION UEHLINGER

County Clerk, Nueces County, Texas.

BY Irene Kubala Deputy.

. . . . . .

No. 99444.

THE STATE OF TEXAS | Office Chief of Engineers Mar. 2,1936, 7245 (Aransas Pass - Corpus Christi Chan.)- 147/2

COUNTY OF NUECES. | KNOW ALL MEN BY THESE PRESENTS: That GUARANTY TITLE & TRUST COMPANY, Trustee for and in consideration of appropriations to be made by the Congress of the United States of America for the maintenance, deepening or enlarging of the approach channel and turning basin at Corpus Christi, Texas, and the industrial canal and turning basin at Avery Point, do hereby give and grant to the United States of America the right, power and privilege to deposit spoil and other excavated matter from said channels and turning basins upon land owned by said Guaranty Title and Trust Company, Trustee, situated in Nueces County, Texas, and more particularly described as follows: BEGINNING at original Shore Line Boundary Monument No. 4 on Rincon Point Approximately 4800' northwest of the northwest corner of the Corpus Christi Turning Basin, which point is marked by a 4" x 4" concrete monument with lead plate in the east side thereof marked "4", thence S. 69° E. to Original shore line Boundary Concrete Monument No. 27 a distance of 3640 ft. thence S. 72° E. to Monument No. 28, a distance of 519.44 ft. thence due south to intersection with north property line of Nueces County Navigation District, a distance of 1003 ft; thence due west along said north property line of Nueces County Navigation District, a distance of 1974 ft to a corner; thence due south along a west boundary of said Nueces County Navigation Dist., property a distance of 740 ft. to a corner; thence due west along a north boundary line of said Nueces County Navigation District property a distance of 2900 ft. to a stake for corner in crest line of newly erected levee which crest line is 875 ft. north east of and parallel with center line of new industrial canal; thence N. 66° 19' W. along said levee crest line, 2000 ft. to stake for a corner; thence at right angles to said crest line N. 23°41' E. a distance of 2695 ft. to a corner; thence due east to Monument No. 4 the point of beginning a distance of 2060 feet. Said areas for spoil disposal being shown on map marked A which is attached hereto and made a part hereof. We do hereby expressly waive and release said United States of America, its officers, agents, servants and contractors from any and all claims for damages to the land and premises owned by us adjacent said ship channel resulting from the construction and maintenance work, and the deposit of spoil or other matter, this and release of damages being intended as a continuing covenant which shall run with the land and be binding upon ourselves and our successor or successors in ownership of said land. And we covenant and certify that we are the true and lawful owners of said land and premises, and that we have the right to make this covenant and release. In Testimony Whereof we have caused this instrument to be executed on this 20th day of February 1936.

(Corp. Seal)
ATTEST: T. E. McMillan, Secretary.

GUARANTY TITLE AND TRUST COMPANY, TRUSTEE,
By H. B. Baldwin, President.

THE STATE OF TEXAS |

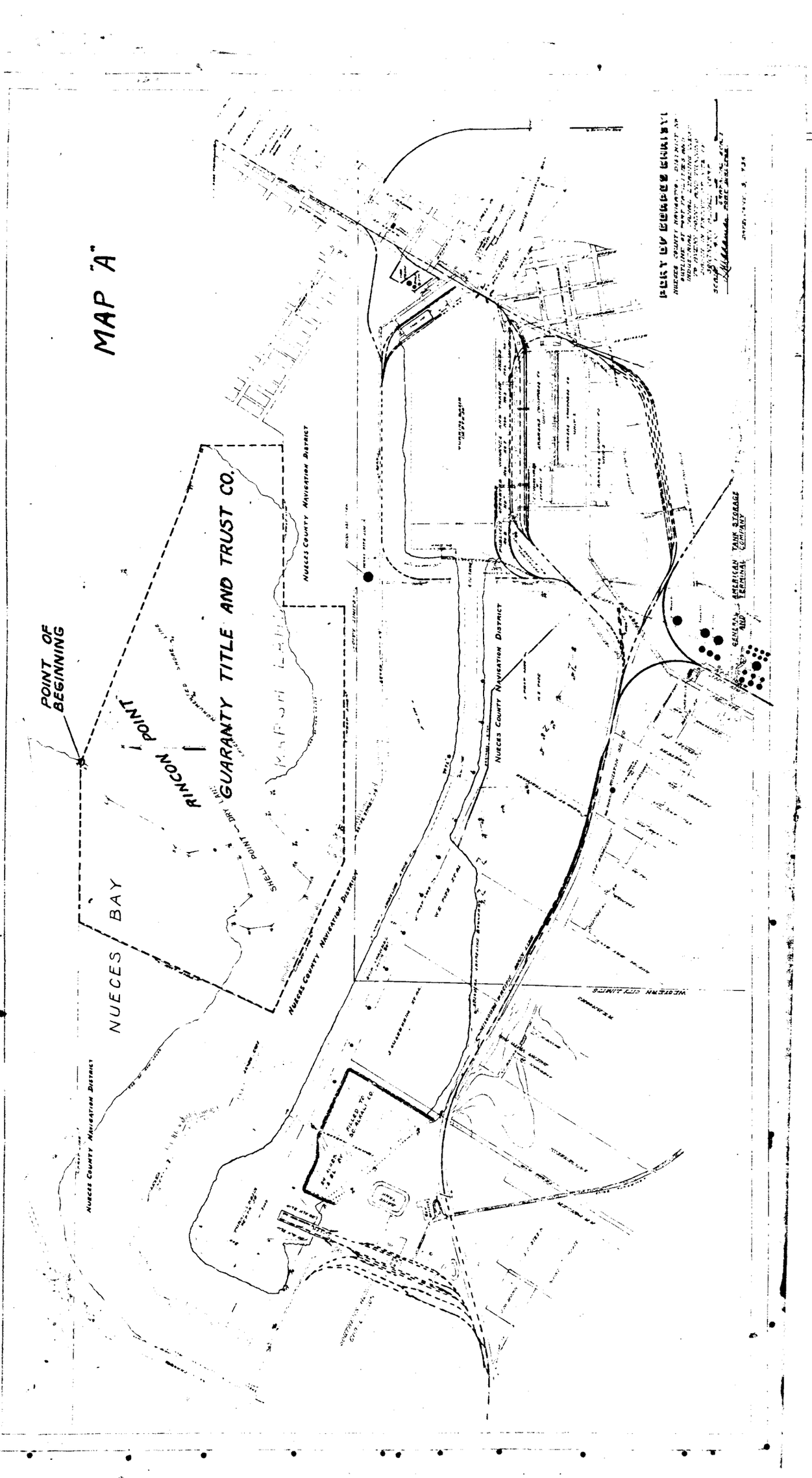
COUNTY OF NUECES. | BEFORE ME, the undersigned authority, on this day personally appeared H.B. Baldwin known to me to be the person whose name is subscribed to the foregoing instrument of writing, as President of the Guaranty Title and Trust Company, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal at Corpus Christi, Texas, this 20th day of February 1936.

(Nueces Co. Tex. L.S.)

Ada E. Parker, Notary Public in and for Nueces County, T e x a s .

NOTE: See attached Map "A" on page 129



306

ENDORSED: Filed for record at 2:35 o'clock P.M. Mar. 19, 1936, Roy D. Clift, Clerk County Court, Nueces Co. Tex. By D. A. Jennings, Deputy.

25

STATE OF TEXAS)

COUNTY OF NUECES)

I, MARION UEHLINGER, County Clerk in and for Nueces County, Texas, do hereby certify that the above and foregoing is a true and correct Photographic copy of Agreement from Guaranty Title & Trust Company to Nueces County Navigation District, as the same appears of record in my office in Volume 221 Page 128-129 Deed Records Record of Nueces County, Texas,

WITNESS my hand and the seal of the County Court of said County at office in Corpus Christi, Texas, this the 30th day of April, A.D. 19 82.

MARION UEHLINGER

County Clerk, Nueces County, Texas.

BY Irene Kubala Deputy.

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Darrin Aldrich, Director of Real Estate
Darrin@pocca.com
(361) 885-6169

Approve a Lease Agreement with M & G Resins USA, LLC for a 10 acre Temporary Construction Laydown Area at Rincon Industrial Park Through April 17, 2018

SUMMARY: M & G Resin USA, LLC (M&G) representatives are requesting a renewal of their current 10-acre Lease Agreement dated November 12, 2015 by and between the Port of Corpus Christi Authority (PCCA) and M & G Resins USA, LLC. The primary term of Lease renewal will be for one (1) year, terminating on April 17, 2018. Upon the expiration of the primary term the Lease Agreement will be extended on a month to month basis (Month to Month Term) upon the approval of PCCA, not to exceed an additional six months. During the Month to Month Term either party may terminate the lease by giving the other party thirty (30) days written notice of termination. M&G will maintain the current Foreign Trade Zone designation for the 10 acres lease premises during the renewal period.

BACKGROUND: In order to meet scheduled plant construction completion dates M&G has requested a renewal of the current Lease Agreement. M & G's existing 8-acre laydown lease site to the west of the plant site, the 5-acre laydown lease site to the east of the plant site and the 27.84-acre laydown lease site to the north of the plant site are all full. Due to few options for open storage staff proposes that M&G continue leasing the area at Rincon Industrial Park, as shown on the attached Exhibit.

ALTERNATIVES: Do not approve the Lease Agreement with M & G Resins USA, LLC.

CONFORMITY TO PORT POLICY: This project is consistent with the PCCA Strategic Plan (Strategic Goal #2 – Provide facilities and services to meet customer needs to provide surface infrastructure and services to support maritime and industrial development).

EMERGENCY: N/A

FINANCIAL IMPACT: $150,000.00 during term of the Lease Agreement

STAFF RECOMMENDATION: Staff recommends approval of Lease Agreement with M & G Resins USA, LLC for a 10-acre temporary construction laydown area at Rincon Industrial Park through April 17, 2018.

DEPARTMENTAL CLEARANCES:

Originating Department	Real Estate
Reviewed & Approved	Darrin Aldrich
Legal	Bruce Hawn
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Memo Exhibit
Lease Agreement
Lease Agreement Summary

Approve a Lease Agreement with M & G Resins USA, LLC for a 10 acre Temporary Construction Laydown Area at Rincon Industrial Park Through April 17, 2018



PORTCORPUSCHRISTI

Generated by
Port of Corpus Christi
Real Estate Department

M & G Resins USA, LLC
10 Acre Temporary Construction Laydown Yard At Rincon Industrial Park

Map Disclaimer:
This product is for informational purposes and has not have been prepared for, or be suitable for legal, engineering, or surveying purposes.

State Plane NAD 1983
South Zone FIPS 4205

Not To Scale

PORT OF CORPUS CHRISTI AUTHORITY
LEASE AGREEMENT SUMMARY

Lessee:	M & G Resins USA, LLC
Premises:	10 acre Temporary Construction Laydown Area at Rincon Industrial Park
Use:	Temporary Construction Laydown Yard, Light Fabrication Yard and, Employee and Contractor Office(s)
Term:	One (1) year April 18, 2017 – April 17, 2018
Options:	Month to Month Term, not to exceed 6 months
Start Date:	April 18, 2017
End Date:	April 17, 2018
Annual Rent:	$150,000.00
Tenant Business:	PET and PTA plastics plant
Tenant Contact:	Jeff Shea M&G Resins USA, LLC's 555 N. Carancahua - Tower II Suite 800 Corpus Christi, TX 78401 Mobile: 361-813-3306 email: jeff.shea@mg-chemicals.com
Remarks:	Upon expiration of the Primary Term the Lease Agreement may be extended on a month to month basis (Month to Month Term) upon the approval of PCCA, not to exceed an additional six months. During the Month to Month Term either party may terminate the lease by giving the other party 30 days written notice.

LEASE AGREEMENT

This **LEASE AGREEMENT** (the "Lease Agreement") is made this 18th day of April, 2017, by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called "Authority"), and **M & G RESINS USA, LLC,** a Delaware limited liability company with a permit to do business in Texas, whose principal address is 555 N. Carancahua, Suite 800, Corpus Christi, Texas 78401, (hereinafter called "Lessee"). Authority and Lessee shall be hereinafter jointly referred to as the "Parties" or individually to as the "Party".

ARTICLE I
LEASED PREMISES

A. Description and Term: Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee that certain real property situated in Nueces County, Texas, being a 10.0 acre tract, more or less, depicted on the drawing labeled "**Exhibit A"** attached hereto and incorporated herein by reference (hereinafter the "Leased Premises"), **TO HAVE AND TO HOLD** the Leased Premises for a term (the "Primary Term") of twelve (12) months, beginning the 18th day of April, 2017 (the "Effective Date"), and terminating at midnight, Central Time on the 17th day of April, 2018, unless sooner terminated. Upon the expiration of the Primary Term this Lease Agreement shall be extended on a month to month basis (the "Month to Month Term") upon the approval of the Authority, not to exceed an additional 6 months, beginning on the 18th Day of April, 2019, during which period either Party shall be entitled to terminate the lease by giving the other Party thirty (30) days prior written notice of such termination.

B. Holding Over: In the event of any holding over by Lessee beyond the Primary Term or the Month to Month Term of this Lease Agreement without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee will pay 2.0 times the monthly rent being charged Lessee in the month prior to the commencement of Lessee's holding over, and Lessee will be subject to all other terms of this Lease Agreement insofar as the same are applicable to a tenant at sufferance. Nothing is this Section shall be construed to give Lessee the right to holdover after the termination of this Lease.

C. Assignment: Lessee may not assign this Lease Agreement in whole or in part or any interest therein nor sublet the Leased Premises or any part thereof nor grant any license, concession or other right of occupancy of any portion of the Leased Premises without the prior written consent of Authority.

ARTICLE II
RENT AND UTILITIES

A. Rent: Lessee agrees to pay to Authority at its offices in Corpus Christi, Nueces County, Texas, Twelve Thousand Five Hundred and 00/100 Dollars ($12,500.00) per month

during the Term of this Lease. The first monthly installment of rent hereunder is due and payable on or before the 10th day after the Effective Date. Rent for any fractional month at the beginning or end of the Term will be prorated on a per-day basis. Each monthly installment of rent is due and payable on or before the first day of each succeeding month thereafter at the offices of Authority in Corpus Christi, Nueces County, Texas. If Lessee should fail to pay Authority any sum to be paid by Lessee to Authority hereunder within thirty (30) days after such payment is due, interest on the unpaid amount shall accrue at a rate of fifteen percent (15%) per annum or the maximum rate allowed by law, whichever is greater, from the date payment was due until the date payment is made. Authority may also impose a late charge of Twenty-Five Dollars ($25.00) or five percent (5%) of the unpaid amount, whichever is greater, to defray Authority's administrative costs incurred as a result of Lessee's failure to timely make such payment or payments, the amount of such costs not being readily ascertainable. Any such late charge shall be in addition to all other rights and remedies available to Authority hereunder or at law or in equity and shall not be construed as liquidated damages or limiting Authority's other remedies in any manner. Failure to pay such interest or late charge within thirty (30) days after written demand shall be an event of default hereunder. Following the dishonor of any check presented for payment, Authority shall have the right, at Authority's option, to require all further payments to be made by cashier's check, money order or wire transfer. For purposes of this Section, any adjustment payment made by Lessee to correct a prior underpayment shall be treated as due on the date such underpayment was due; provided, however, an adjustment payment made by Lessee as the result of an independent audit conducted at Lessee's expense shall not be subject to a late charge as described herein. Rent must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset.

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

B. **Utilities:** In addition to the rent described hereinabove, Lessee agrees to pay when due all charges it contracts for (a) water, gas, electricity, and other utilities, (b) garbage service, (c) security or guard services, or (d) railroad services in connection with the Leased Premises.

ARTICLE III
USE OF PREMISES

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

> For the storage of components as follows: structural steel, instrumentation, piping, and hardware materials; light fabrication; and employee and contractor temporary offices and parking.
>
> Access – Ingress and egress to the Leased Premises shall be confined to a single driveway not to exceed sixty (60) feet in width connecting the Leased Premises to Rincon Road as depicted on Exhibit A. Lessee shall, at Lessee's expense, construct

all necessary improvements to the access driveway to make it suitable for Lessee's intended use and to protect the pipelines, utility lines and drainage ditches located along the west side of Rincon Road. Upon termination of this lease agreement the access driveway shall, at the option of Authority, either be removed and the surface restored to the condition existing prior to construction of the driveway, or left in place.

In its use of the Leased Premises, Lessee will not violate any applicable and enforceable restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, or any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters.

B. Hazardous Use: No hazard may be created or allowed to continue on the Leased Premises that will increase the insurance rate of Authority or of other lessees of Authority whose properties are adjacent to the Leased Premises.

Lessee's occupancy, operation and/or use of the Leased Premises shall not violate any applicable city, state or federal laws or regulations pertaining to the storage, disposal, use or release of environmentally hazardous substances ("Hazardous Materials") as defined by any applicable city, state or federal law or regulation, and must comply with Authority's Tariffs, Rules and Regulations and the Port of Corpus Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual.

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

Lessee must clean up, remove, remediate and repair any soil or ground water contamination and damage caused by the presence or release of any Hazardous Materials in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of applicable law. Lessee shall immediately give Authority written notice of any suspected breach of this paragraph, upon learning of the presence or any release of any Hazardous Materials, or upon receiving any notice from governmental agencies pertaining to Hazardous Materials which may affect the Leased Premises.

The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this lease for a period of two (2) months and thereafter automatically terminate and be null and void for all purposes.

Lessee shall not bring or permit to remain on the Leased Premises any asbestos, petroleum or petroleum products, explosives or toxic materials except for commercially reasonable amounts of materials used in the ordinary course of Lessee's business, nor commit or permit to remain any waste or damage to the Leased Premises

C. Exclusive Possession: Subject to paragraph D, below, Lessee shall have exclusive possession of the Leased Premises during the Primary Term and any Month-to-Month of this Lease Agreement.

D. Use by Authority: Authority reserves the right to use any streets or roadways on the Leased Premises. Authority further reserves the right to use as much of the Leased Premises as is necessary to perform surveying, environmental testing and other assessments on the Leased Premises, including without limitation environmental assessments and soil borings, and to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way to other parties for the laying of, pipelines for oil, petroleum, petroleum products, fiber optics and any other products over, under and upon the Leased Premises (collectively, the "Authority Uses"); provided, however, that the same shall not unreasonably interfere with Lessee's use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Article subject to Lessee's reasonable approval. Authority shall coordinate its use of the Leased Premises with Lessee.

ARTICLE IV
CONDITION OF PREMISES AND MAINTENANCE

A. Lessee's Inspection: Lessee has inspected the Leased Premises, including all improvements, fixtures, equipment and personal property situated on the Leased Premises and has conducted any environmental assessment it desired and on the date of this Lease Agreement accepts the Leased Premises As Is, Where Is, and in the condition it existed on that date, as reasonably suited and fit for Lessee's intended uses of the Leased Premises. Lessee acknowledges that A**uthority has made no express warranties with regard to the premises and to the maximum extent permitted by applicable law, Authority hereby disclaims, and lessee waives the benefit of, any and all implied warranties, including implied warranties of habitability, or fitness or suitability for lessee's purpose. Lessee shall not be responsible for any contamination or pollution of the Leased Premises which was caused by a party other than Lessee prior to the date of this Lease.**

B. Authority's Inspection: Authority's agents, representatives, or employees may enter the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this Lease Agreement, for purposes of maintaining, repairing, or

altering the Leased Premises, or for the purpose of showing the Leased Premises to prospective lessees.

C. Maintenance: Lessee will, throughout the Term , at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises and improvements in that condition. All maintenance, repairs, and replacements required by this Section must be performed promptly when required and so as not to cause material depreciation in the value of the Leased Premises (excepting real estate market fluctuations that occur from time to time).

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

At the expiration of the Term or any renewals or extensions thereof, or earlier termination or the lease, Lessee will surrender the Leased Premises in good order and repair except for reasonable wear and tear since the last necessary repair, replacement, restoration or renewal made by Lessee pursuant to its obligations under this Lease Agreement.

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

Lessee must submit to Authority plans for any proposed buildings, drainage or improvements of any kind on the Leased Premises, or any alterations or additions to existing buildings or improvements (collectively, the "Plans"), and the Plans must be approved in writing by the Director of Engineering Services of Authority prior to the commencement of work on the same, which approval shall not be unreasonably denied, delayed or conditioned.

Lessee, in any contract for the construction of improvements to the Leased Premises ("Lessee Construction Contract"), will have its contractor and a corporate surety, approved by the state of Texas, execute separate performance and payment bonds, each in the sum of 100% of the accepted contract price ("Lessee Construction Contract Price") set forth in the Lessee Construction Contract. Performance bonds must be conditioned on the faithful performance of the work in accordance with the plans specifications, and contract documents. Performance and Payment Bonds must executed by a surety meeting the requirements of §2253.021(d) of the Texas Government Code; and must name Authority as a co-obligee. However, if the Lessee Construction Contract Price is less than $100,000 then no performance bond will be required; and if the Lessee Construction Contract Price is less than

$25,000 a Payment Bond will not be required. In the event a contract amendment increases the Lessee Construction Contract Price to an amount in excess of $100,000, then a performance bond, meeting the requirements set forth above, will be required from that point forward; In the event a contract amendment increases the Lessee Construction Contract Price to an amount in excess of $25,000, then a payment bond, meeting the requirements set forth above, will be required from that point forward. Lessee shall provide Authority prior to any construction all performance and payment bonds required hereunder. IT IS THE INTENT OF AUTHORITY AND LESSEE THAT NOTHING CONTAINED IN THIS LEASE SHALL (1) BE CONSTRUED AS A WAIVER OF AUTHORITY'S LEGAL IMMUNITY AGAINST MECHANIC'S LIENS ON AUTHORITY PROPERTY AND/OR ITS CONSTITUTIONAL AND STATUTORY RIGHTS AGAINST MECHANICS LIENS ON AUTHORITY PROPERTY, INCLUDING THE LEASED PREMISES, OR (2) BE CONSTRUED AS CONSTITUTING THE EXPRESS OR IMPLIED CONSENT OR PERMISSION OF AUTHORITY FOR THE PERFORMANCE OF ANY LABOR OR SERVICES FOR, OR THE FURNISHING OF ANY MATERIALS TO LESSEE THAT WOULD GIVE RISE TO ANY MECHANIC'S LIEN AGAINST AUTHORITY'S INTEREST IN THE LEASED PREMISES, OR ANY PROPERTY OF AUTHORITY OR IMPOSING ANY LIABILITY ON AUTHORITY FOR ANY LABOR OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE UPON CREDIT.

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

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

At the expiration or earlier termination of this Lease Agreement, all alterations, additions or improvements upon the Leased Premises made by Lessee, shall, absent any agreement between Authority and Lessee to the contrary at the time of installation, or unless Authority otherwise elects, which election shall be made by giving a notice in writing (a) not less than fifteen (15) days prior to the expiration of this Lease Agreement, or (b) not more than fifteen (15) days following any termination of this Lease Agreement other than by expiration, become the property of Authority and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Primary Term or the Month to Month Term. In the event Authority notifies Lessee to remove any or all of the alterations, additions or improvements made by Lessee, Lessee shall do so and shall repair any damage caused by such removal, all within forty-five (45) days after the date of expiration or termination of this Lease Agreement.

E. <u>Signs</u>: Lessee shall not place any signs at or on the Leased Premises, nor paint any signs on any building on the Leased Premises unless first approved by the Director of Engineering

Services of Authority in writing, which approval shall not be unreasonably denied, delayed or conditioned.

ARTICLE V
INSURANCE

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

1. Property insurance coverage on the buildings, improvements and betterments situated on the Leased Premises against Direct Physical Loss and against loss or damage by any other risk, now and from time to time insured against by "special form" (formerly "all risk") property insurance and in builder's risk completed value form during substantial construction of improvements (including malicious mischief and vandalism)in amounts sufficient to provide coverage for 100% of the Insurable Value of such buildings, improvements and betterments situated on the Lease Premises. In addition Lessee will carry flood insurance on each of the buildings, improvements and betterments situated on the Leased Premises with the maximum policy limits permitted under such flood insurance. Lessee is responsible for insuring its personal property on the Leased Premises. "Insurable Value" means replacement cost;

2. For all its employees engaged in performing work, workers' compensation, and employer's liability insurance with policy limits of at least $500,000.00 per accident, or such similar insurance which is in accordance with state and federal law and regulations applicable to said employees; and

3. Commercial General Liability insurance coverage with policy limits, of at least $1,000,000.00 per occurrence and $2,000,000.00 general aggregate at this location, and endorsed to provide contractual liability coverage and Time Element Pollution coverage.

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

5. Umbrella liability insurance with limits of not less than $5,000,000.00 (over and above the underlying primary CGL coverage) is required.

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

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

Authority shall be furnished, to Attention: Risk Program Manager, prior to Lessee taking possession or occupancy of the Leased Premises, as proof of the insurance required of Lessee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be

attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be approved by, and on file with, the Texas Insurance Commission; and, in addition the text of the certificates must be approved by Authority which approval shall not be unreasonably denied, delayed, or conditioned. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and employer's liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Attention: Risk Program Manager, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Lessee are primary coverage and the Authority Insurance is non-contributory.

Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of the Policies must be stated in the certificate of insurance provided to Authority if either exceeds $50,000.00; and, in such event, Authority may decline to approve this Lease Agreement without any liability to Lessee. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Lessee neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority may procure such insurance at Lessee's expense, and Authority is entitled to reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Lessee receives Authority's notice of payment until reimbursement.

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

ARTICLE VI
INDEMNITY AND WAIVER

A. As used in this Article VI, each of the following terms shall have the meanings set forth in this Article VIA:

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

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

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

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

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

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

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

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

(2) Lessee's breach of this Lease Agreement;

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

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

(5) any act, omission, willful misconduct, strict liability, breach of warranty, express or implied, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing, of or by any Lessee Party, including the sole, joint,

concurrent, or comparative negligence of any Lessee Party in connection with or pertaining to this Lease Agreement.

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

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

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

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

G. If any action or proceeding is brought against any Indemnified Persons by reason of any Indemnified Claim described in this Article VI, the Indemnified Persons will

be represented by their general counsel, or another attorney selected by the Indemnified Persons and approved by Lessee, which approval will not be unreasonably withheld.

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

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

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

ARTICLE VII
DEFAULT

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

A. Without terminating this Lease Agreement, Authority may terminate Lessee's right of possession of the Leased Premises under this Lease Agreement by giving Lessee five (5) calendar days notice of termination of Lessee's right of possession and Lessee's right of possession shall thereupon cease and come to an end and Authority may reenter and take possession of the Leased Premises; provided, however, Authority shall not be required to give such notice prior to the filing of an action of forcible detainer or at common law upon default by Lessee in the payment of rent. Upon entering and taking possession of the Leased Premises, Authority may:

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

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

B. Terminate this Lease Agreement.

C. Intentionally Deleted.

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

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

Notwithstanding anything in this Lease Agreement herein to the contrary, Authority shall in no event be charged with or liable for any consequential damages, including but not limited to loss of profits or lost business opportunity, suffered by Lessee as a result of Authority's breach of this Lease Agreement or failure to perform any of its obligations under this Lease Agreement.

ARTICLE VIII
GENERAL PROVISIONS

A. **No Waiver:** The waiver of any breach of any term or condition of this Lease Agreement does not waive any other breach of that term or condition or of any other term or condition.

B. **Notice:** All payments, notices, demands, or requests from Lessee to Authority shall be given to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All payments, notices, demands, or requests from Authority to Lessee shall be given to Lessee at Attention: Andre Meyer 27610 Huntington Road, Apple Grove, West Virginia 25502 or at such other address as Lessee shall request in writing.

C. **Binding Agreement:** This agreement binds and inures to the benefit of the parties and their respective legal representatives, heirs, distributees, successors and assigns where assignment is permitted by this Lease Agreement.

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

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

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

G. **Attorneys' Fees:** In the event Authority or Lessee breaches any of the terms of this agreement whereby the party not in default employs attorneys to protect or enforce its rights hereunder and substantially prevails, then the defaulting party agrees to pay the other party's reasonable attorneys' fees so incurred by such other party.

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

I. ***Force Majeure*:** In the event either party hereto shall be delayed or hindered in or prevented from the performance required hereunder by reason of *force majeure*, which includes strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God, or other reason of like nature not the fault of the party delayed in performing work or doing acts (hereinafter

"*force majeure*"), such party shall be excused for the period of time equivalent to the delay caused by such *force majeure.*

Notwithstanding the foregoing, any extension of time for *force majeure* shall be conditioned upon the party seeking an extension of time delivering written notice of such *force majeure* to the other party within 10 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 60 days.

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

K. **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.

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

Next Page is the Signature Page.

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

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____
John P. LaRue
Executive Director

"Authority"

M & G RESINS USA, LLC a Delaware company

By: _____

Name: _____

Title: _____

"Lessee"

ATTACHMENT: Exhibit "A"

(Acknowledgements on the next page)

STATE OF TEXAS §
§
COUNTY OF NUECES §

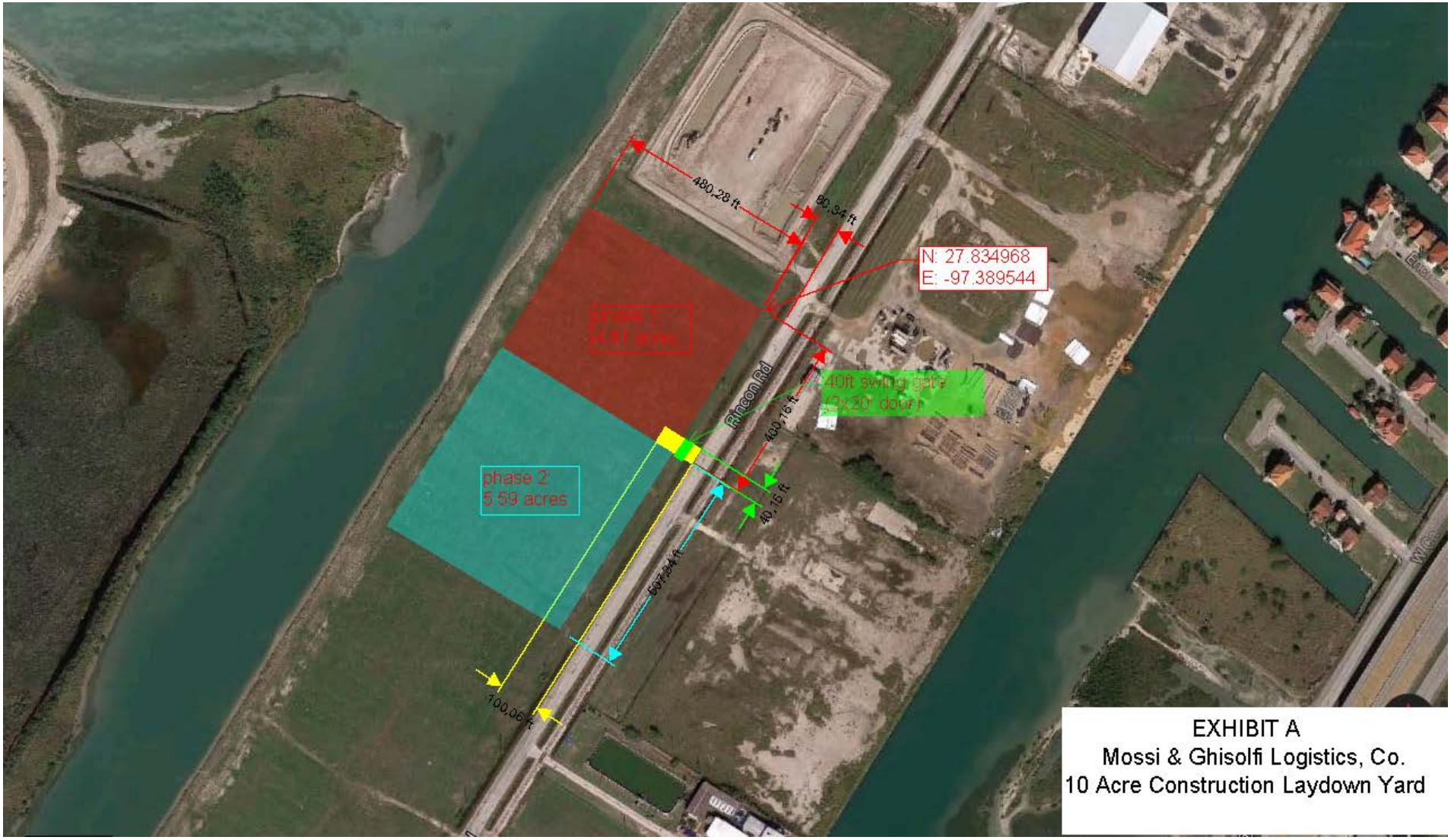
This instrument was acknowledged before me on the _____ day of April, 2017 by JOHN P. LARUE, Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Authority.

_____
NOTARY PUBLIC, STATE OF TEXAS

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of April, 2017, by _____, _____ of M & G RESINS USA, LLC, a Delaware company, on behalf of said company.

_____
NOTARY PUBLIC, STATE OF _____


480.28 ft
80.34 ft
N: 27.834968
E: -97.389544
phase 1
4.41 acres
40ft swing gate
12x20' door
Rincon Rd
phase 2
5.59 acres
400.16 ft
40.15 ft
507.94 ft
100.06 ft
EXHIBIT A
Mossi & Ghisolfi Logistics, Co.
10 Acre Construction Laydown Yard

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Sarah L. Garza, Director of Environmental Planning & Compliance
sarah@pocca.com
(361) 885-6163

Approve Service Order No. 10 in the Amount of $5,655 with 360factors EHS Consulting Services, Under Professional Services Master Agreement No. 04-14, for Environmental Consulting Services to Conduct Soil Sampling Activities at Avery Point

SUMMARY: Staff requests approval to issue Service Order No. 10 of Master Agreement No. 04-14 with 360factors EHS Consulting Services (360factors) necessary to conduct environmental consulting services for a time and materials amount not-to-exceed $5,655 at Avery Point.

BACKGROUND: In March 2017, 360factors conducted soil sampling activities at Avery Point. Review of the preliminary report determined that several locations within the study area require additional invasive sampling. Results from the additional sampling will be incorporated into a report addendum.

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: Conforms to Strategic Plan Goal #5 (Be an Environmental Leader), Strategic Objective 5B (Continue to Meet and Exceed Regulatory Standards), Action Item 1 (Implement Environmental Standards Port-Wide).

EMERGENCY: N/A

FINANCIAL IMPACT: N/A

STAFF RECOMMENDATION: Staff recommends approval of the Service Order No. 10 with 360factors, for environmental consulting services in the amount of $5,655 at Avery Point.

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

DEPARTMENTAL CLEARANCES:

Originating Department	Environmental Planning & Compliance
Reviewed & Approved	Sarah Garza
	James Haley
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

360factors EHS Consulting Services Service Order No. 10.

SERVICE ORDER NO. 10
PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
MASTER AGREEMENT NO. 04-14
PROJECT NO. 17506A

Pursuant to PCCA Master Agreement No. 04-14 between Port of Corpus Christi Authority of Nueces County, Texas ("PCCA") and 360factor EHS Consulting Services ("ENVIRONMENTAL CONSULTANT"), ENVIRONMENTAL CONSULTANT will provide the Basic and Additional Services set forth in Exhibit A of Master Agreement No. 04-14 in accordance with any additions or deletions to the same or any Services different from those described in the said Exhibit A, in this Service Order. This Service Order modifies or amends PCCA Master Agreement No. 04-14, the provisions of which not specifically amended by this Service Order will remain in effect.

Description of Project:

Conduct additional Phase II Environmental Site Assessment activities of an approximate 16.5-acre tract of land, referred to as Avery Point, located at the end of Cantwell Lane, Corpus Christi, Texas. Phase II activities will include soil sampling in three locations to evaluate potential impacts associated with oil dock activities outside of known release areas that have been fully evaluated and/or are currently under remediation.

Project Contact for PCCA:	Project Contact for ENVIRONMENTAL CONSULTANT:
Project Manager: James L. Haley	Project Manager: Anthony Horton, P.G.
Phone Number: (361) 885-6606	Phone Number: (512) 610-7103

Scope of Services:

1. Study/Report Phase.

   In accordance with Section A-1.01 of Exhibit A of the Master Agreement, ENVIRONMENTAL CONSULTANT will provide the following services:

   Task 1- Planning and Coordination. ENVIRONMENTAL CONSULTANT will use the existing project specific job safety analysis (JSA) form for the project which is part of the health and safety plan to accompany all onsite field work. ENVIRONMENTAL CONSULTANT will conduct daily tailgate safety meetings using the JSA and will be responsible for coordinating all subcontractor services including drilling equipment, laboratory analyses and waste disposal. ENVIRONMENTAL CONSULTANT will notify Texas 811 to identify underground utilities at least 24 hours prior to mobilizing to the site.

   Task 2- Additional Phase II ESA Activities. ENVIRONMENTAL CONSULTANT will mobilize to the site and advance up to three borings, using direct push technology, to approximately 10 feet below ground surface (bgs). The locations of the soil borings are identified on the attached Addendum A, Proposed Sample Locations Avery Point ESA. Prior to advancement of each boring, the location will be hand probed to a minimum of five feet to check for underground obstructions. At each boring location continuous sediment samples will be collected from ground surface to the target depth, logged for geotechnical characteristics and field screened for hydrocarbon vapors.

   ENVIRONMENTAL CONSULTANT will collect one sediment sample, using Method 5035, from each boing location for chemical analyses which exhibits the highest hydrocarbon vapor field screened value. ENVIRONMENTAL CONSULTANT will place all samples into clean glass containers provided by the analytical laboratory. Each sample container will be properly labeled and placed on

ice for transportation to the laboratory within 24 hours. ENVIRONMENTAL CONSULTANT will fill each boring annulus with hydrated bentonite chips from the total depth to ground surface.

ENVIRONMENTAL CONSULTANT will transport samples to the laboratory for the following analyses: Total Petroleum Hydrocarbons (TPH) using Method TX1005; Benzene, Ethylbenzene, Toluene and Xylenes (BTEX) using Method 8260B; and semi-volatile organic compounds (SVOCs) using Method 8270C. The sample from the transformer area will also be analyzed for polychlorinated biphenyls (PCBs) using method 8082a. All samples will be analyzed on a normal turnaround time (10 to 12 business days) and in accordance with the Texas Risk Reduction Program (TRRP). For Quality Assurance and Quality Control purposes, ENVIRONMENTAL CONSULTANT will use batch duplicate, matrix spike and matrix spike duplicates samples prepared by the laboratory.

ENVIRONMENTAL CONSULTANT will dispose of all soil cuttings produced during sampling activities through commercial waste receptacles on the Site.

Task 3- Reporting. ENVIRONMENTAL CONSULTANT will provide draft versions of the Phase II addendum reports in electronic Word and .pdf form as necessary. The report will document field activities, analytical reports and will include sections addressing all data gaps, additional findings, and updates to user and owner questionnaire that were not included in the draft Phase I ESA. Following PCCA review of draft documents, ENVIRONMENTAL CONSULTANT will provide a final version of the report in electronic .pdf form. ENVIRONMENTAL CONSULTANT will submit all documents in accordance with the Service Schedule.

2. Preliminary Design Phase.

   In accordance with Section A-1.02 of Exhibit A of the Master Agreement, ENVIRONMENTAL CONSULTANT will provide the following services:

   None

3. Final Design Phase.

   With concurrence from PCCA on the preliminary design and in accordance with the Basic Services in Section A-1.03, A-1.04, and A-1.05 of Exhibit A of the Master Agreement, ENVIRONMENTAL CONSULTANT will provide the following services:

   None

Service Schedule:

Task	Completion Date
Boring and Sampling Fieldwork	April 21, 2017
Preliminary Analytical Laboratory Report	May 1, 2017
Reporting Draft Phase II Addendum Report	May 8, 2017
Reporting Final Phase II Addendum Report	May 12, 2017

Deliverables:

Preliminary analytical laboratory report in electronic .pdf format.
Draft Phase II Addendum Report in electronic Word format.
Final Phase II Addendum Report in electronic .pdf format.

Project Team:

The Project team to be used on this project will include the following:

Anthony Horton, P.G., Project Manager
Ramona C. Josefczyk, P.G., Senior Scientist
Dana Helbert, P.G., Senior Scientist
Robert G. Reina, Project Scientist
Noah Hoffman, G.I.T., Project Scientist
Ernest Vela, Technician
Kevin McGowen, Daftsman

Subcontractors to be used on this project will include the following:

Analysys Inc.
2209 N. Padre Island Drive, Ste. K
Corpus Christi, Texas 78408
(361)-289 6384

Envirocore Drilling, Inc.
5908 Leopard Street
Corpus Christi, Texas 78408
(361)-992-9780

Compensation:

In accordance with Article 4 of Master Agreement No. 04-14 and negotiations between the parties, ENVIRONMENTAL CONSULTANT will be compensated pursuant to this Service Order as follows:

Report & Study Phase	$ 5,655
Preliminary Design Phase	$ 0
Final Design Phase	$ 0
Total Compensation for Services per Exhibit C-4.01 not to exceed	**$ 5,655**
Contingency *(PCCA Approval Required)*	$ 0

Reimbursement:

The following applies to expenses reimbursed under this Service Order:

Invoices: ENVIRONMENTAL CONSULTANT will submit invoices to PCCA monthly in accordance with the fee schedule set forth in this Agreement. Requests for payment must be supported by documentation such as invoices, receipts, statements, stubs, tickets, time sheets, and any other documentation that, in the reasonable judgment of PCCA, provides complete substantiation of Reimbursable Expenses incurred by ENVIRONMENTAL CONSULTANT. All deliverables and reimbursement documents submitted to PCCA must prominently display PCCA Master Agreement No. 04-14, Service Order No. 10**.**

Termination or Interpretation of Services:

PCCA reserves the right to halt or defer all or any portion of the Services included in the Scope of Services for this Service Order at any time during the performance period. If the Services are halted or deferred, the parties agree that the schedule and budget may require renegotiation.

Amendments to Service Order:

Material changes to this Service Order may be made only by written agreement of the parties to the Agreement. All provisions of PCCA Master Agreement No. 04-14 not specifically amended by this Service Order will remain in force and effect.

Material Changes to Master Agreement:

All provisions of PCCA Master Agreement No. 04-14 are in full force and effect.

Effective on the date executed by the last party to this Service Order.

Port of Corpus Christi Authority of Nueces County, Texas

By:_____

Name: Sarah L. Garza

Title: Director of Environmental Planning & Compliance

Date of Execution:_____

"PCCA"

360factors EHS Consulting Services

By:_____

Name: Anthony Horton

Title: VP EHS Services

Date of Execution: 4/6/2017

"ENVIRONMENTAL CONSULTANT"

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David L. Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Award a Contract in the amount of $150,000 to J.M. Davidson, LTD., the Lowest and Best Bidder Based on Bids Received on March 23, 2017, for Maintenance Painting at the Bulk Terminal.

SUMMARY: Staff requests award of a unit rate contract to J.M. Davidson, LTD. to perform sandblasting, painting and associated work at the Bulk Terminal. The total cost for these services will not exceed $150,000 for one year.

BACKGROUND: Since 1991, staff has conducted an ongoing maintenance program of sandblasting and painting at the Bulk Terminal. Because of the harsh marine environment, the corrosive effects of petroleum coke, and the age of the gantry crane, ship loader, and conveyor belt systems, the structures at this facility need constant repair and painting. The contract format that has successfully been used in the past is structured to establish unit rates for various levels of skilled painters/blasters to sandblast and paint according to PCCA specifications and environmental requirements for the typical maintenance painting tasks. In addition, the contract includes a number of supplemental or additive costs that address specific situations that may occur in difficult areas or challenging conditions (*e.g.*, additional personnel, specialty equipment, specialty materials, overtime hourly multiplier, *etc*. required for a particular maintenance painting task). The bid unit prices remain in effect for twelve months, which allows staff flexibility in the amount of painting that can be achieved within the contract time period.

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: N/A

EMERGENCY: No.

FINANCIAL IMPACT: This project is included in the 2017 budget under General Maintenance at the Bulk Terminal, which has $600,000 allocated for numerous maintenance projects.

STAFF RECOMMENDATION: On March 23, 2017, the PCCA received one response to our Notice to Bidders to perform sandblasting, painting and associated work at the Bulk Terminal (see attached Bid Tabulation). J.M. Davidson, LTD. submitted the lowest total evaluated bid of $25,532.10 (stated in the contract documents as the basis for award). The total evaluated bid is a hypothetical mix of the base bid and additive bid items based on what staff estimates most likely will occur within a certain time period and is used to measure the cost competitiveness of the contractor's rates. The hourly rates submitted in J.M. Davidson's bid are comparable to rates submitted and awarded in previous years when the project had received multiple bids.

Staff recommends that a one year contract be awarded to J.M. Davidson, LTD., in an amount not to exceed $150,000. J.M. Davidson, LTD. is locally owned and operated that has successfully performed numerous projects for the PCCA in the past, including maintenance painting services at the Bulk Terminal for the past four years with similar maintenance painting contracts.

DEPARTMENTAL CLEARANCES:

Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Dave Michaelsen
	Jacob Morales
Legal	None
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation

BID TABULATION FOR
MAINTENANCE PAINTING AT BULK TERMINAL
PROJECT NO. 17-010B
BID OPENING: March 23, 2017 at 2PM

Company Name	Base Bid[A]							Total Evaluated Bid[D]	Qualification Statement Submitted
	Bid Bond or Check	Item 1			Item 2	Materials/Third Party Markup[B]	Overtime Multiplier[C]		
		1a	1b	1c					
J.M. Davidson LTD.	5%	$30.00	$28.88	$24.00	$5,000.00	10%	1.39	$25,532.10	x

*Project to be complete within 365 days of the date of the written Notice to Proceed

The following unit prices will be established to perform maintenance painting, including necessary pollution prevention controls, at the Bulk Terminal as directed by the PCCA.

[A]Bid Item 1a: Working Foreman Hourly Rate.

[A]Bid Item 1b: Skilled Sandblaster/Painter Hourly Rate

[A]Bid Item 1c: Helper/Laborer Hourly Rate

[A]Bid Item 2: Project Mobiliztion/Demobilization, Insurance, Bonds and etc. (One-time payment bid item)

[B]Materials/Third-Party Markup: Materials, vendor provided items, third-party equipment (not furnished by PCCA as described in Special Conditions 1.14), and sub-contractors items purchased, leased or contracted by Contractor and invoiced to PCCA will be at cost plus _____%.

[C]Overtime Multiplier: Overtime will apply if a Working Foreman/Skilled Blaster-Painter/Helper is required to work more than 40 hours per week to complete an area or to prime a previously sandblasted area. Overtime will be administered by applying a multiplier (up to two decimal points, e.g. 1.15, 2.01) to only the hourly rates listed in Item A-1 of this bid.

[D]Total Evaluated Bid

Read By: Lynn Angerstein

Tabulated By: Jacob Morales

Checked & Prepared By: Lucy Betancourt

Date: March 23, 2017

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David L. Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Approve an Amendment to the Cooperative Research and Development Agreement with the U.S. Army Engineer Research and Development Center to Prepare a Site Management and Monitoring Plan associated with Placement of Dredge Materials from the Entrance Channel of the Corpus Christi Ship Channel - Channel Improvement Project (Contract 1).

SUMMARY: Staff requests approval of an amendment to the Cooperative Research and Development Agreement (CRADA) with the U.S. Army Engineer Research and Development Center (ERDC), with no additional funding needed, to prepare and to finalize a Site Management and Monitoring Plan associated with the placement of materials into an offshore placement area dredged from the entrance channel of the Corpus Christi Ship Channel as part of the Channel Improvement Project (Contract 1).

BACKGROUND: On September 20, 2016, the Port Commission adopted a resolution approving the CRADA with the ERDC, and the agreement was executed on November 21, 2016. No increase in funding is needed to perform amendment services to the existing ERDC CRADA agreement, which was originally issued for $595,000. The purpose of the CRADA is to complete sediment testing services associated with the Contract 1 entrance channel dredging for the Corpus Christi Ship Channel for the Corpus Christi Ship Channel Improvement Project (CCSC-CIP) and the placement of the materials into the designated Offshore Dredged Material Disposal Sites in the Gulf of Mexico. The Site Management and Monitoring Plan is needed to complete the approval process associated with placement to the Offshore Dredged Material Disposal Sites. In preparation for deepening the Corpus Christi Ship Channel entrance into the Gulf of Mexico, the PCCA entered into the CRADA agreement with the ERDC to investigate and determine the suitability of placing new work dredge material into the Environmental Protection Agency-regulated Ocean Dredged Material Disposal Sites in the Gulf of Mexico (see map exhibit). The investigation is funded by the PCCA and performed by the ERDC and the PCCA in accordance with the CRADA, and that work is largely complete.

Under the amendment scope of work, the ERDC shall prepare and finalize the Site Management and Monitoring Plan needed to complete the approval process associated with Ocean Dredged Material Disposal Sites use.

CONFORMITY TO PORT POLICY: This project is consistent with the PCCA Strategic Plan, identified in Strategic Goal #2 – Provide facilities and services to meet customer needs to provide surface infrastructure and services to support maritime and industrial development.

EMERGENCY: No.

FINANCIAL IMPACT: The Channel Improvement Project was included in the 2016 Budget for $7,500,000 in anticipation of possible Contract 1 construction to dredge the Entrance Channel. No funds were included in the 2017 Budget. Completing the sediment sampling and analysis is required prior to awarding Contract 1. Total estimated cost for the work by ERDC and the PCCA under the CRADA is $1,093,634. The estimated cost to perform the work stated in the amendment is $5,000; however, no increase in funding to the existing ERDC CRADA is needed since other ERDC–CRADA services and costs were reduced due to findings encountered in the field, resulting in a reduction in required chemical and biological testing.

STAFF RECOMMENDATION: Staff recommends approval of the attached amendment to the Cooperative Research and Development Agreement with U.S. Army Engineer Research and Development Center to perform services to prepare a Site Management and Monitoring Plan associated with placement of dredge material from Contract 1 of the Corpus Christi Ship Channel – Channel Improvement Project to the Ocean Dredged Material Disposal Sites in the Gulf of Mexico.

DEPARTMENTAL CLEARANCES:

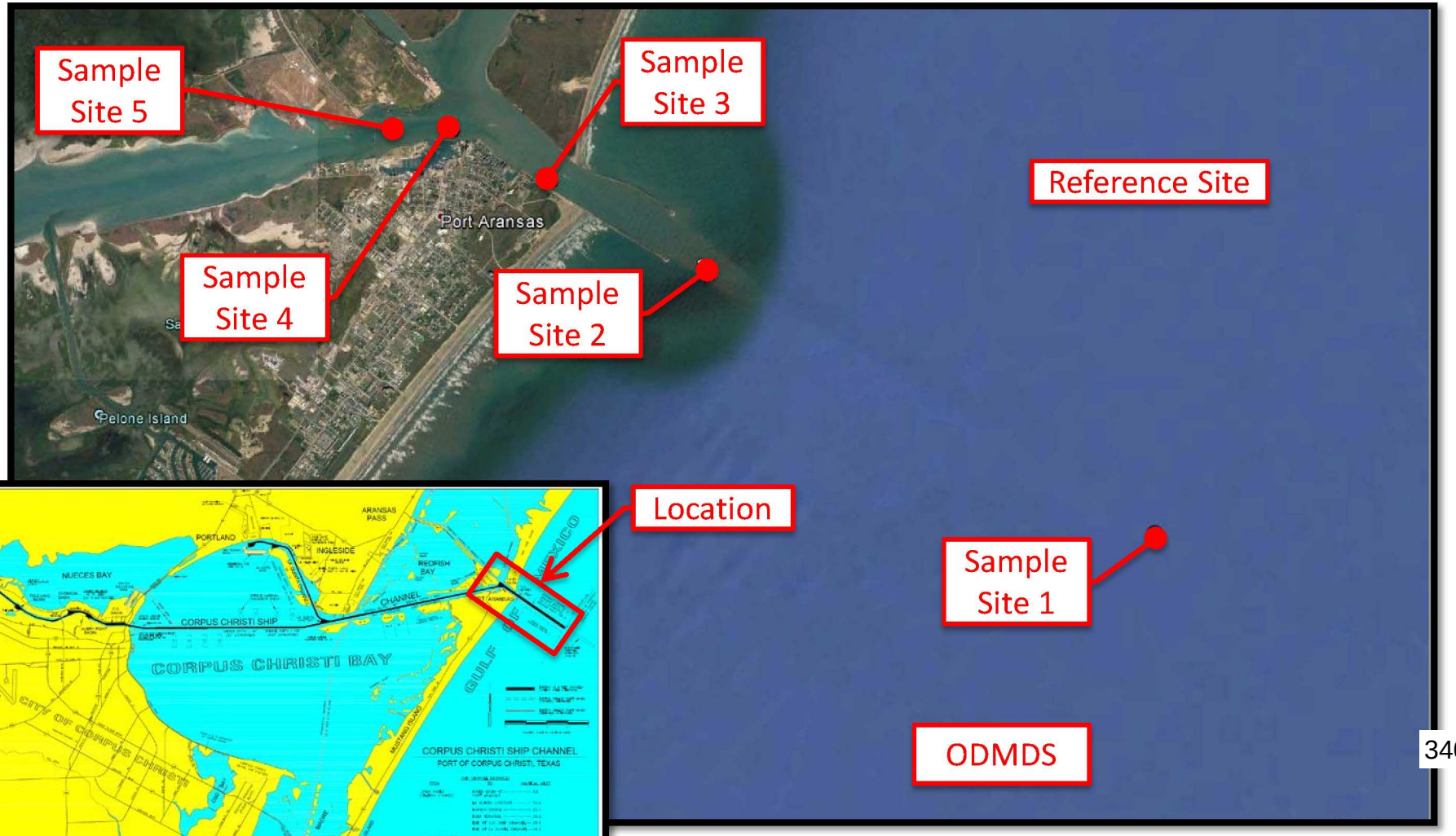
Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Dan Koesema
	Paul Carangelo
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Map of Sampling Sites and Ocean Dredged Material Disposal Sites Locations
Amendment to Cooperative Research and Development Agreement

PORT CORPUS CHRISTI®
Moving America's Energy

Sediment Sampling Locations



AMENDMENT 1
COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT
BETWEEN
UNITED STATES ARMY ENGINEER RESEARCH AND DEVELOPMENT CENTER
ENVIRONMENTAL LABORATORY
AND
PORT OF CORPOUS CHRISTI AUTHORITY
FOR
PREDREDGING ASSESSMENT OF NEW WORK SEDIMENTS FROM THE PORT OF CORPUS CHRISTI SHIP CHANNEL TO ASSESS AND MITIGATE POTENTIAL RISK USING CHEMISTRY, TOXICITY AND BIOACCUMULATION TOOLS

In accordance with Article 8, Miscellaneous, Section 8.8, Amendments, the above stated Cooperative Research and Development Agreement (CRADA) dated November 21, 2016 is hereby amended as follows:

1.0. Amend Appendix B, Section 5.1, and the associated scope of work for writing of the “Site Material Management Plan” (SMMP) for the New Work Ocean Dredge Material Disposal Site (ODMDS).

INTRODUCTION

POCCA has requested that ERDC support the USACE Galveston District (SWG) and the USEPA Region 6 (R6) in their efforts to write and finalize a SMMP for the New Work ODMDS as part of the CRADA.

TASKS – ERDC-EL shall provide in addition to Section 5.1.

Technical Support, Writing, and Review of a Site Material Management Plan (SMMP)

TECHNICAL APPROACH

ERDC will provide technical input, review and write as needed for the SMMP document to be written cooperatively with SWG and R6. ERDC shall deliver comments, written sections and recommendations in writing (in letter format, as an Adobe pdf file, submitted electronically via email) and verbally during conference calls. Dr. Cheryl Montgomery (ERDC-EL) will direct and oversee work performed in this amendment.

WORK SCHEDULE – No Change to 5.2.

Technical input and coordination with the Galveston District and USEPA Region 6 will be concurrent with the on-going predredge material evaluation outlined in the CRADA.

COST ESTIMATE – No Change to 5.3.

No additional funding is required for the level of effort associated with this task. Chemical and biological testing was not required for the dredge material management unit at

sampling point CCNew-03; the level of effort associated with supporting the writing of the SMMP will be taken from this unused block of funding.

DATA RIGHTS AND PUBLICATION

As stated in Article 3 (Data Rights and Publication) of the Cooperative Research and Development Agreement (CRADA) dated November 21, 2016, information is not to be used without the knowledge and/or permission of both parties. All information sent via electronic or hard copy is to be considered as "Propriety and Confidential" and marked or stamped accordingly until the public review process dictates otherwise.

2.0. Except as specifically provided herein, all other terms of the CRADA and conditions shall remain unchanged.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives as follows:

For the Port of Corpus Christi Authority (POCCA)

_____ _____

John P. LaRue
Executive Director

Date

For the United States Army ERDC-EL

_____ _____

Beth C. Fleming, PhD
Director

DATE

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Lynn Angerstein, Manager of Procurement Services
lynn@pocca.com
361-885-6142

Authorize Staff to Issue a Request for Proposals For Energy Management Services

SUMMARY: Staff is seeking Commission authorization to issue a Request for Proposals (RFP) for Consulting Services related to energy management services.

BACKGROUND: Staff is seeking to engage a consultant to provide assistance in the management of the existing retail electric power contract for the Port. Services will include but not limited to monthly tracking of energy usage on each PCCA meter or electrical account, analysis of monthly billing, assistance in dealing with issues from the retail electrical provider, determination if power factor corrections are recommended, handling of new connections and termination of meters, assisting and advising of energy savings programs.

ALTERNATIVES: Renegotiate new contract with current consultant providing services.

CONFORMITY TO PORT POLICY: This conforms to PCCA's procurement policy.

EMERGENCY: No.

FINANCIAL IMPACT: N/A

STAFF RECOMMENDATION: Staff recommends the Port Commission determine that, of the methods available to PCCA for acquiring these services, the Request for Proposals method will provide the best value for PCCA. Staff further recommends that the Commission authorize issuance of a Request for Proposals for Consulting Services for energy management services.

DEPARTMENTAL CLEARANCES:

Originating Department	Procurement
Reviewed & Approved	Lynn Angerstein
Legal	Dane Bruun
Senior Staff	Dennis DeVries
	Sean Strawbridge
	John LaRue

LIST OF SUPPORTING DOCUMENTS: N/A

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: David L. Krams, P.E.
Director of Engineering Services
Krams@pocca.com
(361) 885-6134

Approve a Change Order in the Amount of $227,381 with Russell Marine, LLC, for Additional Work Associated with the Construction of Oil Dock 15 Project.

SUMMARY: Staff requests approval of the attached Change Order in the amount of $227,381 with Russell Marine LLC, for additional work associated with the Construction of the Oil Dock 15 project.

BACKGROUND: On May 17, 2016, the Commission approved a lease agreement for the construction and operation of a new Oil Dock 15. This new oil dock, which will be owned by the PCCA and used exclusively by NuStar Logistics, L.P., will support NuStar's liquid bulk loading operations that has now ceased at Cargo Dock 10 due to the construction of the New Harbor Bridge. The proposed Oil Dock 15 will be located just west of NuStar Oil Dock 16. Per the terms of the lease, the PCCA is responsible for constructing the dock structure, slip, and loading / unloading equipment. On September 29, 2016, the Port Commission awarded the construction contract to Russell Marine, LLC in the amount of $17,001,600 for the Oil Dock 15 project.

The primary item associated with the Change Order is the cost to provide two additional 24-inch diameter x 158-foot long battered steel pipe piles at a cost of $165,682. The additional piles are required to accommodate the loads from future larger loading arms and the reconfiguration of the deck structure to meet NuStar requested changes to the dock. Other items included in the Change Order are a credit for removing approximately 300 linear feet of concrete rip rap shoreline protection from the project (credit of $11,261), the added cost for removing additional underwater trash and concrete debris from within the dredge slip ($43,350), and the cost for removing existing shoreline rip rap beyond the 20-foot width limit required by the drawings ($29,610). Total amount of the attached Change Order is $227,381.

ALTERNATIVES: NA

CONFORMITY TO PORT POLICY: This project is consistent with the PCCA's Strategic Plan (Strategic Goal #2 – Provide facilities and services to meet customer needs to

provide surface infrastructure and services to support maritime and industrial development).

EMERGENCY: None.

FINANCIAL IMPACT: With this proposed Change Order, the contract amount would be $17,556,734.78, which is within the range anticipated for construction per the Lease Agreement with NuStar for Oil Dock 15 and within the Commission approved contingency for the project.

STAFF RECOMMENDATION: Staff recommends approval of the attached Change Order in the amount of $227,381 with Russell Marine LLC, for work associated with the Construction of Oil Dock 15 project.

DEPARTMENTAL CLEARANCES:

Originating Department	Engineering Services
Reviewed & Approved	David Krams
	Dave Michaelsen
	Bert Perez
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge
	Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Change Order

CHANGE ORDER

Change Order No. 12
Date: April 18, 2017

PROJECT: Construction of Oil Dock 15
PROJECT NUMBER: 16-033A
CONTRACTOR: Russell Marine, LLC.

****

This contract is modified to include the changes listed below, and the contract price and/or contract time will be changed to reflect these modifications:

See attached description of modifications and breakdown of charges on Page 2.

Increase in Contract Price:	$ 227,381.00
Increase in Contract Time:	0 days

****

Original Contract Amount:	$ 17,001,600.00
Total Amount of Previous Change Orders:	$ 327,753.78
Amount of this Change Order:	$ 227,381.00
Revised Contract Amount:	$ 17,556,734.78

Notice to Proceed Date:	October 27, 2016
Original Contract Time (Substantial Completion):	180 days
Previous Changes in Contract Time:	88 days
Calendar Days for this Change Order:	0 days
Revised Contract Time (Substantial Completion):	268 days
Required Substantial Completion Date:	July 22, 2017
Required Completion Date (60 days after Substantial Completion):	September 20, 2017

****

The change in contract price incorporates all costs for this Change Order including but not limited to the following—direct and indirect costs, overhead, profit, insurance, bonds, labor, materials, equipment, supervision, and delays. This Change Order is accepted and executed by the Port of Corpus Christi Authority and Russell Marine, LLC. as signed by their duly authorized representatives below.

Port of Corpus Christi Authority

By: _____
Bert Perez, P.E.
Project Engineer

By: _____
David L. Krams, P.E.
Director of Engineering Services

Date: April 18, 2017

Russell Marine, Inc.

By: _____
Greg Harner
Regional Vice President

Date: _____

PROJECT: Construction of Oil Dock 15
PROJECT NUMBER: 16-033A
CONTRACTOR: Russell Marine, LLC.
****

1. Cost for removal of existing shoreline protection rip rap beyond the 20-foot width limit required by the drawings.

Increase	$	29,610.00
Increase		0 Days

2. Deletion of the removal of 300 linear feet of shoreline protection rip rap.

Decrease	$	<11,261.00>
Decrease		0 Days

3. Cost for labor and equipment to remove under water trash and debris prior to dredging operations.

Increase	$	43,350.00
Increase		0 Days

4. Cost for labor, equipment and materials to drive two (2) additional 24-inch diameter battered piles adjacent to dock bent 2. These additional piles will serve to handle additional loads for future loading arm loads and to structurally support a new pipe opening in the deck of the dock. These changes are associated with NuStar's request.

Increase	$	165,682.00
Increase		0 Days

TOTAL INCREASE IN CONTRACT PRICE	**$**	**227,381.00**
TOTAL INCREASE IN CONTRACT TIME		**0 Days**

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

FROM: Angela Leyva
angela@pocca.com
(361) 885-6107

Award a Consulting Services Contract to EnSafe Inc. in the amount of $86,308 for consulting services related to development and implementation of the Occupational Health & Safety Management System and Health & Safety Policies and Manuals.

SUMMARY: Staff is seeking Commission approval for Consulting Services Contract related to assistance with the development and implementation of PCCA's Occupational Health & Safety Management System and Health & Safety Policies and Manuals.

BACKGROUND: In November 2016, Commission authorized a Request for Proposals (RFP) be issued as part of our Strategic Plan initiative # 6 Fostering a Safe and Healthy Workplace and to expedite the process improvement of PCCA's Safety Culture. The RFP was conducted and resulted in three (3) responses. EnSafe was determined to provide the best value to PCCA. EnSafe was founded in 1980 and is a corporation with almost 400 employees nationwide from New Hampshire to California. EnSafe offers a comprehensive suite of services including: Environmental Management & Planning, Health & Safety (H&S), Technology, Design Engineering, Environmental Restoration and Natural & Water Resources. EnSafe brings over 150 years of safety management system successes and averages 29 years of experience with the EnSafe Project team. EnSafe's experience in developing and implementing OH&S Management Systems includes work at port facilities and ship yards including Oxbox Calcining LLC, BAE Systems, and Grace Davison Curtis Bay, MD facility.

EnSafe has a proven track record with Ports – having worked at, for, or alongside the Port of Corpus Christi, the Port of Houston, Port of Los Angeles, the Port of Long Beach, The Port of Hueneme, The Port of Oakland and the Port of Seattle or one of their tenants for more than 15 years. This experience gives their team a significant advantage and ability to bring their field of expertise to delivering work products that are of the high caliber expected at PCCA. Previous work at other port authorities provides an understanding of the setting, facilities, specialized coastal technical issues and regulatory requirements required for this industry.

EnSafe maintains a robust, comprehensive health and safety (H&S) services practice that comprises almost one-quarter of their total revenue annually. Collectively as a firm and individually as H&S professionals, their key personnel have successfully performed similar work for more than 20 clients over the last decade on all aspects of OH&S Management Systems. EnSafe has over 70 H&S professionals with 14 dual certified (industrial hygienist and safety professionals) throughout the country with demonstrated, successful experience in OH&S Management Systems. This work includes regulatory compliance and management system gap assessments, development of OH&S policies and procedures and programs, development of OH&S manuals, training materials and OHSAS 18001 auditing. In addition, EnSafe's H&S services group has shown steady growth over the last decade, further demonstrating both repeat and new business.

ALTERNATIVES: Seek separate contracts for Safety Management System, Safety Policies and Safety Manual or to continue developing programs in house.

CONFORMITY TO PORT POLICY: This conforms to PCCA's procurement policy as well as POCCA Strategic Plan Goal 6 (Grow Our People to Staff the Future), Strategic Objective 6B (Foster a Safe and Healthy Workplace) Action Item 1 (Develop/Implement Comprehensive OH&S Management System).

EMERGENCY: No.

FINANCIAL IMPACT: Protection of Port staff is paramount and reducing or eliminating employee related incidents or injury leads to lower Workers' Compensation claims, improved health and wellness and enhanced productivity.

STAFF RECOMMENDATION: Staff recommends the Port Commission award a Consulting Services Contract to EnSafe in the amount of $86,308.00.

DEPARTMENTAL CLEARANCES:

Originating Department	Safety Management
Reviewed & Approved	Angela Leyva
Procurement	Lynn Angerstein
Legal	Dane Bruun
Senior Staff	John LaRue
	Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

Consulting Services Contract

CONSULTING SERVICES CONTRACT

THIS CONTRACT (the "Contract") is made and entered into effective as of the 18th day of April, 2017 ("Effective Date") by and between the Port of Corpus Christi Authority of Nueces County, Texas ("Authority"), and EnSafe Inc. ("Consultant"), each a "Party" and collectively as "Parties".

NOW THEREFORE, in consideration of the promises and mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. CONTRACT: Authority hereby engages the Consultant and the Consultant hereby accepts its engagement for the purpose of providing to Authority the consulting services ("Services") as are generally described in the "Scope of Services" set forth in Exhibit A to this Contract which is incorporated herein by reference.

2. PERIOD OF SERVICE: The Consultant shall complete the Services on or before August 1, 2017 (the "Deadline"), unless the Authority agrees to extend the Deadline for good reason; provided, however, that the Authority may terminate this Contract at any time in accordance with Section 14. Time is of the essence in performance of this Contract. There will be no obligation established between Authority and the Consultant for performance of the Services until Authority provides the Consultant execution of this Contract and receipt by the Authority of appropriate Certificates of Insurance and other documentation as may be required herein. The term of this Contract ("Term") shall begin on the Effective Date and shall end on the first to occur of the following: (1) the Deadline, as the same may have been extended by the Authority, (2) the date on which, in the opinion of Authority, all of the Services have been rendered, (3) the date on which this Contract is terminated by the Authority pursuant to Section 14, or (4) the date on which this Contract is terminated by the Consultant pursuant to Section 14.

3. COORDINATION OF SERVICES BY AUTHORITY: Authority shall designate a Project Representative who will, on behalf of Authority, coordinate with the Consultant and administer this Contract. It shall be the responsibility of the Consultant to coordinate all assignment-related activities with the Project Representative.

For the purposes of this Contract, the Project Representative shall be:

Angela Leyva
Safety Manager
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401
(361) 885-6107
Email: angela@pocca.com

Authority may change the Project Representative at any time by giving the Consultant written notice of such change.

4. NOTICES: Notices, demands, requests or other formal communication related to the Contract shall be deemed to have been given when received, whether delivered personally or mailed. E-mail communications may be considered as formal notification provided the e-mail message states the message is intended as a formal notice and the receiving Party acknowledges receipt of the message as a formal notification. Notices shall be addressed as follows:

If to the Authority: John P. LaRue
Executive Director
Port of Corpus Christi Authority
222 Power Street
Corpus Christi, Texas 78401
E-mail: john@pocca.com

If to the Consultant: Ms. Sharon E. Hooper
VP, Contracts & Risk Management
EnSafe Inc.
5724 Summer Trees Drive
Memphis, Tennessee 38134
E-mail: shooper@ensafe.com

Either Party may change the mailing or E-mail address for notifications by providing written notice of such change to the other Party.

5. CHANGES: This Contract may be changed or modified at the request of either the Consultant or the Authority, provided both Parties agree to the requested change, and a written amendment or modification of this Contract is prepared and executed by the Parties.

6. CONSULTANT'S RESPONSIBILITIES: In addition to all other obligations contained herein, the Consultant agrees, warrants, and represents that:

6.1 The Consultant will furnish all material, equipment, labor and supplies in such quantities and of the proper quality to professionally and timely perform the Services, except as otherwise mutually agreed by the Parties;

6.2 The Consultant shall perform the Services with the professional skill and care ordinarily provided by competent consultants practicing in the same or similar locality and under the same or similar circumstances and professional license;

6.3 The Consultant will comply with the provisions of all federal, state, and local laws, regulations, ordinances, requirements and codes which are applicable to its performance of Services;

6.4 The Consultant is not and will not be bound by any agreement and has not assumed nor will assume any obligation which would, in any way, restrict its ability to perform the Services or be inconsistent with the Services;

6.5 In performing the Services, the Consultant will not use any third party's confidential or propriety information, or infringe the rights of another party, nor will the Consultant disclose to the Authority, or bring onto the Authority's premises, or induce the Authority to use any third party's confidential or proprietary information;

6.6 The Consultant does not have the authority to act for the Authority, bind the Authority in any respect, or incur any debts or liabilities in the name of or on behalf of the Authority, except as otherwise expressly authorized in writing by the Authority;

6.7 Consultant is an independent contractor for the performance of his duties under this Contract. Accordingly, the Consultant shall be responsible for payment of all taxes including federal, state and local taxes arising out of the Consultant's activities in accordance with this Contract. Consultant is responsible for payment of the compensation, including any withholding, Social Security, or other taxes on such compensation, of any subcontractors retained by Consultant, or Consultant's employees performing Services consistent with its status as an independent contractor and in compliance with all applicable laws and regulations;

6.8 Consultant has and hereby retains full control of any supervision over the Consultant's obligations hereunder and over any persons employed or subcontracted by the Consultant for performing Services hereunder;

6.9 Consultant will in no way be considered an agent, partner, joint venturer, or employee of Authority at any time during the Term. Consultant will not undertake to commit Authority to any course of action in relation to a third party unless expressly requested and authorized to do so by the Authority in writing.

6.10 As of the Effective Date and at all times while providing Services hereunder, the Consultant shall possess and maintain in good standing any and all licenses or other authorizations and approvals necessary to perform the Services.

7. COMPENSATION: The compensation to be paid Consultant for providing the Services shall be the compensation described in Exhibit B hereto, which is incorporated herein by reference; provided, however, the total paid to Consultant for the Services shall not exceed Eighty-Six Thousand Three Hundred Eight and No/100 Dollars ($86,308.00). Consultant will obtain the approval of Authority's Project Representative relative to incurring travel and other expenses before incurring such costs.

8. INVOICE PROCEDURE AND PAYMENT: Consultant shall submit invoices monthly to the Authority for work performed during the preceding calendar month. Such invoices shall be due and payable by Authority on or before thirty (30) days from receipt by Authority. Monthly compensation will be for the Services actually performed during the billing

period, invoiced in accordance with the Fee Schedule included in Exhibit B. Invoices shall also describe any work performed by subcontractors retained by Consultant and reimbursable costs. Consultant will provide sufficient detail with each invoice to substantiate the requested amount of monthly payment. At the Authority's request, Consultant will provide additional backup such as signed time sheets, invoices for materials and subcontracted service or other documentation sufficient to establish the accuracy of the invoices. Invoices are to be submitted in a format previously approved by Authority.

9. INSURANCE: Consultant shall procure and maintain at its sole expense, for as long as Consultant is obligated to provide Services under this Contract, the policies of insurance described in Exhibit C attached hereto and in at least the minimum amounts specified in Exhibit C to protect Consultant from claims which may arise out of or result from Consultant's Services pursuant to this Contract, whether such operations be by Consultant, by any subcontractor of Consultant, by anyone directly or indirectly employed by Consultant or Consultant's subcontractor, or by anyone for whose acts Consultant or Consultant's subcontractor may be liable. At least five (5) days prior to execution of this Contract, Consultant will provide to Authority's Risk Program Manager certificates of insurance issued by each insurance company providing any of the required insurance coverage, and the text entered in each certificate must be acceptable to Authority. The requirement to provide acceptable certificates of insurance is a material condition of this Contract, and work under this Contract will not commence until certificates of insurance have been received, reviewed, and accepted by Authority. The minimum limits of liability and coverage for the insurance required are set forth in Exhibit C attached hereto, which is incorporated herein by reference.

10. INDEMNIFICATION AND RELEASE. Consultant hereby releases and discharges Authority and its agents, servants, representatives, employees, officers, directors, and Port Commissioners (collectively, the "Authority Parties") from liability for and assumes the risk of loss or damage to the property of Consultant and the injury or death of any person employed by Consultant. Consultant shall defend, indemnify and hold harmless the Authority Parties from and against all damages, losses, costs and expenses, of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including reasonable attorneys' fees and the cost of defense), in connection with any action, proceeding, demand or claim but only to the extent caused by the negligent acts, errors, or omissions of the Consultant, its employees, agents, or subconsultants, or others for whom the Consultant is legally liable, in the performance of Services under this Contract. The Consultant is not obligated under this paragraph to indemnify the Authority Parties for the negligent acts of the Authority Parties.

Consultant's indemnity obligations under this Section 10 shall not be limited by a limitation on the amount or type of damages, compensation or benefits owed by Consultant to any employee of Consultant under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. The obligations of the Consultant under this Section 10 shall survive the end of the Term of the Contract.

11. LIMITATION OF LIABILITY: Except as otherwise expressly provided herein, neither Party shall be liable or responsible to the other Party for any indirect, incidental or

consequential loss or damage of any nature whatsoever (including, but not limited to, contract, negligence or tort liability) of the other Party, including without limitation, any actual or anticipated profits, loss of time, inconvenience, commercial loss or any other damages, even if the Party has advance notice of the possibility of such damages.

12. DISCLOSURE OF INTERESTED PARTITES: Consultant will comply with the provisions of Section 2252.908 of the Texas Government Code and Chapter 46 of the Texas Ethics Commission Rules by preparing a Texas Form 1295, "Certificate of Interested Parties" and submitting the signed and notarized form to Authority at the time Consultant submits the signed contract to Authority. This provision will only apply to contracts approved by the Port of Corpus Christi Authority Port Commission.

13. ASSIGNMENT: Neither Authority nor Consultant will assign or transfer its interest in this Contract without the written consent of the other.

14. SUSPENSION OR TERMINATION: Authority may suspend or terminate this Contract for convenience with seven (7) days prior written notice to Consultant of such action. Upon termination of this Contract in accordance with this paragraph, Authority will have no further obligation to the Consultant hereunder except to pay the Consultant unpaid fees and expenses which the Consultant can reasonably show to have been earned under this Contract. **Under no circumstances may Consultant claim or recover consequential damages from Authority.**

In the event of suspension of Services, the Consultant shall resume the full performance of the Services when directed in writing to do so by Authority. Suspension of the Services for reasons other than the Consultant's negligence or failure to perform shall not affect the Consultant's compensation as provided for in this Contract. The schedule for performance of the Services shall be amended by a mutually agreed, written modification to this Contract to reflect the suspension.

Either Party may terminate this Contract by giving written notice to the other Party if the other Party ("Defaulting Party"): (a) materially breaches any term, condition or provision of this Contract and fails to cure the breach to the satisfaction of the notifying Party within ten (10) days after the Defaulting Party receives a written notice of the breach from the notifying Party, or (b) becomes the subject of any proceedings under state or federal law for the relief of debtors or otherwise becomes insolvent, or bankrupt, or makes any assignments for the benefit of one or more creditors.

15. DISPUTES: Each Party agrees that any dispute between the Parties relating to this Contract will first be submitted in writing to a panel of two senior executives of the Authority and Consultant, who shall promptly meet and confer in an effort to resolve such dispute through good faith consultation and negotiation. Each Party's executive shall be identified by notice to the other Party, and may be changed at any time thereafter also by notice to the other. Any decisions of the executives will be final and binding on the Parties. In the event the executives are unable to resolve any dispute within thirty (30) days after submission to them, either Party may then refer such dispute to mediation.

If the Parties refer to mediation any controversy or claim arising out of or relating to this Contract or the existence, validity, breach or termination thereof, whether during or after its term, they shall select a mutually acceptable mediator within forty-five (45) days thereafter. Neither Party shall unreasonably withhold consent to the selection of a mediator. The Parties shall share equally the costs of mediation. If the Parties agree, they may substitute other forms of alternative dispute resolution. Any mediation shall not extend beyond thirty (30) days after the appointment of the mediator, and should the Parties fail to resolve any dispute by mediation within such 30-day period, the Parties shall have all rights available at law or in equity.

16. ATTORNEY'S FEES, DEFAULT: In the event Consultant or Authority breach any of the terms of this Contract and the Party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting Party agrees to pay reasonable attorney's fees and costs incurred by the prevailing Party.

17. STAFFING: Consultant will designate in writing to Authority its project representative, and the manner in which it will provide staff support for the project, which must be approved by Authority. Consultant must notify Authority's Project Representative of any change in personnel assigned to perform work under this Contract, and the Authority's Project Representative has the right to reject the person or persons assigned to fill the position or positions. The Authority's Project Representative shall also have the right to require the removal of the Consultant's previously assigned personnel, including Consultant's project representative, provided sufficient cause for such removal exists. The criteria for requesting removal of an individual will be based on, but not limited to, the following: technical incompetence, inability to meet the position's qualifications, failure to perform, poor attendance, ethics violation, unsafe work habits, or damage to Authority or other property. Upon notice for removal, Consultant shall replace such personnel with personnel substantially equal in ability and qualifications for the positions and shall submit the proposed replacement personnel qualification and abilities to the Authority, in writing, for approval.

18. OWNERSHIP OF WORK PRODUCT: Studies, plans, reports, surveys, drawings, specifications, computations and other information (collectively "Work Product") and documents prepared by the Consultant, subconsultants, and/or suppliers under this Contract will remain the Authority's property upon completion. This provision does not apply to pre-existing proprietary information of Consultant, subconsultants, and/or suppliers.

19. CONFIDENTIAL INFORMATION: It is understood that information developed by or communicated to Consultant in the performance of this Contract, as well as any and all information in whatever form or medium supplied to Consultant in connection herewith which is not generally available to the public is proprietary to the Authority and constitutes confidential information of the Authority. Consultant will make no oral or written disclosure of such information to third parties either during or after the term of this Contract, except as approved in writing by the Authority's Project Representative or as otherwise required by law. In the event the Consultant becomes aware that confidential information must be disclosed under a legal requirement, Consultant will notify Authority of the requirement and the affected information.

20. FORCE MAJEURE: Neither Party shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such obligation is delayed by any cause beyond the reasonable control of the affected Party. In the event of such a delay, the time for performance for the affected Party shall be extended for a period equal to the time lost during the delay, or the Contract may be terminated in accordance with terms herein should such delay be sufficient that termination is in the best interest of the Authority.

21. SEVERABILITY and WAIVER: If any part of this Contract is held to be invalid, illegal, or unenforceable in any respect, such determination shall not affect any other provision of this Contract, and this Contract shall then be construed as if the invalid, illegal, or unenforceable provision had not been included in this Contract. Further, the failure of either Party in any one or more instances to insist upon strict performance of any of the terms and provisions of this Contract or to exercise any option herein conferred shall not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such terms, provisions or options on any future occasion.

22. GOVERNING LAW: This Contract shall be governed by and construed in accordance with the laws of the State of Texas. The Parties agree that venue of all claims and lawsuits arising out of this Contract shall lie in Nueces County, Texas.

23. OPEN RECORDS: The Authority is a governmental body subject to the requirements of the Texas Public Information Act (Texas Government Code, chapter 552), and as such the Authority is required to disclose to the public (upon request) this Contract and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, the Consultant agrees that the disclosure of this Contract or any other information or materials related to the consummation of the transactions contemplated hereby to the public by the Authority as required by the Texas Public Information Act or any other applicable law will not expose the Authority (or any party acting by, through or under the Authority) to any claim, liability or action by the Consultant.

24. NO ORGANIZATIONAL CONFLICT OF INTEREST: Consultant hereby certifies that it has no actual or potential Organizational Conflict of Interest. "Organizational Conflict of Interest" means that because of other activities or relationships with other persons or entities, the Consultant is unable or potentially unable to render impartial assistance or advice to Authority or the Consultant's objectivity in performing the services under this Contract is or might otherwise be impaired. Consultant agrees to immediately notify Authority of any actual or potential Organizational Conflict of Interest that develops during the term of this Contract. Consultant agrees that Authority may terminate this Contract immediately if it becomes aware of any Organizational Conflict of Interest during the term of the Contract.

25. DEFAMATION: The Parties covenant and agree that in no event, and at no time during the Term or at any time thereafter, shall either of them disparage, denigrate, slander, libel or otherwise defame the other or the other's businesses, services, properties or assets, or employees, personnel, agents, or representatives.

26. HEADINGS: All Section headings or other titles used in this Contract are used solely for convenience and shall not affect or be used in connection with the interpretation or construction of this Contract.

27. ENTIRETY OF CONTRACT: This writing embodies the entire Contract and understanding between the Parties hereto, and there are no other contracts or understandings, oral or written, between them with reference to the subject matter hereof that are not merged herein and superseded hereby. No alteration, change, or modification of the terms of this Contract shall be valid unless made in writing and signed by both Parties hereto.

[Signature page follows this page]

IN WITNESS WHEREOF, this Contract is made effective as of the Effective Date.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

By: _____
Name: John P. LaRue
Title: Executive Director
Date: _____

"Authority"

EnSafe Inc.

By: Sharon E. Hooper
Name: Sharon E. Hooper
Title: VP, Contracts & Risk Management
Date: April 7, 2017

"Consultant"

EXHIBIT A

SCOPE OF SERVICES

The Consultant will perform the following services in accordance with the terms and conditions set forth in this Contract:

The Consultant will provide a narrative description of its approach to develop, organize and implement the requested OH&S Management System. The approach must address, but is not limited to, the following components:

- Identifying System Elements
- OH&S Policy
- Planning, Implementation and Operation
- Review of existing documents, programs and training curricula
- Comprehensive Hazard Survey (facilities, equipment, etc.)
- Development of an OH&S Management System Training Master and suitable curricula
- Development of Self-Auditing program for OH&S Management System
- An assessment of the resulting OH&S Manual process and procedures using a minimum of six (6) hazards identified by Consultant during the conduct of Hazard Survey
- Development of written H&S Plan containing all of the policies, documents, processes, procedures, and guidance in accordance with OHSAS 18001/2

LIST OF TASKS

TASK 1 – GAP ANALYSIS

The Consultant will review and assess existing Port Authority processes and policies in place relating to safety by meeting with appropriate Port Authority staff. Documents will be reviewed and interviews will be conducted to collect vital information. The gap analysis will include the following:

- Policy and Statement
- Policy Objectives
- Staff and Stakeholder Roles & Responsibilities
- Safety Reporting Program
- Management Reporting and Frequency
- Document Controls and Retention
- Data Collection and Hazard Analysis
- Safety Promotion Program
- Existing Training (including initial and refresher) Program and Tracking
- Existing Safety Programs and Policies
- Process for periodic review and revision

This task will be documented in a summary report and will be essential in establishing an accurate baseline for the OH&S Management System. This review will then compare results with OSHA regulatory compliance and industry best practices.

TASK 2 – OH&S MANAGEMENT SYSTEM INFORMATION REPORTING STRUCTURE

The Consultant will develop an OH&S Management System Information Reporting Structure, which will first entail an assessment of current methods of communication, deficiency tracking (including status and close-out), and documentation, as completed in the previous task. After this assessment, an OH&S Management System information reporting structure will be proposed to meet OH&S Management System reporting recommendations to support, enhance and promote the OH&S Management System and to allow safety reporting by Port Authority employees, in a non-punitive manner. The reporting structure will utilize and optimize existing technical platforms and resources employed by the Port Authority.

TASK 3 – OH&S MANAGEMENT SYSTEM PROGRAM

The Consultant will develop overall structure of the OH&S Management System Program to encompass the OH&S Management System Plan and any related, ancillary safety initiatives. Additionally the overall OH&S Management System Program will incorporate a checklist that can efficiently provide the items to benchmark and track any performance measures yet to be determined. The OH&S Management System Program will need to be integrated into the Port Authority's strategic objectives and will take into consideration existing policies and programs. The OH&S Management System Program will be designed to include the entire port but will be implemented incrementally.

TASK 4 – OH&S MANAGEMENT SYSTEM MANUAL

The Consultant will prepare the OH&S Management System Manual, which will act as the overall framework for the OH&S Management System Program. The manual's foundation will be developed upon the OH&S Management System reporting structure, gap analysis and policies to be implemented. The Consultant will detail the most efficient way to incorporate existing practices and safety programs in the OH&S Management System Program and Manual. The OH&S Management System Manual will include (but not be limited to) the following details:

(1) Detailed description plan of how Executive Management will follow-up to ensure continuous improvement of OH&S Management System.

(2) Written safety policy statement and description of how the safety policy is communicated to Port Authority employees.

(3) Identification and description of Port Authority safety goals and objectives.

(4) A plan for employee OH&S Management System concepts orientation and training that will provide an outline of proposed curriculum and resources.

(5) Documented process to identify training requirements for systems safety.

(6) A plan to validate training effectiveness and the process to gain training feedback, including useable metrics.

(7) A defined process to communicate safety policies and objectives throughout the organization. Include examples of how information will be communicated and any processes for follow-up.

(8) A plan and description of employee non-punitive reporting system, existing and new.

(9) An organizational chart identifying the titles and safety responsibilities of all key personnel, such as the following:

- Executive Management
- Safety Manager
- Department Head/Manager
- Supervisor/
- Foreman/Lead
- Established Safety Committee and Chairperson

(10) Detailed description plan of how Executive Management will follow-up to ensure safety mitigation strategies are appropriate.

(11) A detailed method to document self-inspection reviews, analysis and findings.

(12) A description or plan to integrate the OH&S Management System Program plan into the overall operation of the Port Authority.

(13) Documented plan for training and education, safety communication, competency, and continuous improvement processes.

(14) Procedures to promote safety awareness and participation in non-punitive reporting systems.

Consultant will develop the OH&S Management System Manual design and layout, compile the contents listed above and prepare a draft OH&S Management System Manual. The draft (up to three paper copies and one original electronic PDF file format) will be submitted to the Port Authority for review. Upon review, Consultant will incorporate comments and deliver the final OH&S Management System Manual in both hard copy (up to eight paper copies) and one original electronic PDF file format.

TASK 5 – OH&S MANAGEMENT SYSTEM IMPLEMENTATION PLAN

A draft OH&S Management System Implementation Plan will be prepared based on the Gap Analysis, OH&S Management System Manual, and discussions with Port Authority staff. The preparation of the implementation plan will include an assessment of OH&S Management System readiness, by meeting with department managers and reviewing existing safety documentation. The implementation plan will be drafted using the OH&S Management System Manual as a baseline, and will address OH&S Management System implementation for each department. A draft implementation plan (up to three paper copies and one electronic) will be

submitted to the Port Authority for review. Consultant will revise the draft plan, incorporate comments from Port Authority staff, and submit the final implementation plan in both hard copy (up to eight paper copies) and one electronic.

TASK 6 – OH&S MANAGEMENT SYSTEM IMPLEMENTATION

The Consultant will prepare and conduct a project kick-off meeting with select Port Authority staff to discuss direction and work efforts commencing implementation of the OH&S Management System elements developed within this scope of work according to approved implementation plan. The Consultant will provide on-site coordination, training and coaching during implementation execution. Any modification to the approved plans, specifications, and schedules shall be subject to approval of the Executive Management and Safety Manager.

EXHIBIT B

FEE SCHEDULE

The Consultant will perform the Services described in Exhibit A in accordance with the terms and conditions of this Contract on a fixed rate or an hourly fee basis; provided, however, that the total fee for services rendered under this Contract will not to exceed $86,308.00, without Authority's written approval. Services provided by Consultant will be billed as specified in Exhibit B. These fees will cover all of Consultant's overhead costs, including but not limited to, office rent, long distance telephone charges, postage, payroll and copying charges.

The Authority agrees to reimburse the Consultant for certain authorized and approved travel expenses incurred by the Consultant during the Term and directly resulting from the Consultant's performance of the Services under this Contract. Reimbursement for lodging and meals may not exceed the maximum allowable per diem rates for domestic or foreign travel as set by the U.S. Department of Defense, Defense Travel Management Office. Lodging and meal per diem rates for specific locations (foreign and domestic) may be found at: http://www.defensetravel.dod.mil/site/perdiemCalc.cfm. Authority will also reimburse the Consultant for Direct Costs incurred by the Consultant in performing the Services. The Consultant shall submit proper documentation of any such approved travel expenses and Direct Costs to Authority from time to time, and such costs and expenses shall be billed to Authority at Consultant's actual cost.

Not later than the twentieth (20th) day of each calendar month, Consultant shall submit to Authority detailed invoices for all services performed and Direct Costs incurred, if any, pursuant to this Agreement during the prior calendar month. The invoices shall describe in detail the Services performed during the prior month and shall list the days and hours worked, approved Direct Costs, milestone achievements, tasks performed or completed, and the Services performed during each day of the prior month. Authority shall review the invoices and notify Consultant in writing (including email) within twenty (20) days of any disputed amounts.

Should this Contract be terminated for any reason, the Consultant will be paid all fees earned up to the termination date and any approved direct expenses incurred.

ENSAFE

2017 PROFESSIONAL FEE SCHEDULE

PROFESSIONALS		PER HOUR
Level 1	Scientist/Engineer	$80
Level 2	Scientist/Engineer	$90
	Project Supervisor	$100
Level 3	Project Scientist/Engineer	$110
	Project Manager	$120
Level 4	Project Manager, Senior Scientist/Engineer	$140
Level 5	Senior Project Manager	$160
Level 6	Senior Project Director	$170
Level 7	Principal	$195
Level 8	Senior Principal	$290

TECHNICIANS	PER HOUR
Technician	$66
Senior Technician	$81
Designer/Construction Oversight	$70

ADMINISTRATIVE SUPPORT	PER HOUR
Report Specialist	$49

Note:

A general and administrative fee of 15% is added to Other Direct Costs and Expenses. Rates are subject to a surcharge for short lead-time projects requiring readjustment of professional resources. Fees for litigation or acquisition support are negotiated on an individual basis. Rates are subject to annual review. All internal copying, computer usage, and report materials are included in the above rates unless otherwise negotiated.

Consulting Excellence
Since 1980

All rates effective January 1, 2017

creative thinking. custom solutions.

EXHIBIT C

INSURANCE

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

	TYPE OF INSURANCE	LIMITS OF LIABILITY
A.	Workers' Compensation	Statutory
B.	Employer's Liability	$500,000 per Occurrence $500,000 Aggregate
C.	Commercial General Liability	$1,000,000 per Occurrence $2,000,000 Aggregate

The CGL Policy will provide contractual liability coverage at the aforementioned limits.

D.	Business Automobile Liability	$500,000 per Occurrence

Automobile liability insurance coverage will include all owned, non-owned, and hired vehicles.

E.	Professional Liability	$1,000,000

Consultant will procure and maintain professional liability insurance for protection from claims arising out of performance of its Services under this Contract caused by any error, omission, or act for which the Consultant is legally liable. Policies written on a claims-made basis shall have an extended reporting period of at least two (2) years beyond termination of the Contract.

Each policy, except Professional Liability, must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, its Port Commissioners, officers and employees (“Authority Parties”). Additionally, the Authority Parties shall be designated as an Additional Insured either by a blanket additional insured or a specific endorsement on all policies, except for Worker’s Compensation, Employer’s Liability, and Professional Liability. In the event that the work of Consultant’s employees fall within the purview of the United States Longshoremen’s and Harbor Workers’ Compensation Act, the Jones Act or the Federal Employer’s Liability Act, Consultant shall extend its insurance coverage to provide insurance against the liabilities imposed under the applicable Act or Acts.

Each policy, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insureds with respect to claims arising under this Contract.

The insurance required as listed above, shall apply to any contractor or subcontractor performing for or on behalf of Consultant, and Consultant shall ensure that any such subcontractor is aware of and is in compliance with the insurance requirements during any period such contractor is performing work under this Contract.

The minimum insurance required may be increased periodically upon request by Authority to commercially reasonable limits**.** The company writing each of the Policies must possess a current rating with A.M. Best Company of at least "A-, VII".

Consultant's liability shall not be limited to the specified amounts of insurance required herein.

Each policy, except Professional Liability, must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the Authority, its Port Commissioners, officers and employees ("Authority Parties"). Additionally, the Authority Parties shall be designated as an Additional Insured either by a blanket additional insured or a specific endorsement on all policies, except for Worker's Compensation, Employer's Liability, and Professional Liability. In the event that the work of Consultant's employees fall within the purview of the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or the Federal Employer's Liability Act, Consultant shall extend its insurance coverage to provide insurance against the liabilities imposed under the applicable Act or Acts.

Each policy, except Workers' Compensation and Professional Liability, must contain an endorsement that the policy is primary to any other insurance available to the Additional Insureds with respect to claims arising under this Contract.

The insurance required as listed above, shall apply to any contractor or subcontractor performing for or on behalf of Consultant, and Consultant shall ensure that any such subcontractor is aware of and is in compliance with the insurance requirements during any period such contractor is performing work under this Contract.

The minimum insurance required may be increased periodically upon request by Authority to commercially reasonable limits. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least "A-, VII".

Consultant's liability shall not be limited to the specified amounts of insurance required herein.

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2017

DATE: April 18, 2017

TO: Port Commission

FROM: Lynn Angerstein, Manager of Procurement Services
Lynn@pocca.com
(361) 885-6142

Authorize Purchase of Vehicles Using Government Pricing From the State of Texas BuyBoard Cooperative Program.

SUMMARY: Staff requests authorization to purchase two (2) PD Patrol vehicles for the replacement of aging and worn vehicles in order to maintain a dependable and operational vehicle fleet. Staff will utilize one of the state-approved purchasing programs known as the Buy Board Cooperative Purchasing Program (Buy Board) to purchase these vehicles at a cost of $37,679 each.

Vehicles identified for replacement are:

Unit	Make	Model	Year	Mileage	Assigned To
416	Chev	Tahoe 4x4	2011	140,069	PD-Patrol
469	Ford	Expedition 4x4	2013	100,147	PD-Patrol

BACKGROUND: The 2017 budget included $74,000 for the purchase of two PD Patrol vehicles without equipment. Chastang Ford, a BuyBoard vendor approached the Port with an opportunity to capitalize on a cancelled vehicle order for four 2017 Ford Utility Police Interceptors at a cost savings of approximately $7,000 each. This opportunity offers added savings over and above the cooperative program price and an expedited delivery of weeks rather than months. Each vehicle is priced at $29,937.65 and each have been quoted with purchase and installation of Police equipment package for $7,741.35 (excluding Watchguard video which will be transferred from replacement units).

ALTERNATIVES: Competitive Sealed Bid on Open Market

CONFORMITY TO PORT POLICY: Conforms to Strategic Plan Goal #3 (Sustain Productive Stakeholder Relationships), Strategic Objective 3B (Operate Port Facilities in a Safe, Secure, and Efficient Manner), Action Item 1a (Assure Security of Port property, Port personnel, and Port waterways).

EMERGENCY: No

FINANCIAL IMPACT:

STAFF RECOMMENDATION: Staff recommends a purchase contract be awarded to Chastang Ford Houston, TX in the amount of $75,358 for purchase of two vehicles police package equipped with a 30 day estimated delivery.

DEPARTMENTAL CLEARANCES:

Originating Department	Procurement
Reviewed & Approved	Lynn Angerstein Approved
Legal	N/A
Senior Staff	John LaRue Sean Strawbridge Dennis DeVries Jarl Pedersen

LIST OF SUPPORTING DOCUMENTS:

Quote

Chastang Ford
6200 N. Loop East, Houston, Texas, 770261936
Office: 713-678-5000 Fax: 713-678-5001

Customer Proposal

Prepared by:

Ed Miller
Office: 713-678-5007
Email: emiller@chastangford.com

Date: 04/11/2017
Vehicle: 2017 Utility Police Interceptor Base AWD
Quote ID: stk17k8a



Chastang Ford
6200 N. Loop East, Houston, Texas, 770261936
Office: 713-678-5000

2017 Utility Police Interceptor, Sport Utility
AWD Base(K8A)
Price Level: 750 Quote ID: stk17k8a

Selected Options

Code	Description	MSRP
Base Vehicle		
K8A	Base Vehicle Price (K8A)	$31,995.00
Packages		
500A	Order Code 500A	N/C
	Includes: *- Engine: 3.7L V6 Ti-VCT FFV* *- Transmission: 6-Speed Automatic* *- 3.65 Axle Ratio* *- GVWR: 6,300 lbs* *- Tires: P245/55R18 AS BSW* *- Wheels: 18" x 8" 5-Spoke Painted Black Steel* *Includes center caps and full size spare.* *- Unique HD Cloth Front Bucket Seats w/Vinyl Rear* *Includes driver 6-way power track (fore/aft.up/down, tilt with manual recline, 2-way manual lumbar, passenger 2-way manual track (fore/aft. with manual recline) and built-in steel intrusion plates in both front seatbacks.* *- Radio: MyFord AM/FM/CD/MP3 Capable* *Includes clock, 6 speakers and 4.2" color LCD screen center-stack Smart Display.*	
Powertrain		
99T	Engine: 3.5L V6 EcoBoost	$3,295.00
	131 MPH top speed. *Includes:* *- Deflector Plate* *- 3.16 Axle Ratio*	
44C	Transmission: 6-Speed Automatic	Included
NONAX	3.16 Axle Ratio	Included
STDGV	GVWR: 6,300 lbs	Included
Wheels & Tires		
STDTR	Tires: P245/55R18 AS BSW	Included
STDWL	Wheels: 18" x 8" 5-Spoke Painted Black Steel	Included
	Includes center caps and full size spare.	
Seats & Seat Trim		
9	Unique HD Cloth Front Bucket Seats w/Vinyl Rear	Included
	Includes driver 6-way power track (fore/aft.up/down, tilt with manual recline, 2-way manual lumbar, passenger 2-way manual track (fore/aft. with manual recline) and built-in steel intrusion plates in both front seatbacks.	
Other Options		
113WB	113" Wheelbase	STD

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information. | Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Chastang Ford
6200 N. Loop East, Houston, Texas, 770261936
Office: 713-678-5000

2017 Utility Police Interceptor, Sport Utility
AWD Base(K8A)
Price Level: 750 Quote ID: stk17k8a

Selected Options (cont'd)

Code	Description	MSRP
PAINT	Monotone Paint Application	STD
STDRD	Radio: MyFord AM/FM/CD/MP3 Capable	Included
	Includes clock, 6 speakers and 4.2" color LCD screen center-stack Smart Display.	
86P	Front Headlamp/Police Interceptor Housing Only	$125.00
	Recommend using pre-wiring for grille, LED lights, siren and speaker 60A.	
	Includes pre-drilled hole for side marker police use, does not include LED installed lights (eliminates need to drill housing assemblies) and pre-molded side warning LED holes with standard sealed capability (does not include LED installed lights).	
86T	Tail Lamp/Police Interceptor Housing Only	$60.00
	Recommend using Ultimate Wiring Package 67U.	
	Pre-existing holes with standard twist lock sealed capability (does not include LED installed lights) (eliminates need to drill housing assemblies).	
17T	Red/White Dome Lamp in Cargo Area	$50.00
51T	Driver Only LED Spot Lamp (Whelen)	$420.00
76D	Deflector Plate	Included
59B	Keyed Alike - 1284x	$50.00
17A	Aux Air Conditioning	$610.00
Interior Colors		
9W_01	Charcoal Black	N/C
Primary Colors		
YZ_02	Oxford White	N/C
Upfit Options		
11710	INSTALL EQUIPMENT PER QUOTE CAPQ22711	w/o Wetchguard 7,991.00 $12,986.00
delivery	Delivery of truck to city	$500.00
Buy Board	Buy Board Fee	$200.00

SUBTOTAL	$50,291.00
Destination Charge	$945.00

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information. | Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Chastang Ford
6200 N. Loop East, Houston, Texas, 770261936
Office: 713-678-5000

2017 Utility Police Interceptor, Sport Utility
AWD Base(K8A)
Price Level: 750 Quote ID: stk17k8a

Selected Options (cont'd)

Code	Description	MSRP
TOTAL		$51,236.00
	Less WatchGuard	- 4,995.00
		$46,241.00
	Less Discount	- 8,562.00
	Each	$37,679.00

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information. | Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Chastang Ford
6200 N. Loop East, Houston, Texas, 770261936
Office: 713-678-5000

2017 Utility Police Interceptor, Sport Utility
AWD Base(K8A)
Price Level: 750 Quote ID: stk17k8a

Pricing - Multiple Vehicles (2)

	MSRP
Vehicle Pricing	$102,472.00

Pre-Tax Adjustments

Code	Description	
01 flt	DISCOUNT AND CONCESSION	-$17,124.00

Total $85,348.00

Less 2 Watch Guard 9,990.00
$37,679.00ea $75,358.00

Customer Signature

Acceptance Date

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information. | Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Prepared by: Ed Miller Date: 04/11/2017

PORT CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of April 18, 2018

DATE: April 18, 2018

TO: Port Commission

FROM: John LaRue, Executive Director
john@pocca.com
361.885.6189

EXECUTIVE DIRECTOR'S REPORT

SAFETY

PROFESSIONAL DEVELOPMENT

In March the Safety Manager, Administrative Coordinator and the Bulk Terminal Safety and Environmental Representative participated in the National Safety Council Texas Safety Conference and Expo where they attended a variety of safety oriented courses such as: Reducing Slips, Trips and Falls in the Workplace, Incident Investigation: Root Cause Analysis, Transportation Safety in the Workplace is Key in Reducing Risk, Creating a World-Class Safety Culture, Injury Facts Presentation, and Defining EHS Excellence: Best Practices from Campbell Award Winners.

SAFETYMIRROR

Final SafetyMirror Workshop for remainder of staff is scheduled for April 19th. That will complete SafetyMirror training near to 100% of staff as of that date. One-on-one coaching sessions for the March 30th class have started this week. The importance of coaching has two critical aspects to support a strong safety culture: solid safety processes and employees knowledgeable in the personal SafetyDNA and able to make better choices in high exposure situations.

GOVERNMENT AFFAIRS

LOCAL

- Attended United Corpus Christi Chamber Government Affairs committee meeting.
- Attended PICC Public Affairs/Government Affairs committee meeting.
- Attended meetings with consultants regarding Voestalpine and Exxon community issues.
- Attended Aransas Pass Chamber luncheon and presentation by Chairman Zahn regarding POCCA update.
- Attended NASCO roundtable discussion.

STATE

- Meetings with state legislators regarding the port's legislation and Texas Ports legislation; attended Transportation Tuesday; supported Executive Director with presentation.
- Hosted the Texas Freight Mobility Plan Workshop at the port to discuss freight needs.
- Attended San Patricio County Appraisal District hearing regarding port property/ad valorem taxes.

FEDERAL

- Congress passed a continuing resolution to fund the federal government through April 28, 2017. The President released his 2018 budget proposal. Budget details for programs impacting ports are unclear but cuts to critical programs are expected. Government Affairs will be monitoring trade, tax reform, EPA, port security grant program, US Coast Guard funding, infrastructure package, WRDA and Harbor Maintenance Tax reform, etc.
- Various conferences with consultants regarding the port's channel improvement project/USACE issues.

MEMORANDUM

To: Nelda Olivo

From: Hugo Berlanga

Re: March Report

Date: April 6, 2017

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:

SB 1, the Senate version of the appropriations bill was voted out of the Senate Finance Committee unanimously and unanimously out of the full Senate with no amendments. SB 1 now moves to the House Appropriations Committee where the House committee will substitute their version before sending it the House Floor for debate.

Both the Senate and House have accused the other of gimmicks in delivering a balanced budget. House Speaker Joe Straus (R-San Antonio) said the Senate is "cooking the books" by delaying a diversion of sales tax money, from August 2019 to September 2019, to fiscal year 2020. This move by the Senate frees up $2.5 billion to spend on health care and schools. Speaker Straus said, "Counting money twice in order to balance the budget is not a good idea." Senator Jane Nelson (R-Flower Mound), Chair of the Senate Committee on Finance, said the move by the Senate got the approval from the Texas Comptroller, Glenn Hegar. Sen. Nelson also said the Senate has no intention of using the Rainy Day Fund. Under the Senate budget plan, roughly $400 million, will be cut from the state's health and human services programs, such as Medicaid and public universities are expected to lose 6 to 10 percent of their budgets. The Legislature is facing this budget issue in part due to slowed revenue growth, a 2015 tax cut (which cut state revenue by nearly $4 billion), and dedicating roughly $5 billion to highways.

The House budget proposal uses the Rainy Day Fund, a school finance payment deferral, and a Medicaid IOU. The Medicaid IOU, or Rider 186, will seek flexibility from the federal government to reduce the cost of providing Medicaid. The House budget cuts $2.4 billion from Medicaid, $1 billion from state funding and $1.4 billion in federal matching funding. Rep. John Zerwas (R-Richmond), chair of the House Appropriation Committee, said this type of maneuver has been used many times before and it has never compromised access to services.

Berlanga Business Consultants
P.O. Box 6546, Corpus Christi, Texas 78411
Office 512-478-1881, Facsimile 361-887-7023, Mobile 361-813-9212

Rep. Zerwas, filed a supplemental budget for HB 2 which will cover critical needs by using $1.4 billion from the state's Rainy Day Fund. The Rainy Day Fund is estimated to have $12 billion by the end of the next budget cycle. Some of the $1.4 billion will cover the Teachers Retirement

System, Child Protective Services and acute therapy services, and critical life and safety needs at state hospitals and state supported living centers. Since its creation in 1988, the Rainy Day Fund has been used seven times by the legislature. The house budget was voted out of the House Appropriation Committee unanimously and will be heard on the House floor April 6th, 402 amendments have been filed.

Legislation of interest to the Port:

HB 2499 by Rep. Faircloth, relating to the disposition of real property interests by navigation districts and port authorities. It was referred to the House Committee on Land and Resource Management on 3-21-17.

SB 28 by Sen. Creighton, relating to the financing of ports in the state was passed out of the Senate and received in the House on 4-3-17.

SB 1129 by Sen. Hinojosa (companion bill in the House is HB 2593 by Herrero), relating to franchises granted by navigation districts was referred to the Senate Transportation committee on 3-7-17.

SB 1131 by Sen. Hinojosa (companion bill in the House is HB 2592 by Herrero), relating to the powers and duties of a designated officer of a navigation district was referred to the Senate Transportation committee on 3-7-17.

SB 1133 by Hinojosa (companion bill in the House is HB 2591 by Herrero), relating to the exemption from taxes and special assessments of property of a navigation district was referred to the Senate Transportation committee on 3-7-17.

- Attended a meeting with Port staff in Austin on March 8, 2017;
- Attended meeting with Port staff in Austin held with Rep. Todd Hunter on March 8, 2017;
- Attended meeting with Port staff in Austin held with Sen. Creighton on March 8, 2017;
- Attended the Senate Committee Hearing on the Port Transportation Bill in Austin, on March 22, 2017;
- 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.

Berlanga Business Consultants
P.O. Box 6546, Corpus Christi, Texas 78411
Office 512-478-1881, Facsimile 361-887-7023, Mobile 361-813-9212

Memorandum for Nelda Olivo
Director of Government Affairs, Port of Corpus Christi Authority

From: Brian Yarbrough and Janiece Crenwelge
Date: March 31, 2017
Re: Activities on behalf of Port Corpus Christi during March 2017

March 1: Meeting with Jonathan Sierra-Ortega, transportation analyst for Sen. Robert Nichols (R-Jacksonville), chair of Senate Transportation, to discuss transportation funding in the 2018-19 budget. Consult with Port on providing to Sen. Nichols a list of statewide port infrastructure projects for the Senate budget committee to consider.

March 2: Research and review of Texas Tax Code in response to questions from taxing entities in Corpus Christi on the Port's bill related to exempting the property of a navigation district from taxes and special assessments. Consultation with Nelda Olivo regarding outreach to local entities on Port filed legislation relating to ad valorem taxation on Port property.

March 3: Research and review of HB 2499 relating to the disposition of real property interests by navigation districts and port authorities.

Review of Texas Register for state agency actions relating to POCCA and transmittal to staff.

March 6: Review of Port press release on the filing of SB 28 by Sen. Brandon Creighton (R-Conroe), relating to the financing of ports in the state.

March 8: Discussion of the decision for the Port from the appraisal review board in San Patricio County. The Port will continue to press forward with its property tax legislation. Meeting with Se. Creighton's office regarding SB 28 relating to financing of ports in Texas.

March 9: Review of legislation – House Bills 3650, 3626, and 3636 – filed by Rep. Todd Hunter related to the cruise industry in Texas and municipal hotel occupancy taxes.

March 10: Review of Texas Register for state agency actions relating to POCCA and transmittal to staff.

March 13: Review of SB 1270 by Sen. Borris Miles (D-Houston), relating to the allocation and use of certain border security funding to secure Gulf of Mexico ports, and discussion of the Port's support of and level of involvement on this bill, particularly with regard to the state agency that would control these funds. Meeting with Texas Ports Association and Spencer Chambers regarding port legislation.

Research related to SB 1239 by Sen. Van Taylor (R-Plano) and HB 623 by Rep. Jeff Leach (R-Plano) relating to the authority of a municipality to remove directors of certain conservation and reclamation districts.

March 14: Research and review of Texas Water Code and email correspondence with Jimmy Welder regarding questions posed by Rep. Herrero's office on the Port's bill related to exempting the property of a navigation district from taxes and special assessments.

March 15: Meeting with Rep. Herrero's staff to review Port legislation.

March 16-17: Request that the Port provide a specific example of a special assessment imposed or attempted to be imposed on the Port and share with Rep. Herrero's office.

Visit with Jeremy Mazur, Legislative Director for Sen. Van Taylor, regarding SB 1239. The bill is directed at the North Central Texas Municipal Water District; alert Jeremy that the bill may have inadvertently captured navigation districts.

Review of Texas Register for state agency actions relating to POCCA and transmittal to staff.

March 20: Review the committee substitute for SB 28 by Sen. Creighton and the committee substitute for the Texas Ports Association omnibus bill, SB 1395 by Sen. Creighton.

March 21: Establish that the Port of Corpus Christi will support SB 28 by Sen. Creighton, along with the Texas Ports Association bill, and also continue to focus on other funding proposals, the TPA omnibus bill, and the Port's legislative agenda.

March 22: Register the Port in support of SB 28 by Sen. Creighton at the Senate Transportation committee hearing and monitor the hearing.

March 24: Review of Texas Register for state agency actions relating to POCCA and transmittal to staff.

March 27: Visit offices of Rep. Hunter, Rep. Herrero, and Sen. Hinojosa with John LaRue and Nelda Olivo.

March 29: Attend and monitor Senate Transportation committee hearing on SB 1524 by Sen. Robert Nichols relating to the movement of certain vehicles transporting an intermodal shipping containers.

March 30: Review and discuss SB 2110 by Sen. Jose Menendez (D-San Antonio), relating to the composition of the Port Authority Advisory Committee, and SB 198 by Sen. Donna Campbell (R-New Braunfels), relating to voting eligibility requirements for members of a metropolitan planning organization policy board, with John LaRue and Nelda Olivo.

March 31: Review of Texas Register for state agency actions relating to POCCA and transmittal to staff.

March 1-31: Conferences with the offices of Sen. Hinojosa, Reps. Hunter, Lozano, and Herrero regarding Port issues. Conduct review of and legal research on legislation enacted by the 85th

Texas Legislature of interest to Port of Corpus Christi activities and operations. Weekly transmission of relevant rulemakings and public notices to John LaRue and Nelda Olivo.

BORSKI ASSOCIATES, LLC

5023 South Convent Lane, Unit J
Philadelphia, PA 19114
(215) 327-5600 (Cell)

1655 North Fort Myer Drive
Suite 950
Arlington, VA 22209
(202) 459-0804 (Office)

MEMO

To: Port of Corpus Christi
From: Borski Associates
Date: March 2, 2017
Re: Monthly Report

Transition

As of this writing, 18 of 552 key appointments have been confirmed. Senate Democrats have slowed the pace of confirmations, but more troubling is that only 38 nominations have been submitted to date (and three of those have failed). Additionally, the President suggested in a news interview that he would not make a number of appointments, suggesting that many of these positions are unnecessary.

Given this situation, it seems likely that we will be without an Assistant Secretary for Civil Works for some time.

Former Congressman Mick Mulvaney was confirmed by the Senate as Director of the Office of Management and Budget.

FY18 Budget

The White House indicated that it would submit a "skinny" budget consisting of topline request for federal agencies. This budget request will include a $54 billion increase in defense spending and leave Social Security and Medicare intact. Observers have speculated that paying for this defense spending will require cuts of approximately 15 percent to non-defense programs and/or cuts to Medicaid and anti-poverty programs. Key Republicans on the House and Senate Appropriations Committees have already indicated they will not support these proposed increases and cuts.

Infrastructure Package

In his speech before Congress, the President announced "I will be asking Congress to approve

legislation that produces a $1 trillion investment in infrastructure of the United States, financed through both public and private capital, creating millions of new jobs." No details have been provided about this request yet, but there remain significant political hurdles to passing a massive infrastructure bill.

The primary hurdle is paying for such a bill. The House tax reform proposal, which would produce revenues for an infrastructure package, will not pass the Senate. Very few Republicans will vote for a tax increase to pay for infrastructure. Inducing private capital (to the extent that is possible) will likely lead to projects benefitting urban areas, leaving rural Members without any incentive to support such a bill. All together, these issues present a Gordian Knot that will frustrate efforts to find majority support in Congress. We provided several updates on these discussion, which included a more in depth discussion about the issues preventing passage of any large infrastructure package.

Tax Reform Proposal

Similarly, tax reform is also stalling. The House proposal to include a border adjustment tax, which would provide revenues to offset cuts to the corporate and personal tax rates, is struggling to gain majorities in both the House and the Senate.

Again, the issue is paying for such tax cuts. Under special budget rules (known as reconciliation), Congress needs only a majority to pass revenue related provisions. However, these budget bills cannot increase the deficit after 10 years. Thus, any tax cuts will require offsetting revenues, or the cuts (both to the personal and corporate rates) will sunset in 10 years.

Of course, Congress could get around this requirement if they could find a compromise that would garner 60 votes in the Senate and a majority in the House. But tax reform is substantively very difficult and politically fraught with pitfalls. At the moment, it is hard to see how they could garner such support.

BUSINESS DEVELOPMENT

WIND ENERGY CARGO

- Vessel calls during March:
    a. Wind energy cargo vessels: 3
- Staff continued discussion regarding the possibilities of long-term storage for Production Tax Credit's Safe Harbor Program with multiple wind manufacturers and logistics providers.
- Staff continued internal and external collaboration efforts towards rut repair of new laydown site at Rincon for confirmed blade storage.
- Staff continued collaboration with Chinese wind manufacturer regarding 2017 project near Austin.
- Staff continued to receive feedback comments from cargo surveyors regarding operations at Southside terminal and facilitated coordination with stevedores, new Harbor Bridge entities, military and on-campus railroad.
- Staff attended weekly update meetings with local stevedore for cooperative planning purposes.
- Staff reviewed and provided feedback for updated wind energy cargo flyer.

PROJECT CARGO

- Vessel calls during March:
    a. Project cargo vessels: 1
    - Staff facilitated meeting between logistics provider and cold box manufacturer for major discharge from vessel to barge in early April.
    - Staff facilitated pre-operation barge work at Oil Dock 14 for direct discharge of project cargo from vessel in early April.

DRY BULK CARGO

- Received 1 dry bulk vessel at bulk terminal with barite.
- Analyze Market Study to identify market cargo opportunities. Working with Rail to support target markets
- Analyzing crane options for Bulk Terminal cargoes and visited with manufacturer.
- Working with legacy clients on cargo forecasts, efficiencies for BT.
- Design new brochures, support Communications/Marketing.
- Working with engineering on public pad expansion and dock improvements.
- Working with dry bulk cargo, alumina hydrate, for import and distribution

GENERAL CARGO

- Continue to work with pipe coating entity on storage needs for construction of new facility in Robstown and imports of pipe for 2017 delivery. One vessel arrived in March.
- Continue to work on pipe projects, Valley Crossing, on various shipments for Northside terminal.
- Support storage issues for pipe and distribution yards at Rincon
- Support Military deployment out of CD 8 for April. Meeting on logistics.
- Working with stevedores on yard management for various customer needs
- Working to support Accutrans mooring location
- Support interested liquid bulk rail loading operations on PCC properties
- Continue to work with stevedores on space management for various breakbulk cargoes entering PCC South Side yards
- Working with local business to analyze dedicated barge service into POH
- Visited with interested OEM car imports via rail and vessel
- Preparing for new conferences in Houston for general cargo
- Joined EDC in marketing area for new manufacturing developer

LATIN AMERICA TRADE

- The proposed Energy Summit between State of Tamaulipas, Mexico and this Port is moving forward. We've been told that the Governor has the days of June 12 to 16 open in his agenda to travel and participate. Coordinating, with Tamaulipas Economic Development staff speakers, panels, agenda, invitations in the days ahead.
- Met with important gasoline & diesel distributors from Northern Mexico who are in the process of developing tank storage capabilities to import the products via rail. Due to the lack of pipe infrastructure, within Mexico, this will become, for now, the most efficient mode of supply-transportation. One of the entities is part of one of the largest of Mexico's' Business Groups with total assets of USD $16B.

GENERAL ACTIVITIES

- Invited to lecture in Port Energy Logistics within the Universidad Autonoma de Nuevo Leon to a group of Corporate Law Post Graduate students. Of the forty students in attendance, half are presently working within petroleum-chemical related companies.
- Met with PhD Hugo Gonzalez Gonzalez, General Director for CODEFRONT. This entity, within the State of Nuevo Leon, Mexico is responsible for the growth and development of the manufacturing industry in the northern part of the State as well as around the Colombia Bridge. They would like to pursue joint commerce efforts with our Port.

- Attended the NASCO regional meeting in preparation for the tri-national event taking place next October in Monterrey, Mexico. Close to forty participants in attendance, including delegations from Michoacán-Lazaro Cardenas port, Durango and Sinaloa-Topolobampo port.
- Continue to support environmental strategic plan with meetings and planning
- Supporting bagging facility with potential new resin opportunities.
- Staff assisted with wind and project cargo identification for accurate billing of monthly open yard and covered storage.
- Staff provided executed contract to and continued communication with external consultant for tariff review.
- Staff continued to monitor Oil Dock 15 project and follow-up efforts regarding temporary work site.
- Staff attended weekly update meetings with Engineering and external entities for new bridge Right-of-Way issues.
- Staff participated in RFQ evaluation with Engineering Department for award of construction contract.
- Staff participated in Strategic Plan Meeting for 4A #1, 2, and 3.
- Staff participated in Meet/Greet visit with UP Railroad.
- Staff facilitated and participated in internal meeting regarding new online procedure for vessel traffic agents.
- Staff participated in meeting with Engineering Department regarding laydown improvements at North Yard during Q4.
- Met with South African delegates and provided port tour.
- Met with individual with interest in potential cruise terminal at Harbor Island.
- Attended Transportation Tuesday in support of Port and RTA activities.
- Participated in safety concerns with distracted driving.
- Support relocation of stevedore due to bridge development.
- Support temporary storage and pickup for local developer.
- Support NASCO lunch and presentation.

FOREIGN TRADE ZONE

A meeting with Foreign Trade Zone (FTZ) operators and local Customs and Border Protection (CBP) officers was held on Thursday, March 16, 2017. FTZ Manager shared FTZ Board updates and discussed current U.S. Trade issues from the NAFTZ Annual Legislative Summit. CBP provided ACE updates and other FTZ compliance procedures.

The FTZ Annual Report for activity handled in 2016 was submitted to the FTZ Board on March 31, 2017 as per FTZ regulations 15 CFR 400.46.

The Port's activated site was reconciled accounting for all cargo handled in 2016 to ensure all cargo admitted into FTZ status was located and had proper documentation. A letter certifying the cargo reconciliation was submitted to CBP on March 31, 2017 as per CBP regulations 19 CFR 146.25.

FTZ Manager continues to work with Superior Weighting Products, LLC. to obtain local tax entity letters of concurrence for their FTZ authorization application.

Voestalpine continues to work with FTZ Board and CBP for approval to modify and add another production notification request for byproducts to their active FTZ site.

ORTIZ CENTER - OVATIONS

March was an extremely good month for us here at the Ortiz Center. Top line sales revenue for the month increased by almost a third year over year.

We were pleased to once again welcome back the Behavioral Health of Nueces County for their Employee Recognition Awards Ceremony, Paradigm Liaison Services Annual Meeting HEB Senior Partners Annual Appreciation Luncheon and the United Corpus Christi Chamber of Commerce, State of the County.

This month we also welcomed back to the Ortiz Center the Incarnate Word Academy Gala and Union Pacific Railroad for their regional all staff safety symposium. We were also pleased to welcome the Buccaneer Commission for their annual Ideas Challenge.

As part of our commitment to the community, we are pleased to report that Spectra and the Ortiz Center provided over $66,000 in discounts and sponsorships to various not for profit and Community Based Organizations this month. The support given by the Ortiz Center assists these wonderful groups in their ability to generate the resources needed to provide their services throughout the Coastal Bend region.

Below are 2016 totals and numbers to-date for 2017 activity.

2016	Guest Attendance	Number of Events	Revenue
January	4,621	41	$149,911
February	4,366	39	$204,819
March	4,553	59	$199,597
1st Quarter	**13,540**	**139**	**$554,327**
April	5,033	47	$207,522
May	5,980	47	$190,851
June	4,342	44	$213,748
2nd Quarter	**15,355**	**138**	**$612,121**
July	2,634	33	$113,642
August	5,045	53	$183,800
September	4,490	39	$180,273
3rd Quarter	**12,169**	**125**	**$477,715**
October	4,732	38	$125,957
November	6,008	54	$249,715
December	4,722	35	$214,650
4th Quarter	**15,462**	**127**	**590,322**
YTD Total	**56,526**	**529**	**$2,234,485**

2017	Guest Attendance	Number of Events	Revenue
January	3,712	40	$152,998
February	5,874	46	$227,214
** March	6,762	53	$296,571
1st Quarter	**16,348**	**139**	**$676,783**
April			
May			
June			
2nd Quarter			
July			
August			
September			
3rd Quarter			
October			
November			
December			
4th Quarter			
YTD Total	**16,348**	**139**	**$676,783**

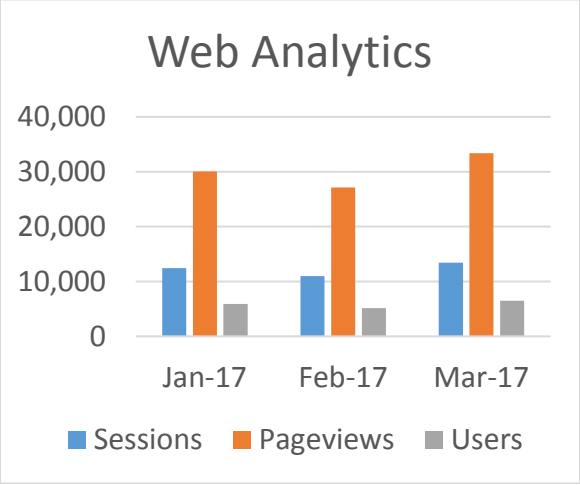
COMMUNICATIONS

March Staff & Employee Events:

- BNSF visit
- B2B Marketing Campaign various meetings
- Planning 2017 events participation
- Updating collateral pieces with department representatives
- Attended Port Commission Mtg.
- Attended Wellness Committee meetings and Luncheon
- Attended CVB monthly meeting
- Attended VSC Board Meeting
- Assisting on Harbor Bridge acquisition and relocation project
- Supported Commissioners presentations at different area organizations
- Working on scope of potential port video project

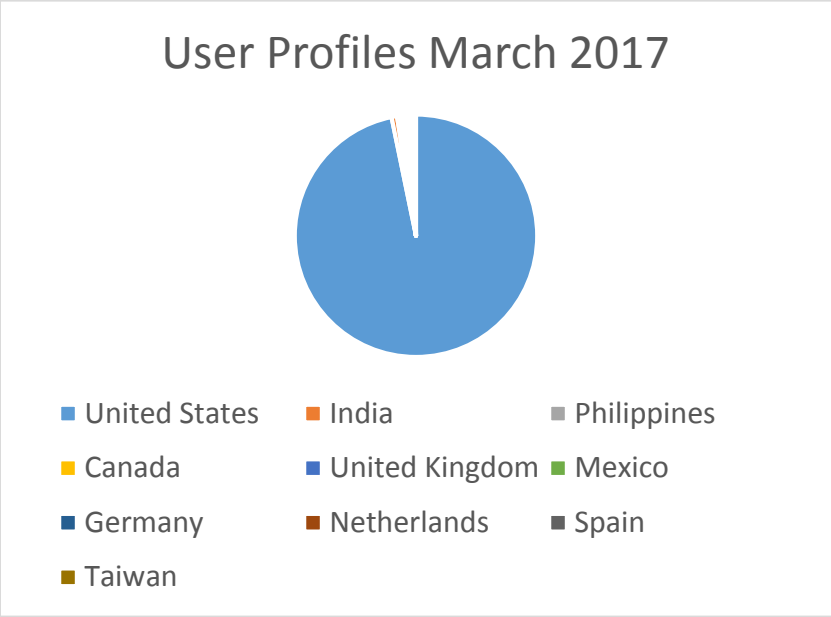
New Media Marketing Management

- **PortOfCorpusChristi.com (March 1 – 31, 2017)**
  - Website Analytics
    - 13,412 Sessions
    - 33,361 Page views
    - 6,465 Users



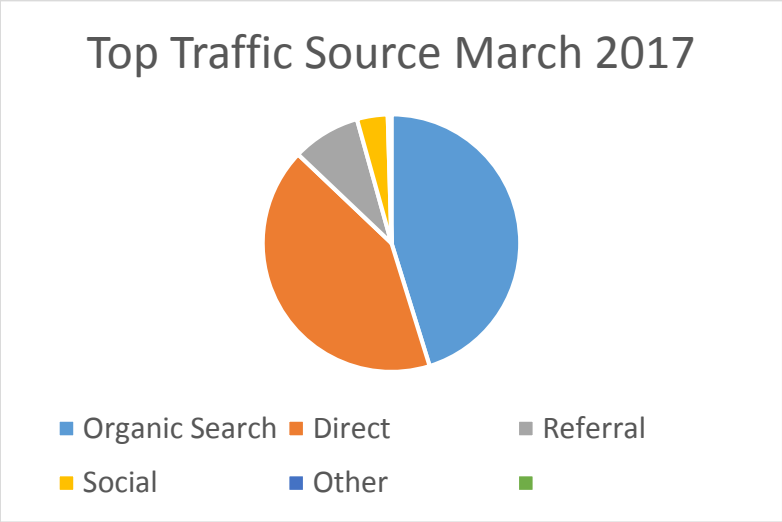
- User Profiles

Country	Sessions	% Sessions
United States	12,697	94.67%
India	95	0.71%
Philippines	62	0.46%
Canada	55	0.41%
United Kingdom	51	0.38%
Mexico	51	0.38%
Germany	38	0.28%
Netherlands	28	0.21%
Spain	24	0.18%
Taiwan	21	0.16%

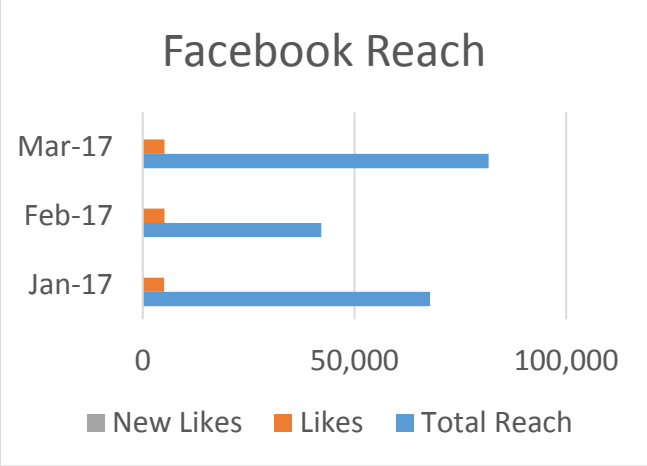


- Top Traffic Source

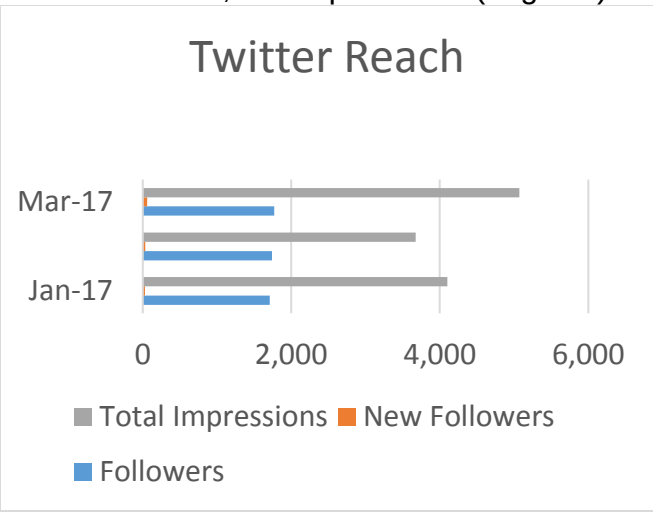
Source	Sessions	%New Sessions
Organic Search	6,063	44.85%
Direct	5,618	33.04%
Referral	1,151	23.54%
Social	518	84.75%
Other	62	43.55%



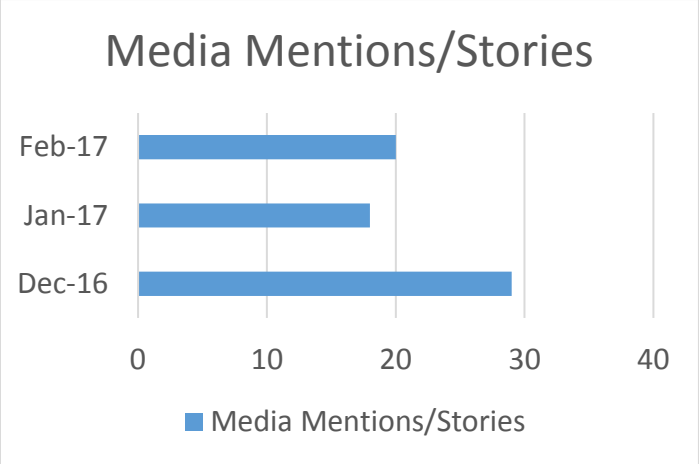
- SOCIAL MEDIA – (March 1 – 31, 2017)
  - Facebook
    - 5,138 Likes
    - 10 New Likes
    - 42,141 Total Reach (Organic and Paid)



- Twitter
  - 1,770 Followers
  - 61 New Followers
  - 5,070 Impressions (Organic)



- Media Mentions/Web Stories (March 1 – 31, 2017)
  - Mentions (Communications - News and Social - EDR – March 2017)



Photo/Video/Documentary

- Port wellness and safety initiatives
- Commission items
- UAV photos of Inner Harbor areas

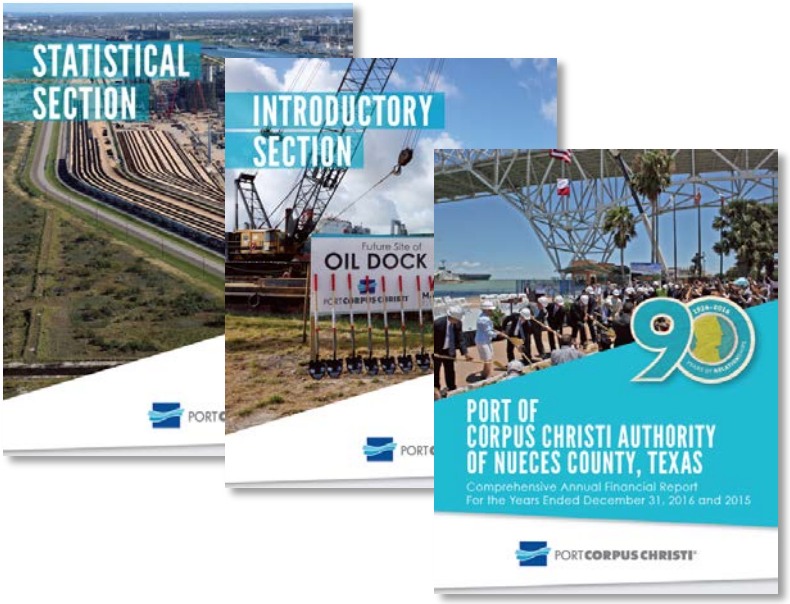
Media, Marketing, Community & Public Relations

- Coordinating interviews with media
- Coordinating Publication/Release of Employee Newsletter

Agency

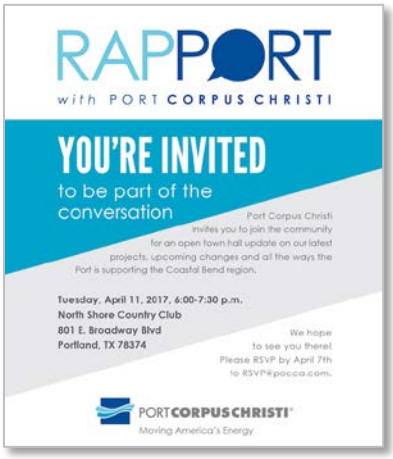
Marketing Recap: MDR is working on several updates to Port collateral materials including:

- Wind Capabilities Flyer
- Inner Harbor Map Flyer
- Bulk Terminal Flyer
- Redesign of Port Folder & Stationery Cards
- General Brochure (accordion style)
- and soon, Steel Pipe Flyer



MDR is also working on several projects such as the Buc Days float design, Mexico Energy Forum name and logo, the Financial Report Covers, several projects for the HR and Safety Departments, and just completed the first town hall meeting invite using the newly designed logo RAPPORT.

The Feel The Energy campaign will launch in April with new videos. Stay tuned for more details.





Moving America's Energy – Business to Business Campaign

2017 Digital Campaign: Purchased $104,494.57 | Negotiated Added Value $95,481.81

Feb '17	*Mar '17*	*Apr '17*
No digital marketing	ajot.com	ajot.com breakbulk.com International Transport Journal eNewsleter Latin Trade eNewsletter NACleanEnergy.com seatrade-maritime.com T21.com.mx
Impressions: N/A Avg. CPM: N/A	Impressions: TBD* Avg. CPM: TBD*	Impressions: TBD* Avg. CPM: TBD*

***Reports not available at the time of this report. Numbers will be updated 10 days after the close of previous month.**

2017 Print Campaign: Purchased $48,086.67 | Negotiated Added Value $47,577.04

Feb '17	*Mar '17*	*Apr '17*
No print marketing	Journal of Commerce Port Directory	Breakbulk Magazine – Dist. at Breakbulk Europe Conference Global Trade Magazine – Pick Your Port Southern Business & Development – Co-op with CCREDC
Circulation: 29,236 Avg. CPM: $251.36	Circulation: 18,036 Avg. CPM: $332.67	Circulation: 63,975 Avg. CPM: $143,52





Feel the Energy – Community Awareness Campaign
The Community Awareness Campaign will launch with the start of the Corpus Christi Hooks Baseball season on April 13th. The campaign will consist of 15 videos that will air on various channels such as pre-roll on news, social media, Corpus Christi Ride In Theater, Starplex Theaters, and CC Hooks Jumbotron in-game promotion.

Video content to include: Ship Channel Improvement Project, Environmental Restoration Project, Sustainable Growth, Cargo Dock 15, Nueces River Rail Yard, and more.

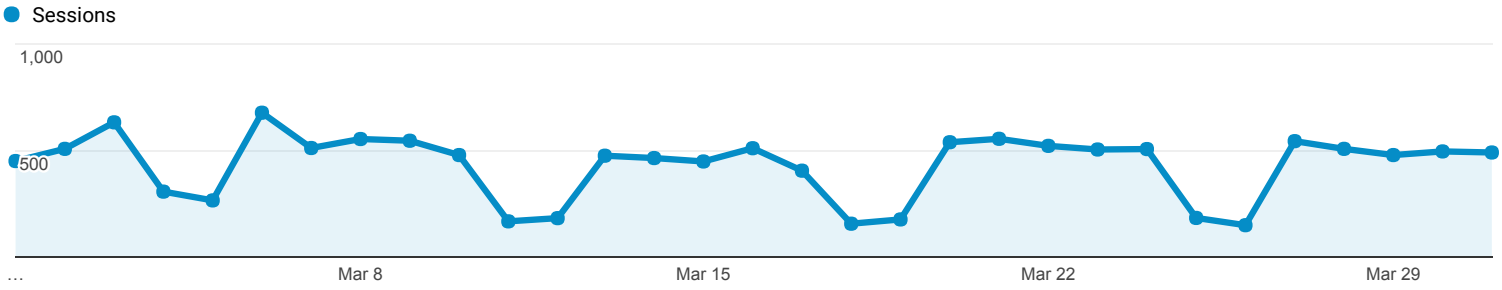
MDR March Hours: 168.80

Audience Overview

Mar 1, 2017 - Mar 31, 2017

All Users
100.00% Sessions

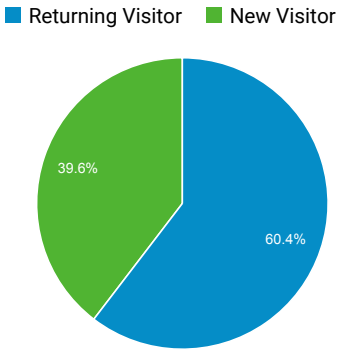
Overview



Sessions	Users	Pageviews
13,412	6,465	33,361

Pages / Session	Avg. Session Duration	Bounce Rate
2.49	00:02:55	46.85%

% New Sessions
39.59%



	Country	Sessions	% Sessions
1.	United States	12,697	94.67%
2.	India	95	0.71%
3.	Philippines	62	0.46%
4.	Canada	55	0.41%
5.	United Kingdom	51	0.38%
6.	Mexico	51	0.38%
7.	Germany	38	0.28%
8.	Netherlands	28	0.21%
9.	Spain	24	0.18%
10.	Taiwan	21	0.16%

© 2017 Google



EDR Major Event Tracker: February 2017

March 1, 2017	Ingleside Discussion	
March 2, 2017	Visit to BNSF	
March 2, 2017	Wellness Luncheon	Ortiz
March 3, 2017	Fire Alarm Coordination	
March 3, 2017	CCO Staff Meeting	Port Facilities
March 3, 2017	Commercial - Real Estate Meeting	Port Facilities
March 4, 2017		
March 5, 2017		
March 6, 2017	Voluntary Relocation Progress Report	Port Facilities
March 6, 2017	Senior Staff Meeting	Port Facilities
March 7, 2017	Last day for Counterparty to comment on Commission legal agreements	Port Facilities
March 7, 2017	Long-Range Planning	Port Facilities
March 7, 2017	Security Committee Meeting	Port Facilities
March 8, 2017	Waterway Planning Project	Port Facilities
March 8, 2017	Port-EDC Business Potential Project	Port Facilities
March 9, 2017	Hillcrest/Harbor Bridge Conference Call	Port Facilities
March 9, 2017	Project Coordination Meeting	Port Facilities
March 9, 2017	Special Commission Meeting	Port Facilities
March 9, 2017	Audit Committee Meeting	Port Facilities
March 10, 2017	Berm Discussion	Port Facilities
March 10, 2017	CCO Staff Meeting	Port Facilities
March 10, 2017	CCI/NRRY II/Best Bet Discussion	Port Facilities
March 10, 2017	Rate Structure for Terminal Use	Port Facilities
March 11, 2017		
March 12, 2017		
March 13, 2017	Senior Staff Meeting	Port Facilities
March 14, 2017	Project Pipeline	Port Facilities
March 14, 2017	Port Optimization Meeting	Port Facilities
March 14, 2017	Meeting with CBBEF	Port Facilities
March 15, 2017		
March 16, 2017	Hillcrest/Harbor Bridge Conference Call	Port Facilities
March 16, 2017	SMART Goal Discussion	Port Facilities
March 17, 2017	CCO Staff Meeting	Port Facilities
March 18, 2017		
March 19, 2017		
March 20, 2017	Senior Staff Meeting	Port Facilities
March 21, 2017	Commission Meeting	Port Facilities

March 22, 2017	Lt. Colonel Craig McIlwain	Port Facilities
March 22, 2017	NOA Training for Vessels	Port Facilities
March 23, 2017	Channel Improvement Support Discussion	Port Facilities
March 23, 2017	Wellness Committee Meeting	Port Facilities
March 23, 2017	4-Hour Notice Meeting	Port Facilities
March 24, 2017	Fire Drill Prep	Port Facilities
March 24, 2017	CCO Staff Meeting	Port Facilities
March 25, 2017		
March 26, 2017	Trade Mission Central America	Costa Rica
March 27, 2017	Senior Staff Meeting	Port Facilities
March 28, 2017	Ortiz Center Catering Road Show	Port Facilities
March 29, 2017	Welder Property Discussion	Port Facilities
March 29, 2017	Portland Town Hall Agenda Discussion	Port Facilities
March 30, 2017	Crane Discussion	Port Facilities
March 30, 2017	Harbor Bridge Conference Call	Port Facilities
March 31, 2017	CCO Staff Meeting	Port Facilities

March	North American Crude Oil Summit	Platts	Houston
March	World Petrochemical Conference	IHS	Houston
March 26, 2017	Trade Mission Central America		San Jose, Costa Rica
Mar 13-16	Seatrade Cruise Global	UBM	Ft. Lauderdale

HILLCREST

1.1 Port of Corpus Christi

(a) Summary of activities

March was the first month the real estate component of the program accelerated. In March, we presented 33 acquisition and relocation offers, our year to date goal through March 31st was 40, however we exceed the goal and presented with 42. We continue to see dramatic increases in the number of responses to our outreach efforts from community members. This is primarily due to the announcements and word of mouth that the moratorium ended. We have received a record number of calls and walk in visits this month from landlords, onsite owners, tenants and the media. All of them are looking for updates on acquisition of their property, relocation benefits, and overall program status. Team DRA spent time answering each inquiry and provided the necessary information to address each concern.

Below is a summary of meetings and events held in addition to the walk-in and telephone calls received from community members.

Date	Activity
3/1/2017	POCCA staff meeting to discuss Hillcrest project
3/1/2017	G. Williams relocation advisory services meeting
3/1/2017	Offer presented parcel #0769
3/1/2017	Offer presented parcel #0797
3/1/2017	Offer presented parcel #1043
3/2/2017	M. Naderi program introduction meeting
3/2/2017	PORT/DRA Hillcrest/Harbor Bridge Program Status Call
3/2/2017	Hillcrest/Harbor Bridge Project Conference Call

3/3/2017	Offer presented parcel #1120
3/6/2017	Citizen Alliance Meeting
3/6/2017	S. Robinson program introduction meeting
3/6/2017	Offer presented parcel #0562
3/7/2017	B. Hinojosa/J Andrade program introduction meeting
3/9/2017	PORT/DRA Hillcrest/Harbor Bridge Program Status Call
3/9/2017	Hillcrest/Harbor Bridge Project Conference Call
3/9/2017	Community Advisory board meeting
3/9/2017	T. Rodgers advisory services
3/9/2017	V. Lloyd advisory services
3/10/2017	Offer presented parcel #0545
3/10/2017	Offer presented parcel #0650
3/13/2017	R. Washington/ E. Davis program introduction meeting
3/13/2017	B. Mungia program introduction meeting
3/13/2017	J. Clay program introduction meeting
3/13/2017	Offer presented parcel #0660
3/14/2017	Program coordination meeting with demolition contractor
3/16/2017	PORT/DRA Hillcrest/Harbor Bridge Program Status Call
3/16/2017	Hillcrest/Harbor Bridge Project Conference Call
3/16/2017	Offer presented parcel #0587

3/18/2017	Offer presented parcel #0477
3/18/2017	Offer presented parcel #0515
3/18/2017	Offer presented parcel #0709
3/18/2017	Offer presented parcel #0938
3/19/2017	Offer presented parcel #0533
3/19/2017	Offer presented parcel #0961
3/20/2017	Citizen Alliance Meeting
3/20/2017	Offer presented parcel #1051
3/20/2017	Offer presented parcel #0818
3/20/2017	Offer presented parcel #0582
3/21/2017	Offer presented parcel #1035
3/21/2017	Offer presented parcel #0911
3/21/2017	Offer presented parcel #0909
3/21/2017	Offer presented parcel #0856
3/21/2017	Offer presented parcel #0573
3/21/2017	Offer presented parcel #0710
3/21/2017	PORT Commissioners meeting
3/22/2017	Discussion on community events for March
3/23/2017	PORT/DRA Hillcrest/Harbor Bridge Program Status Call
3/23/2017	Hillcrest/Harbor Bridge Project Conference Call

3/23/2017	A. Bradley program introduction meeting
3/23/2017	Offer presented parcel #1099
3/23/2017	Offer presented parcel #0544
3/24/2017	Offer presented parcel #1052
3/24/2017	Offer presented parcel #0953
3/24/2017	I. Saenz advisory services
3/24/2017	Hillcrest community Spring Clean up
3/25/2017	Offer presented parcel #0810
3/25/2017	Offer presented parcel #0683
3/27/2017	G. McChester program introduction meeting
3/28/2017	G. Johnson advisory services
3/30/2017	J. Moreno home visit to discuss program options
3/30/2017	PORT/DRA Hillcrest/Harbor Bridge Program Status Call
3/30/2017	Hillcrest/Harbor Bridge Project Conference Call
3/30/2017	C. Williams advisory services
3/30/2017	F. Rodriguez program introduction meeting
3/30/2017	G. Nicherson program introduction meeting
3/30/2017	A. Moreno program introduction meeting
3/30/2017	Offer presented parcel #1002
3/30/2017	Offer presented parcel #0752

3/30/2017	Offer presented parcel #0974
3/31/2017	Hillcrest Community Spring Clean up

(b) Total parcels acquired by ROW Contractor /total eligible parcels

No parcels have been acquired to date.

(c) Information on appraisals performed on specific properties

Parcel ID	Owner Reference	Status	Parcel ID	Owner Reference	Status
410	Tovar-Rodriguez	Approved	830	Thomas	Approved
430	Milligan	Approved	833	DoubleDare	Approved
460	Mumphod	Approved	837	Castillo	Approved
468	Robledo	Initiated	839	Wolfson	Approved
473	Mazeda	Approved	840	Wolfson	Approved
477	Banda	Approved	856	Guzman	Approved
487	Aguilar	Approved	858	Wolfson	Approved
488	Aguilar	Approved	860	Grande	Approved
492	Rodrigues	Approved	862	Kinney	Approved
501	Gallegos	Approved	865	Grant	Approved
508	Zurbock	Approved	867	Hicks	Approved
510	Hill	Approved	875	Delagarza	Approved
515	Alvair	Approved	876	Perez	Approved
517	Lloyd	Approved	879	Wolfson	Approved
521	Robbins-Woods	Approved	885	Washington,et al	Approved
533	Banda	Approved	888	Guerrero	Approved
541	Fuentes	Approved	892	Rosario	Approved
544	Casarez	Approved	909	Johnson	Approved
545	Brown	Approved	911	Johnson	Approved
547	Lopez	Approved	912	Bolden	Approved
548	Flores	Initiated	938	Banda	Approved
560	Chaves	Approved	940	Lozano	Approved
562	Enriquez	Approved	944	Ortiz	Approved
565	Ray	Approved	946	Urrutia, et al	Approved
567	Wolfson	Approved	948	Torres	Approved
573	Marroquin	Approved	949	Padron	Approved
579	Wilson	Approved	951	Osswald-Murphy	Approved
581	Jenkins	Approved	952	Villarreal, et ux	Approved

582	Jefferson	Approved	953	Salas	Approved
587	Coleman	Approved	954	Calderson	In Review
590	Lopez	Approved	961	DKJS	Approved
600	Williams	Approved	968	Clacken	Approved
616	Martinez	Approved	969	Clacken	Approved
617	Martinez	Approved	974	Reyna	Approved
619	Quintero	Approved	984	Claeys	Approved
621	Rodrigues	Approved	993	Williams	Approved
637	Jenkins	Approved	1000	Ramirez	Approved
643	Smith	Approved	1002	Smith	Approved
650	Reyes	Approved	1009	Garcia	Approved
659	Olivarez	In Review	1014	Rodriguez	In Review
660	Trevino	Approved	1015	Rodriguez	Approved
671	Yancey	Approved	1018	Markham Bros	In Review
675	Carter	In Review	1024	Perez	Approved
678	Wolfson	In Review	1025	Perez	Cancelled
681	Martinez	Approved	1032	Naranjo	Approved
683	Gonzales	Approved	1034	Perry	Approved
696	Alvarez	Approved	1035	West	Approved
699	Alvarez	Approved	1041	Valdez	Approved
702	Ovalle	Approved	1042	Sanchez	Approved
709	Banda	Approved	1043	Rodgers	Approved
710	Marruffo	Approved	1045	Mircovich	Approved
715	Bardon	In Review	1046	Hall	Approved
722	Garcia	Approved	1051	Osswald	Approved
748	Garza	In Review	1052	Ayala III	Approved
752	Landeros	Approved	1099	Mungia	Approved
765	Lawson	Approved	1104	Martinez	Approved
769	Seecloud	Approved	1118	Garcia	Approved
775	Escobar	Approved	1120	Salinas	Approved
780	Vargas/McGray	Approved	1148	Maxwell	Approved
793	Ramirez-Parra	In Review	1158	Martinez	In review
796	Perez	Approved	1160	Alvarado	Approved
797	Izaguirre Jr.	Approved	1163	Aranda	In Review
802	Pittman	Approved	1178	Galvan	Approved
803	Gutierrez	Approved	1179	Galvan	Approved
810	Guy	Approved	1186	Galvan	Approved
817	Hudgens	Approved	1187	Galvan	Approved
818	Dominguez	Approved	1189	Galvan	Approved

824	Wolfson	Initiated	M001	Navarro	Approved
828	Jackson	Approved	M003	Parra	Approved
634	Wilson	Initiated	983	Livingston	Initiated
978	Youngblood	Initiated	1012	Hernandez	Initiated
981	Johnson	Initiated	923	Clark	Initiated
1016	Berrera	Initiated	777	Aguilar	Initiated
744	Sanchez/Parker	Initiated	718	Chapa	Initiated
836	Guy	Initiated	491	Garcia	Initiated
1161	Cervantes	Initiated	615	Gonzalez	Initiated
1036	Stewart	Initiated	1100	Powell	Initiated
950	Fry	Initiated	859	Cornelius	Initiated
661	Berry	Initiated	612	Guzman	Initiated
437	Allen	Initiated	644	Vasquez	Initiated
654	Smith	Initiated	593	Garcia	Initiated
481	Drake	Initiated	982	Aranda	Initiated
783	Horcol	Initiated	1162	Rosales	Initiated
420	Serna	Initiated	526	Ortiz	Initiated
826	Porter	Initiated	845	Lott	Initiated
691	Taylor	Initiated	718	Chapa	Initiated

Legend
In Review = Appraisals that have been created and submitted through some level of review
Initiated = Appraisal has been requested and in progress
Approved = Appraisal has been approved by TxDOT
On-Hold = Appraisal that have been order and placed on-hold due to program related reasons

(d) Relocation assistance provided and to whom (owner or tenant)

Relocation activity is increasing this month with the number of acquisition offers being made. Searching for comparable and actual replacement housing is active. Affordable DS&S comparable housing remains in limited supply. A few on-site owners that received and accepted their offer has identified replacement housing and is in escrow, however, no one has relocated. It is anticipated that there will be at least one maybe 2 households relocating mid to late April.

As we continue the task of preparing initial relocation packages and interviewing owners, tenants and businesses, we realize that there is a significant percentage of nontraditional owners requiring substantial need for resources, referrals and extensive advisory services.

Relocation planning for year 2 and how we will handle the new population of tenants whose landlords are not selling is underway. Forms are being drafted, internal controls, practice and polices are being put in place. Advisory services are an ongoing activity. During the month of March specific advisory services where provided to the owners of the 33 offers presented.

Restrictive covenant purchases:

None purchased to date. Restrictive and 1 Life Estate property owners have requested a restrictive covenant.

(e) Title work performed

To date a total of 255 titles commitments have been ordered of which 247 have been received and are under review.

(f) Other services related to relocation of residents during reporting period

DRA recognized the need to provide advisory services in the form of mediation to families due to title issues. Some owner had multiple relatives on title, some of which were close family others were family that had not been seen in years, other situations pertained to ex-spouses. The relocation team in coordination with community outreach assisted owners in having these difficult conversations.

Met with local real estate agents to gather information on the current real estate market. The DRA team continues to update the Comparable Housing Study for the "Comp Book" weekly.

(g) Summary of Port's ROW Contractor Disadvantaged Business Enterprise (DBE) % Goal

DRA is not aware of a DBE goal set for this project. However, it should be noted that DRA and one of its subcontractors are both certified DBE firms.

DRA continued to; prepare acquisition packages for property owners, conducted relocation interviews with on-site owners, landlords and small businesses primarily in home churches, collect documents, searched for comparable housing and prepare relocation packages for on-site owner's whose property appraisals were approved by TxDOT.

As requests to participate in the voluntary program continued to arrive and as program eligibility was confirmed additional title reports and appraisals were requested. The total number of title commitments ordered to date is 255, of which 247 have been received and are under review. The number of appraisals ordered increased to 175 parcels, of which 119 have been approved by TXDOT.

The 6 Community Outreach events in March focused on engaging new members of the community.

Community Outreach

Six (6) community events were conducted in the month of March, which included 4 community workshops and 2 community clean up events.

- March 14th Community Clean up supply pick up
- March 20th Property Tax Workshop
- March 21st Landlord information workshop
- March 28th City Housing Program workshop
- o March 24th & March 25th Community Clean up
- o March 31st & April 1st Community Clean up

We had 64 people attend the 4 community workshops. The largest participation was at the community clean up workshops.
The community clean-up was a success. The city of Corpus Christi provided 4, 40 yard roll off dumpsters for the 2 weekends. Each dumpster had the capacity to hold 4 tons of trash. Over the 2 weekends, the Hillcrest community filled 4 dumpsters 4 times. This equates to 64 tons of trash removed from Hillcrest over the 2-weekend event.
In the month of March the DRA office had 213 visitors versus 159 in February, we collected eligibility documents for 28 parcels. The phones rang all month with 338 people calling the office for assistance.

Acquisition

A total of 33 offers were made in the month of March. YTD, we have made 42 offers. We have executed on 21 of the 42 offers. We have now two landowners schedule for closing in April. Working with Stewart, Bay Area, San Jacinto and First Title to focus on primarily acquisition curative items. We continued to follow up with title companies on Affidavit of Heirship Questionnaires, Affidavit of Heirships, Not Same Person Affidavits. We are clearing many title issues before offers are made. (this would typically occur after the offers are made.) We delivered numerous documents to all four title companies to clear title issues before closing. As we review title commitments we are scheduling meetings to discuss all title problems. We have scheduled 30 more appraisals and the assignments went to JLL and Leonel Garza.

We continued to work with all landowners (off-site and on-site) many of which are walk-ins. We spend time calming their fears and assuring them that the acquisition and relocation program is a good opportunity and that all will be treated fairly.

Relocation

During the month of March relocation continues to meet and interview on-site owners whose properties are currently being appraised. The relocation team met with owners and answered questions regarding the status of their relocation benefits.

Relocation continues to search for available comparable housing to maintain the project comparable book. The comparable book is maintained on a weekly basis and at the end of March, there were 425 properties in the comp book. The Relocation manager continues to meet with local real estate agents to discuss market trends. Real Estate agents continue to email listings and bring their listings to the office to post them on the bulletin board.

The relocation team continues to prepare relocation packages for TXDOT to review and approve. A total of 33 relocation packages have been approved. Relocation activities continue to consist of; preparing relocation packages, conducting inspections on comparable housing that will be used for establishing maximum relocation payments for residential households in the relocation packages.

Relocation agents have also met with some tenants and will begin to gather information on tenants in preparation for tenant relocation. The relocation with the community outreach team attended the CAB meeting to answer questions. Relocation staff again met with builders from Feed 3, Braselton Homes, and Fish for Life to discuss the possibility of building affordable housing. The concern with a building option is the length of time to complete housing and TxDOT approving replacement housing from a blueprint. The addition of affordable housing would be a benefit to the project and property owners in Hillcrest.

Appendix B: Port of Corpus Christi Supplemental Information

B.1. 3.02.17 Hillcrest Agenda
B.2. 3.09.17 Hillcrest Agenda
B.3. 3.16.17 Hillcrest pre conference call agenda
B.4. 3.16.17 Hillcrest Agenda
B.5. 3.23.17 Hillcrest pre-conference call agenda
B.6. 3.23.17 Hillcrest agenda
B.7. 3.30.17 Hillcrest pre-conference call agenda
B.8. 3.30.17 Hillcrest agenda
B.9. Finance report

NEIGHBORHOOD VOLUNTARY ACQUISITION RELOCATION PROGRAM BUDGET TRACKING

MARCH 2017

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct.	Nov	Dec	Year
Acq Provider (DRA/OPC)													
Monthly Program Mgmt Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Monthly Community Outreach Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Acquisition Fee Per Parcel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Friendly Condemnation Support Per Parcel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Relocation Case Residential	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Relocation Case Business	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Management Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Travel	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other costs	$10,000.00	$10,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$20,000.00
Acq Provider Totals	**$10,000.00**	**$10,000.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$20,000.00**
Legal Expense (Welder/Leshin)													
Welder/Leshin Legal	$16,185.00	$26,054.75	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$42,239.75
Welder/Leshin Legal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Outsource Totals	**$16,185.00**	**$26,054.75**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$42,239.75**
Third Party Services													
Spitzer Employee 1	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Spitzer Employee 2 (Travel)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
W.L Bates Employee 1	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
W.L Bates Employee 2	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Naismith Eng Employee 1	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Naismith Eng Employee 2	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
L.K. Jordan Temporary Services	$3,814.78	$8,132.89	$4,397.59	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$16,345.26
Other costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Third Party Services Totals	**$3,814.78**	**$8,132.89**	**$4,397.59**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$16,345.26**
Property													
Land Purchase Price	$0.00	$0.00	$51,125.36	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$51,125.36
Life Estates	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Title Policy Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Appraisal Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Legal Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Recording	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Surveys/Boundary Descriptions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Recording Fees	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Transfers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Maintenance Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Totals	**$0.00**	**$0.00**	**$51,125.36**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$51,125.36**
Relocation													
Relo Assistance Payments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Moving Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Relocation Totals	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Field Office													
Building	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
IT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Fencing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Security	$2,928.00	$0.00	$3,983.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$6,911.00
Improvements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Permits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sign	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Utilities	$72.71	$0.00	$85.27	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$157.98
Trash Removal	$0.00	$0.00	$63.75	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$63.75
Computers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Phones	$102.33	$234.30	$185.82	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$522.45
Copiers	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Copies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Badges	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Costs	$0.00	$0.00	$442.19	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$442.19
Field Office Totals	**$3,103.04**	**$234.30**	**$4,760.03**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$8,097.37**
Property Maintenance Costs													
Inspections/Surveys	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Abatements	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Mowing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Signs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Security	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Demo Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Permits	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Property Maintenance Cost Totals	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Incidentals													
Food & Beverage	$23.61	$84.68	$35.20	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$143.49
Meeting Rooms	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Media	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Signs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Materials	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Ground Breaking	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Incidentals Totals	**$23.61**	**$84.68**	**$35.20**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$143.49**

$60,318.18

$137,951.23

6000 P&D

6000

COMMUNITY RELATIONS

INTERNAL AND COMMUNITY EVENTS/MEETINGS

- WBA Membership Breakfast
- PICC meeting
- United Corpus Christi Chamber of Commerce Past Chair Breakfast
- Y Women in Careers Award
- CCREDC Investor's meeting
- CCREDC Senior Executives Meeting
- Education Is Our Freedom Appreciation Breakfast
- Strategic Plan Meeting
- Small, Diverse & Emerging Business Council
- United Corpus Christi Chamber of Commerce Executive Board of Directors meeting
- Meeting with the American G.I. Forum
- Texas A&M University conference call meeting regarding president's position
- CCREDC Board Meeting
- La Quinta buffer area meeting
- La Quinta buffer area meeting
- United Corpus Christi Chamber of Commerce Finance Committee
- United Corpus Christi Chamber of Commerce Board Meeting
- Seatrade Cruise Conference
- United Corpus Christi Chamber of Commerce Executive Board Meeting
- Del Mar College Foundation Board of Trustees Meeting
- Thursday, March 2: Ceremonial Ribbon Cutting
- NAACP meeting
- Ingleside and Aransas Pass Chambers of Commerce presents: La Quinta Channel: " The Driving Force Behind Industry" Featuring Keynote Speaker: Chairman Charlie Zahn
- Mission of Mercy: Mash Bash
- Goodwill Industries of South Texas: Goodwill Run
- St. Patrick's Day: Shuffle and Leprechaun Chase
- Corpus Christi Symphony Society: Tickets for our Military
- Coastal Bend Women in Leadership Symposium
- Texas A&M-Kingsville President's Circle meeting
- Del Mar Foundation's "Bernie's Crawfish Boil"
- First United Methodist Church of Portland: Build-A-Home Roof Sponsor
- STARS Scholarship Fun: 14th Annual Corpus Christi STARS Extravaganza

- Harvey Weil Sportsman Conservationist Award Dinner
- Menger Elementary School Family Math "Eggs"travaganza
- Buc Days Scholarship Dinner
- 2017 Ingleside Round Up Days
- San Patricio EDC Economic Update luncheon
- United Corpus Christi Chamber of Commerce “State of the County” featuring Nueces County Judge Loyd Neal, introduction by Chairman Charlie Zahn
- Texas Diversity Council-Women in Leadership Symposium "Be Fearless: Influence, Innovate and Inspire"
- WBA Board of Director’s meeting
- Texas A&M Kingsville – President’s Legacy Ball

EXXON- MOBIL SABIC PROJECT - Gulf Coast Growth Ventures

- Gulf Growth Ventures Task Force Meeting: Meeting called by Rosie Collin, Chair, United Corpus Christi Chamber of Commerce
- Aransas Pass Chamber of Commerce issues resolution of support for proposed GCGV project upon request of Port of Corpus Christi Community Relations department
- City of Odem passes a resolution of support for proposed GCGV project. Rosie Collin speaks before City of Odem
- Aransas Pass Chamber of Commerce issues resolution of support for proposed GCGV project upon request of Port of Corpus Christi Community Relations Department
- United Corpus Christi Chamber of Commerce issues resolution of support for proposed GCGV project upon request of Port of Corpus Christi Community Relations department
- G-P approves Exxon’s tax abatement request, Sean Strawbridge speaks before School Board with support from Jarl Pedersen

HILLCREST/WASHINGTON COLES ACQUISITION AND RELOCATION PROGRAM

- Four events scheduled in March, including disseminating information on relocation and two Spring Community Clean-Ups
- Two small group events regarding individual status on the program at DRA office
- Hillcrest/Harbor Bridge Project Weekly Conference Calls
- Hillcrest Site visit
- Hillcrest Buyout Neighborhood Coles Voluntary Acquisition and Relocation Program update-DRA
- Hillcrest/Washington Coles Voluntary Acquisition and Relocation Program

La Quinta Channel: “The Driving Force Behind Industry” featuring Keynote Speaker: Chairman Charlie Zahn



Jane Gimler, President of the Ingleside Chamber of Commerce presents Chairman Charlie Zahn with a plaque in appreciation of the Port of Corpus Christi



Y Women in Careers: Port employee recognized at 2017 Y Women in Careers



United Corpus Christi Chamber of Commerce presents the "State of the County" with Judge Loyd Neal 2016-2017 "A Decade of Progress"

Chairman Charlie Zahn introduces Judge Neal




REPCON
We Do Things Right!
Solutions for
AUSTIN
CORPUS CHRISTI
SAN ANTONIO

INFORMATION TECHNOLOGY

Status of Information Technology Programs & Initiatives

- *Helpdesk* – 378 IT helpdesk tickets submitted and 289 tickets resolved in March.

- *NIST 800-53 Controls* – Implementation of the National Institute of Standards and Technology security controls. NIST 800-53 are catalog of security controls designed for federal information systems. While the Port is not required to adopt these controls, we feel it's important to follow a control set for the department's security policies and procedures. Relevant controls to our operation have been selected and policies will be documented by the end of April. Next phase is to document procedures that follow the NIST policies.

- *JD Edwards Upgrade* – Demonstrations of JD Edwards Enterprise One are being setup for April. This will also include a workshop showing the difference between JDE World and JDE Enterprise One.

- *Network Redundancy* – The Admin building and all remote facilities are connected via a single fiber optic cable that routes through PD. This single point of failure would ideally be backed up with a leased line from a telecommunications provider. However, to receive adequate bandwidth the link would cost as much as $5000 per month. IT is evaluating wireless options with no reoccurring costs for this solution.

- *Data Center Colocation* –Time Warner has completed the link between port offices and Cyrus One. Networking edge equipment will be installed at both locations the week of April 24. IT is planning the physical move with Sigma Solutions which will occur in May. The goal is to have all equipment moved and tested before hurricane season. Testing will include a complete failover from production to Cyrus One.

- *Phone System Replacement* – Phase one of project is complete. Phase two will occur in 2017 to migrate service from AT&T PRI (Phone Rate Interface) to SIP (Session Initiation Protocol) trunks.

- *PD Network Redesign* – Network redesign to convert analog network to digital has begun. The first phase is complete and new switches and cameras at Oil Dock 14 and the PD data center have been installed. A digital network will improve image quality, allow for easier software and firmware maintenance and replace the existing aging equipment. This project is on hold due to clarity needed on Department of Public Safety (DPS) Texas Law Enforcement Telecommunications System (TLETS) regulations. IT is in the process of receiving DPS approval for the section of the network the interfaces with TLETS.

- *Granicus* – All departments have been trained on Granicus and each department is now entering their own agenda items. IT is working with a Granicus project manager to implement video archiving. Testing will occur at the May commission meeting with a go live for the June meeting.

- *Fiber Relocate* – Project complete. Relocation of four fiber optic lines in the Admin server room to make space for Accounting office extensions. Fiber belongs to AT&T, City of Corpus Christi and the Port. AT&T has completed all required engineering work and the move is scheduled for March 4. All systems will be down for approximately eight hours.

2017 Budgeted Projects

- *HMO Radio Upgrade* – Replacement of dated radio system for the Harbormasters Office. Radios have reached end of life and it is becoming harder to find parts for repair. *Estimated project completion: 05/01/17*

- *VTIS/AIS Replacement* – This project will replace the Vessel Traffic Information System/ Automatic Identification System (VITS/AIS). The existing system is no longer supported by the manufacturer and parts are not available. Modern VTIS/AIS systems have the ability to integrate with our existing vessel management system for greater efficiencies. Both HMO and security departments will utilize the new system for greater awareness. *Estimated project completion: 11/01/17*

- *JD Edwards Upgrade* – Upgrade from JD Edwards World to JD Edwards Enterprise One. The existing JDE installation has a 'green screen' user interface that is not intuitive*.* This system run on IBM hardware that is ready for replacement. JDE Enterprise One greatly improves the user interface and expands our financial system into other areas are existing JDE World could not accommodate. In addition to all existing functions we will look to JDE Enterprise one to handle capital program management, asset management and a more streamlined procurement workflow. *Estimated project completion: TBD*

- *Network Replacement (Port PD)* – As identified in the Transportation Technology Associates Security Technology Master Plan, the network infrastructure for Port PD needs to be upgraded. Most equipment has reached end of life and is no longer supported by the manufacturer. This upgrade would allow for the transition from analog to digital cameras. *Estimated project completion: 08/01/17*

OPERATIONS

HARBORMASTER

Ship Arrivals	Tankers	Freighters	Year to Date Ships
March 2017	124	39	473
March 2016	111	28	413

Barge Arrivals	Tank Barges	Freight Barges	Year to Date Barges
March 2017	374	46	1219
March 2016	388	3	1239

Shifting	Tankers	Freighters	Tank Barges	Freight Barges
March 2017	16	2	824	9
March 2016	25	3	917	1

	Average Daily Ship Arrivals	Average Daily Barge Arrivals
March 2017	5.26	13.55
March 2016	4.48	12.61

Channel Disruptions

Channel Disruptions	Total Hours	High Winds	AEP Replacing Power Lines	Fog	Rig
March 2017	10.99	--	--	5.74	5.25
March 2016	189.68	35.5	15	116.77	22.4

Delays	Inbound Delays	Outbound Delays
March 2017	9	11
March 2016	63	37

YARDS & RAIL

- Rail traffic steady with ADM doing **2563** railcars, milo maize/wheat in March, ship at dock, 4 ships in line up
- AHMSA/UPRR
  HBI pad to rail at BMD **on hold** , HBI cargo on pads **on hold** – 115 railcars loaded outbound in March **on hold**
- **2806** total revenue rail cars in March 2017 compared to **2302** revenue cars in March 2016
- Working on Agreement (Restated CCPN 1997 Operating) with Welder, Strawbridge and Class 1 RR's in UPRR legal
- North Bank storage yard wind components departing by truck and rail, no issues, GE outbound train ETD 03/31
- North Storage yard project cargo and wind cargo departing by trucks, FTZ areas set up for M&G cargo
- T G Mercer working pipe yard at Rincon – pipe 42 and 48 inch diameter projected to run through August 2017 ongoing no issues
- Warehouses 26/27, Acreage by ADM, CD 14 warehouse, BMD and Rincon have cargo for M&G
- South side yard – wind towers to Al Speight yard – space tight, yard by CD 8 – space fluctuates with equipment arriving/departing no issues
- Military MOL OPS announced for CD8, CD15 and CD9 - 300,000 square feet of cargo– ETA April 12th
- South side laydown yard TXDOT ROW being cleared for fence installation
- NRRY Phase II and M&G construction projects unloaded **192** railcars of ballast, rail yard **connections** to JFC main line to be complete 04/01

CARGO DOCKS

- CD 10 - warehouse foundation TXDOT contractor fenced off ROW
- CD 8 – 03 vessels arrived March
- CD 9 – 07 vessels arrived March
- CD 15 – warehouse has 289 pallets bottled water stored for City of Corpus Christi

BULK TERMINAL

Current Projects

- Dust control for all pads and roads
- Idler replacement project 85% complete
- Preparing for paving projects by shiploader and CB2
- Bulk Terminal Master Plan ongoing
- Gantry Repair Project complete
- BMD2 Trestle Replacement is ongoing
- BMD1 Crane Replacement Study is ongoing

Activity (short tons)

Railcars

- Load rail cars: 0 railcars loaded
- Unload rail cars: 0 railcars unloaded

Bulk Dock #1

- 0

Bulk Dock #2

- 34,722.90 Sulfur
- 205,229.41 Pet Coke

Pads

- 107,247.48 Pet coke
- 26,006.96 Sulfur

MAINTENANCE

Ortiz Center

- Assisted Neil with blocking and barricading parking under Harbor Bridge.
- Re-plumbed lift station pump, replaced irrigation solenoid on east section.
- Attended lighting to LED replacement plan, repaired employee restroom urinal, replaced flush kit in men's restroom.
- Replaced vacuum breaker in employee ladies restroom, water jetted 6'' drain line in front of building.

Commissioners Court

- Set up and tear down stage

Guard Houses

- Rust proofed and installed new a/c unit at Avery guard house.
- Caulked all window at Viola Guard house.
- Removed and cleaned lift station pump at Stroman.

Administration Building

- Assist procurement with various item transfers from Admin/Annex to Turner storage.
- Pressure washed outer building walls, replaced flush valve on 1st floor men's restroom urinal.
- Repaired pneumatic thermostat in Jennifer Pena's office, Assist IT and contractors with Fiber optic cable relocation.
- Performed temporary leak repairs to AC chiller drain pan on 3rd floor, repaired emergency light in ladies 1st floor restroom. Remodeled 3rd floor kitchen cabinets and relocated ice machine.
- Sealed and repaired leaks on COO's window, repaired thermostat airline in Audrey's office.

Annex Building

- Replaced HVAC motor controls on 2nd floor chiller.
- Assisted HMO in removal and shredding of documentation, assist with furniture moves.

Port Security/PD

- Installed restricted area signs on computer server room.
- Repaired door knob in conference room, snaked kitchen drain line until clear.
- Replaced various lights throughout building, assisted Bruce in fabricating and installing gate latch in server room.
- Replaced lighting and ballast in reception area, painted reception area walls.
- Replaced exit sign batteries, delivered and exchanged space heater in dispatch room.

BMD

- Installed number signs on 11 new gates at BMD perimeter.
- Assisted with crane lift to remove and reinstall gearbox at BMD 2.

Cargo Docks

- Fabricated potable water covers for CD 15, pressure washed and painted roof support columns at CD 15.
- Arranged for contractors to remove bats from CD 15 clerk office.
- Per environmental- cleaned storm water inlet filters at South laydown yard and CD 8.

Oil Docks

- Repaired handrail concrete base at OD 11.
- Troubleshoot and corrected electrical issue on a/c unit at OD 5.
- Ordered two pot a potties from Skid-0-Can and shut down community restroom due to heavy rains flooding holding tanks at Avery property.
- Scraped and painted fire lines at Avery property, continue with fabrication and painting of ladders for OD 2.
- Installed restroom partitions at Avery community restroom, rust proofed and installed new a/c unit at OD 6.
- Replaced mooring light fixtures and guard grids at OD 4, replaced dock ramp handrails at OD 7.
- Assisted engineering project in the removal of debris from OD 15.
- Continued fabrication of barge bits for all oil docks, repaired ac unit belt pulley rod at OD 7.
- Relocated lift station pump to eliminate use of septic tank at community restroom at Avery, met with procurement to measure dimensions of Oil Dock house A/C's.

Fire Boat

- Repaired emergency lights below deck, repaired spot lights.
- Replaced engine and boat hoist batteries.
- Investigated water overflow in starboard ballast- inspections revealed a hole in the fire water piping leading to the monitor and gooseneck.

Gates, Fences, signs and Roads

- Extended caliche road at Rincon.
- Straightened and adjusted damaged gate at OD 9.
- Spread caliche and smoothed out driveway leading to OD 3. Purchased and installed open gate holders for gate #114, replaced chain link fence on gate #35.

Maintenance Shops

- Unloaded work barge on to jack stands for inspection and repairs of fiber glass pontoons.
- Fabricated and installed access ladder on crane truck.

Property Other

- Assisted engineering in identifying and inventorying ship fenders.
- Dean traveled to Galveston with RTFC and Chief Mylett to check condition and potential purchase of another fireboat.
- Rerouted electrical panel for surveillance camera operations at old lift bridge area.
- Repaired urinal at West Star food warehouse.
- Attempted repairs to Harbor Island generator-generator deemed unserviceable.

Maintenance Routine

- Janitorial services Port wide, maintenance and repairs of vehicles and equipment, lighting pm throughout Port facilities, mowing maintenance Port wide.
- Monthly fire alarm and sprinkler test on all warehouses.
- Monthly flush and test of all potable ship outlets at Cargo and Oil Docks.
- Conducted monthly sub water meter readings.
- Monthly Irrigation sprinkler test and inspections at Annex, Admin, PD and Ortiz.
- Conducted weekly departmental Safety Meetings, Conduct Monthly EMS meetings.
- Monthly emergency generator test and inspections at Annex, Admin, PD, Stroman, La Quinta and Harbor Island.
- Conducted monthly tests and inspections of sanitary sewer lift stations Port wide

Maintenance Personnel

- One employee terminated from March 8, 2017
- All maintenance personnel attended Defensive Driving Course
- All maintenance personnel completed Employee Survey
- New hire for grounds maintenance on 3-6-17 was terminated 3-15-17 for 3 consecutive no call no shows.
- One Senior Maintenance worker, a Painter, retired on March 31, 2017

SECURITY

PORT SECURITY

Fire Boat: Purchase of the Fire Boat, now named the "Robert Driscoll" (named after the first Chairman, Port of Corpus Christi Authority Commission), was completed on March 28, 2017. Monitoring continues on the preparatory work being done to the fire boat, M/V Robert Driscoll, in Galveston, Texas. The vessel is being painted and is being prepared for sail from Galveston to Corpus Christi during latter part of April 2017.

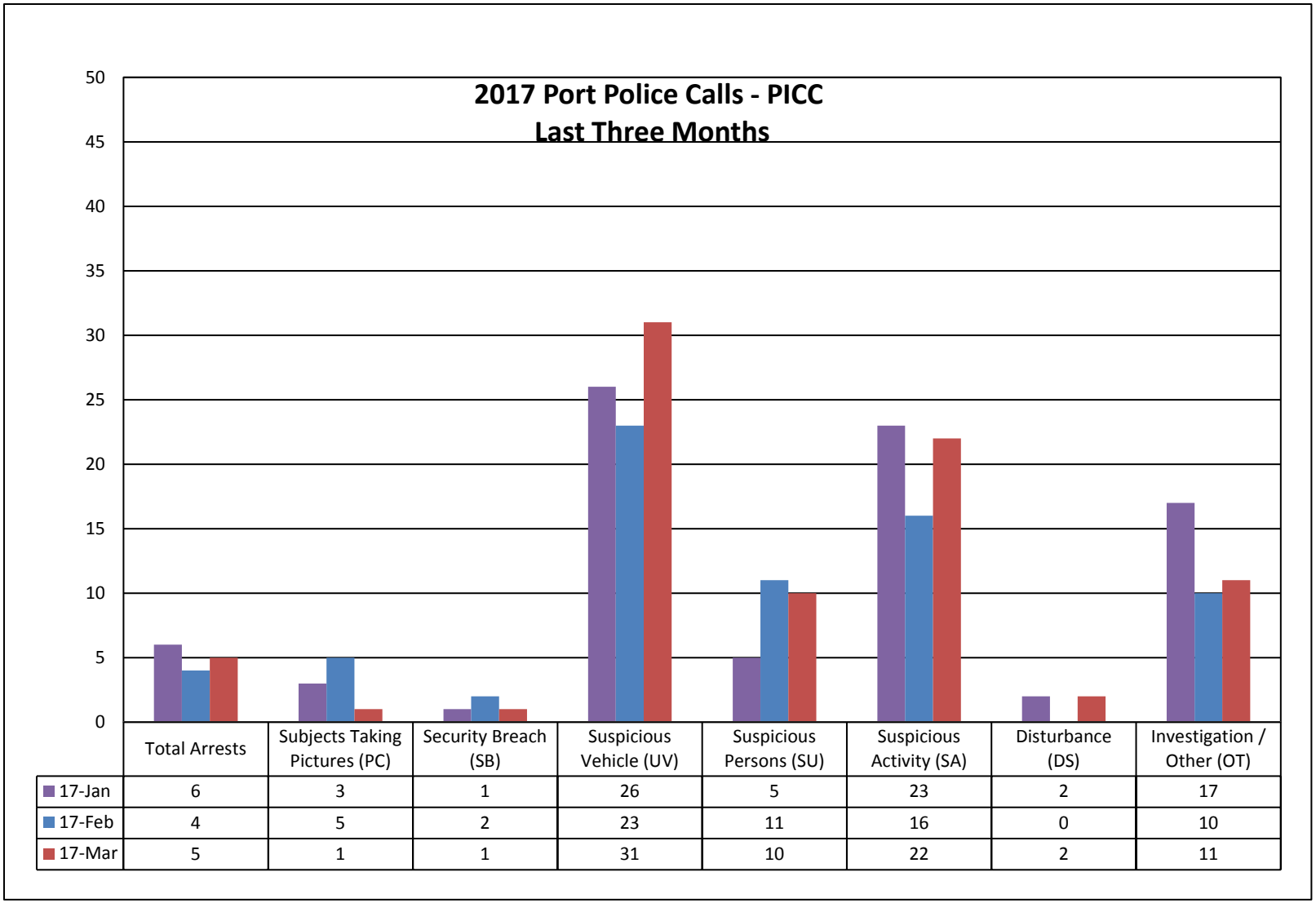
RTFC Agreement: Meetings continue with RTFC with regard to amendment of current marine firefighting agreement to include staffing/operation of the "Robert Driscoll".

Annual USCG Inspection: On March 21, 2017 the U.S. Coast Guard Sector Corpus Christi, Facilities Section, conducted the mandatory annual facility inspection of PCCA. The result of the inspection, which included field visit to facilities, interview of guard(s), inspection of all statutorily required records and more, was that there were **no discrepancies.** Job well done by Captain Giannamore, Sgt John Ramos and the entire team.

Military Operations: Military offload (MOL) operations will begin at the Port Cargo Dock 14 area sometime between April 12th and 14th, 2017. Over one thousand pieces of equipment will be offloaded from vessel, and then onloaded primarily to rail for shipment outbound.

Legislature & Port Security: Senate Bill 1270, authored by Sen. Miles (Harris Co.), deals with the allocation and use of certain border security funding to secure Gulf of Mexico ports. Port Gov't Affairs Nelda Olivo and Tom Mylett are monitoring progress on this bill. The bill has been sent to the Finance Committee as of 3/13/2017. If approved, legislation would be enacted to direct that 10 percent of each border security appropriation made to Texas DPS be allocated to, "…addressing the security needs and maintaining the security of Gulf of Mexico ports to protect this state from acts of terrorism, illegal drug smuggling activities, human trafficking, and similar acts that would threat this state's security …" (SB 1270). Texas Parks & Wildlife (TP&W) is striving toward gaining support for TP&W to administer the grant of such funds to specific ports understanding that TP&W has much greater insight and experience working with, and within, Texas ports & port security.

Port Security Grant Program FY2017*:* Latest word is that the FEMA generated Notice of Funding Opportunity (NOFO) is expected to be published at the end of April/beginning of May 2017.



	Total Arrests	Subjects Taking Pictures (PC)	Security Breach (SB)	Suspicious Vehicle (UV)	Suspicious Persons (SU)	Suspicious Activity (SA)	Disturbance (DS)	Investigation / Other (OT)
17-Jan	6	3	1	26	5	23	2	17
17-Feb	4	5	2	23	11	16	0	10
17-Mar	5	1	1	31	10	22	2	11

EMERGENCY MANAGEMENT

Planning, Organization, Equipment, Training, Exercises (POETE)

Planning

- Completed Administration Building walk through with Corpus Christi Fire Department, Risk, Safety and Floor Captains.
- Continued coordination with Corpus Christi Metropolitan Planning Organization to obtain truck origin and destination information to analyze need for potential future routing studies for Non-Radioactive Hazardous Materials.
- Conducted Buffalo Street COOP site visit with IT & Port PD.
- Documents Submitted for Review:
    - Hazard Mitigation Action Plan Proposed Mitigation Actions
    - Administration Building Fire Drill After Action Report
- Documents in Progress:
    - Emergency Action Plan Revision
    - Marine Firefighting Standard Operating Procedure
    - Disaster Finance Plan
    - Hazard Mitigation Action Plan
    - Hurricane Plan Revision

Organization

- Established “Agenda Alerts” for designated personnel to send text and email deadline reminders.
- Continued bi-weekly meetings with Safety & Risk to review EM projects in progress. Additionally, participated in Safety RFP Evaluation.
- Continued coordination effort between Coastal Bend GIS Users Group clearing house project and Coastal Bend Council of Government Economic Development Committee’s action item for regional GIS access.
- Coordinated an inner harbor and Port familiarization site visit for the new South Texas Department of Homeland Security Infrastructure Protection Protective Security Advisor, Nueces County Office of Emergency Management Deputy Emergency Management Coordinator and our Texas Department of Public Safety Division of Emergency Management District Coordinator.
- Committees/Boards Attended
    - Coastal Bend GIS Users Group Regional Data Clearing House Work Group
    - Texas Emergency Management Advisory Committee & Subcommittees (Technology, WebEOC, GIS, First Responder)
    - Port Readiness Committee

- Coastal Bend Council of Governments Homeland Security Committee Grant Review Subcommittee
- Safety Committee
- Port Security Working Group
- Coastal Bend Council of Governments Homeland Security Committee
- Port Commission

- Goal statement prepared for new brochure:

  The primary goal of Emergency Management at the Port of Corpus Christi Authority is to ensure the effective management of response forces and resources in preparing for and responding to situations including natural disasters, national security emergencies and technological incidents. Emergency management continually works with other Port Authority departments, industry partners, area emergency management and public safety officials to lessen the impact that emergencies and disasters have on the port by focusing on the four phases of emergency management including preparedness, response, recovery and mitigation.

  The Emergency Management Department is responsible for developing and maintaining various emergency plans and contingencies for a wide variety of hazards. The Department ensures that all plans, training and exercises are conducted in accordance with the National Incident Management System and works closely with industry partners to assist with implementation throughout the port community.

  Port Emergency Management is dedicated to the relentless pursuit of a safe and prosperous port community.

- New logo with assistance from Communications

Equipment

- Participated on the grant review panel for FY17 State Homeland Security Grant Program Law Enforcement Terrorism Prevention Activities & Regular Projects.
- Participated in FY17 Port Security Grant Program Investment Justification project review.

Training

- Coastal Bend Hurricane Conference- Completed final conference schedule. Includes 45 unique training sessions and coordination of all presenters and panels.

- NIMS Implementation
    - Phase One IS 700 & 100 course completions due first week of May
    - Classroom Deliveries Scheduled at Maintenance (multiple department participation)
    - Online Training Ongoing
- Training/Outreach Conducted
    - March Safety Topic- Provided weekly training materials for distribution to all employees related to Severe Weather
    - Administration Building Emergency Action Plan Review & Fire Drill Overview- Mar 24
- Attended
    - Wellness Luncheon- Mar 2
    - Emergency Management Association of Texas Annual Symposium- Mar 6-8
    - OSHA/RCRA Marine & Inland Waterways Oil Spill Response- Mar 13-17
    - Hazard Mitigation Action Workshop- Mar 29
    - Safety Mirror Workshop- Mar 30

Exercises

- Conducted
    - Administration Building Fire Drill- Mar 28
- Attended
    - Corpus Christi International Airport Full Scale Exercise- Mar 24
    - Multi-Jurisdiction Improvised Explosive Device SWAT/Bomb Workshop- Mar 29

Incident Coordination

- Weather Potential/Awareness- 6 incidents
- 911 Service Outage- 1 incident
- Traffic Advisory- 2 incidents
- Industry- 1 incident

Emergency Management in the Community



Texas Emergency Management Advisory Committee Technology Subcommittee. Danielle Hale serves with various emergency management officials from across the state including several influential coastal counties including Harris, Brazoria and Nueces. The mission of this subcommittee is "to optimize state emergency management technologies and make them universally accessible and useful."

KLUX Radio Telethon Fundraiser. Executive Board members of the City of Corpus Christi-Nueces County Local Emergency Planning Committee (LEPC) answer phones during a pledge drive for KLUX 89.5. This excellent community partner provides invaluable free services to our region by assisting local emergency management officials deliver potentially lifesaving public safety messages. Pictured: Port Emergency Manager, KLUX General Manager, Nueces County Emergency Management Coordinator and Corpus Christi Environmental Affairs Manager.







Emergency Management coordinated an inner harbor and Port familiarization site visit for the new South Texas Department of Homeland Security Infrastructure Protection Protective Security Advisor, Nueces County Office of Emergency Management Deputy Emergency Management Coordinator and our Texas Department of Public Safety Division of Emergency Management District Coordinator. Thank you to Port PD for your hospitality!

OSHA/RCRA Marine & Inland Waterways Oil Spill Response Course
The course offered by the National Spill Control School provided a historical perspective of laws and regulations governing oil spill prevention and response including current methods for control, containment, countermeasures, removal, and disposal of oil spills in an environmentally safe manner. Field exercises included use of boats, booms and skimmers with support from the Corpus Christi Oil Spill Association.



Port Administration Building Fire Drill Success. Full building evacuation without incident in two minutes! Thank you for the extra help from Safety, Risk, Security & Maintenance Departments to help ensure this drill was a success.





ENVIRONMENTAL PLANNING & COMPLIANCE

Environmental Stewardship Measurements

Program Area	Mar 2017
Electrical – Green Energy Purchased (10% of Total KWHs)	144,624 KWHs
Spent Liquids Recycled	0 gallons
Materials Recycled	4,455 lbs
Components Recycled	71
Regional Air Quality (EPA Standard of 70 ppb)	~64 ppb
Community Complaints	0
Notice of Violations	0
Tenant Audits Completed	1
Bulk Terminal Air Monitoring Alerts (North Network-Bulk Terminal)	14
Bulk Terminal Air Monitoring Alerts (South Network-Dona Park)	4

Important Announcements

Port staff received notification on March 20, 2017 of significant number of illegally dumped batteries on Port property along the channel near the Viola Turning Basin that had become evident after the shoreline was eroded. The batteries were near a U.S. Coast Guard (USCG) maintained range light. The USCG didn't openly state that the batteries were associated with that range light but they did contract Miller Environmental to complete the cleanup and proper disposal of the batteries. A total of 57 batteries were removed.

Port staff received notification from Koch Pipeline environmental representatives regarding the contamination at La Quinta in which the source appears to be the former Rattlesnake Pipeline. Koch Pipeline agrees that preliminary indications are that it is from the former Rattlesnake Pipeline but are not claiming responsibility at this time. However, they have agreed to work with Port staff in further delineating and assessing to confirm.

Environmental Initiatives Dashboard

Listed below are the environmental initiatives planned or underway and the status of each:

Program	Description of Activities	Target Completion Date	% Complete	Status
Environmental Management System	Development of updated EMS video.	8/31/2017	25%	Ongoing
	ISO 14001 Certification: Surveillance Audit	7/2/2017	5%	Started
	Green Marine Self Evaluation	4/30/2016	30%	Started

Program	Description of Activities	Target Completion Date	% Complete	Status
Tenant Audit Program	Conduct routine annual audits of all leases on PCCA facilities.	12/31/2017	5%	Started
	Conduct routine lease-ending audits of terminated or completed lease agreements.	12/31/2017	5%	Ongoing
	Conduct baseline assessments of properties as applicable for new lease agreements.	12/31/2017	0%	Not Started
Storm Water	Conduct routine inspections and monitoring and sampling in accordance with applicable permits.	12/31/2017	8%	Ongoing
	Complete annual reports for previous year in accordance with applicable permits.	1/30/2017	100%	Completed
Ozone Advance	Participation in Air Quality Committee and Ozone Advance Working Groups.	12/31/2017	50%	Started
	Provide input to Annual Ozone Advance Report.	4/30/2017	100%	Completed

Environmental Projects Dashboard

Listed below are the budgeted capital, maintenance and professional services projects and the status of each:

Project Description (Proj. #)	Consultant Agreement Type	Description of Activities	Target Completion Date	% Complete	Status
Purchase of Software for EMS Recordkeeping (15-057A)	MA 05-14 E2 ManageTech, SO#4,5,6	RFP for software vendors.	1/29/2016	100%	Completed
		Vendor demonstrations.	3/11/2017	100%	Completed
		Negotiations with Successful Vendor.	4/15/2016	100%	Completed
		Commission approval of software purchase and implementation contract with successful vendor.	6/21/2016	100%	Completed
		Purchase/implementation of EMIS software.	5/31/2017	40%	Ongoing
General Electrical Consumption Reduction Projects (13-013A/16-704A)	Pending	Negotiating project scope with electrical engineering firm.	03/31/2016	NA	Cancelled – Not Needed
		Design electrical consumption reduction improvements.	06/30/2016	15%	Started
		Advertise RFQ for design-build.	2/28/2017	75%	Started
		Award contract.	3/21/2017	0%	Not Started
		Construction of project.	5/31/2017	0%	Not Started
Investigation and Remediation of Contamination from La Quinta Pipeline Removal/Relocation (14-002B)	MA –Platinum Environmental Solutions, LLC, SO# 1	Prepare and submit Groundwater Classification and Drinking Water Survey Reports to TCEQ.	3/7/2016	100%	Completed
		Prepare and submit APAR to TCEQ.	01/31/2017	100%	Completed
		Receive and respond to TCEQ comments.	11/30/2016	0%	Not Started
		Case closure with TCEQ.	11/30/2016	0%	Not Started
Investigation of Property Near Lift Bridge (14-002C)	MA – 06-14 Apex TITAN, SO# 1,2,3	Additional fieldwork to collect groundwater samples and verification soil samples.	3/28/2016	100%	Completed
		Prepare and submit APAR to TCEQ.	5/31/2016	100%	Completed
		Respond to TCEQ comments.	4/30/2017	75%	Started
		Case closure with TCEQ.	6/1/2018	0%	Not Started
Bulk Terminal Master Plan (16-009A)	Professional Services Agreements – Market Study Moffitt Nichol led by Commercial and Master	Commission Approval for RFP for Market Study.	4/19/2016	100%	Completed
		Advertise RFP for Market Study	4/30/2016	100%	Completed
		Shortlist firms and negotiate scope of work and fees.	5/25/2016	100%	Completed
		Commission approval of agreement	6/17/2016	100%	Completed
		Market Study Final Report	8/31/2016	100%	Completed
		Advertise RFQ for Master Plan	9/30/2016	100%	Completed

Project Description (Proj. #)	Consultant Agreement Type	Description of Activities	Target Completion Date	% Complete	Status
	Plan Cardno, Inc. led by internal Bulk Terminal Team	Shortlist firms and negotiate scope of work and fees.	10/6/2016	100%	Completed
		Commission approval of agreement	10/18/2016	100%	Completed
		Master Plan – Final Draft	4/30/2017	50%	Ongoing
Sampling to Support OD-3 Expansion Plans (14-058A)	MA 04-14 RSA, SO# 8	Fieldwork to conduct upland sampling per sampling plan.	10/1/2016	100%	Completed
		Prepare final report including recommendations for management of upland soils during construction project.	12/31/2016	100%	Completed
		Conduct source investigation/delineation of hot spots.	6/30/2016	5%	Started
		Develop final report summarizing source investigation and delineation of hot spots.	7/31/2016	0%	Not Started
Bulk Terminal Storm Water Quality Improvements (15-046A)	MA 14-01 LAN, SO# 3,7	95% Design submittal for Task 1a and Task 2	02/26/2016	100%	Completed
		100% design submittal and contract documents for advertisement for Task 1a and Task 2.	2/21/2017	95%	Ongoing
		Advertise for bid.	4/30/2017	0%	Not Started
		Commission approval for construction.	6/20/2017	0%	Not Started
		Construction completed.	8/31/2017	0%	Not Started
Bulk Dock 2 Air Permit (16-030A)	Pending Commission Approval	Negotiate Master Agreement and Service Order.	3/15/2016	100%	Completed
		Prepare and submit air permit authorization for salt at Bulk Dock 1.	5/31/2016	100%	Completed
		Prepare technical memo regarding removal/lowering of moisture content from existing permits.	5/31/2016	20%	Started
		Support Master Planning activities at the Bulk Terminal.	6/30/2017	25%	Started

Environmental Consultant Master Agreements and Service Orders

Listed below are the Environmental Consultant Master Agreements and associated Service Order values:

Consultant (MA#)	***2016 Service Order Amounts***	***2017 Service Order Amounts***
RPS, Inc. (02-14)	$49,918	$3,690
Trinity Consultants (03-14)	$48,000	$0
Rosengarten Smith and Associates, Inc. (04-14)	$0	$49,783
E2 ManageTech Inc. (05-14)	$140,622	$0
Apex TITAN, Inc. (06-14)	$119,844	$0
TRICORD Consulting, LLC (07-16)	$76,069	$30,900
Alan Plummer Associates, Inc. (08-16)	$62,604	$25,300
Cardno (09-16)	$49,343	$0
Platinum Environmental Solutions, LLC (10-16)	$96,837	$29,275
Total MA's	**$643,237**	**$138,948**

ENGINEERING SERVICES

As of February 28, 2017 (billing through January 31, 2017), the Port of Corpus Christi Authority Department of Engineering Services had invoicing of $2,769,900 for projects in progress. These projects consist of 58 Capital, 31 Maintenance, and 10 Professional Service projects. Below is a table detailing the 2017 budgeted amounts and the expended amount "to date" for capital, maintenance, and professional services projects.

Engineering Services April 2017 Report		
Project Type	**2017 Budget Amount**	**Expended to Date**
Capital	$65,133.769	$4,233,809
Maintenance	5,080,000	58,109
Professional Services	834,000	139,581
Total	**$71,047,769**	**$4,431,499**

**Includes federal, state & other grants/funds by others – No land or software.*

UPCOMING BIDS (PROJECTS > $50,000) / REQUEST FOR PROPOSALS

Mike Carrell Road Construction	(15-050A)
Fire System Pressurization Upgrades at North Bank Oil Terminal Facilities	(14-023A)
Nueces Bay Shoreline Revetment	(16-015H)
Kay Bailey Hutchison Road Maintenance & Upgrades	(16-027A/16-039A)
Viola Barge Basin Bulkhead Addition	(16-035A)
Oil Dock 3 Breasting Structure Replacement	(16-052A)

MASTER AGREEMENTS AND SERVICE ORDERS

Listed below are the Master Agreements implemented, including values of Service Orders and Amendments issued per year:

	2016*	**2017***
HDR, Inc. *(13-01)*	$363,100	
Freese and Nichols, Inc. *(13-02)*	$491,303	$84,292
Govind Development, LLC *(13-03)*	$49,900	
Hanson Professional Services, Inc. (formerly Naismith) *(13-04)*	$51,760	
CH2M Hill *(13-05)*	$1,623,780	$250,000
RVE, Inc. *(13-06)*	$48,900	
LNV, Inc. *(13-07)*	$137,690	
Coast & Harbor Engineering d/b/a Mott MacDonald *(14-03)*	$107,097	
LJA Engineering, Inc. *(16-01)*	$198,724	

**Includes separate Professional Services Contracts*

Corpus Christi Ship Channel - Channel Improvement Project (CCSC-CIP)

- Project Elements:
  - Widening and Deepening the CCSC to -52 feet MLT
  - Adding barge shelves on both sides of the ship channel across Corpus Christi Bay
  - Extending the La Quinta Channel 1.4 miles at -39 feet MLT
  - Constructing Ecosystem Restoration projects near Port Aransas and Ingleside on the Bay

- CCSC-CIP Status
  - Construction of Ecosystem Restoration Complete (2012)
  - La Quinta Extension Complete (2013)
  - Memorandum of Understanding with the Galveston District of the Corps of Engineers to Perform Sediment Testing Services Associated with Dredging the Entrance Channel of the Corpus Christi Ship Channel Channel Improvement Project (September 2016)
    - Allows for sediment sampling and analysis for dredge material from Contract 1 (Gulf of Mexico to Harbor Island) to be performed by the PCCA and those PCCA expenditures to be eligible for credit toward the PCCA's cost-share requirement for the CCSC-CIP.
  - Cooperative Research and Development Agreement with U.S. Army Engineer Research and Development Center (November 2016)
    - Sediment Testing and Analysis for Entrance Channel Reach
      - Start Date: January 3, 2017
      - Estimated Completion Date: September, 2017
- Authorizations:
  - Water Resources Development Act (WRDA) of 2007 - Project Authorized
  - Water Resources Reform an Development Act (WRRDA) of 2014 - Project Re-Authorized
  - Water Infrastructure Improvements for the Nation (WIIN) Act signed into Law December 16, 2016
    - Increases the channel depth for the 25% non-federal cost share from 20' – 45' to 20' – 50'
    - Increases the channel depth for the 50% non-federal cost share from depths in excess of 45' to depths in excess of 50'
    - Includes language that clarifies the remaining separable elements of the Channel Improvement Project which will allow the Army Corps of Engineers to continue work on the Channel Improvement Project and allow it to be considered for construction appropriations during the Federal budget process.
    - Authorizes feasibility studies to investigate the widening and deepening of the La Quinta Channel from 45 feet to 52 feet and construction of a new turning basin near the entrance to the Inner Harbor, to provide a more effective, safe and efficient waterway.

Ongoing Ship Channel and PCCA Dock Slip Maintenance Dredging

- Corpus Christi Ship Channel to Viola Turning Basin/La Quinta Channel
    - Includes Upper Bay, Portions of Inner Harbor, Portions of La Quinta and PCCA Oil Docks 1, 2, 4, 7, 8, & 11, Cargo Docks 8 & 9, and Bulk Terminal Dock 2
    - Current Schedule:
        - Start Date: December, 2016
        - Estimated Completion Date: September, 2017

PCCA Channel Improvement Business Plan Study

Develop a planning document and business plan for the Corpus Christi Ship Channel System to provide a cogent, codified planning and informational document to assist PCCA in making planning decisions for the PCCA's waterways, dredge material placement areas and beneficial use sites.

- Start Date: November, 2016
- Estimated Completion Date May, 2017

La Quinta Property Buffer Area Development

Surveying, development of conceptual buffer area layouts, and the acoustic modeling and analysis is near complete. Final engineering under negotiation. Construction scheduled to begin 4th Quarter 2017.

Department of Engineering Services
Project Design & Construction Status Report
DESIGN PROJECTS

Project No.	Project Title	Project Manager	% Completed
Capital			
14-036A	Ortiz Center Redevelopment Project (Preliminary Phase)	BF	20
14-061A	Maintenance Building Relocation	BF	10
15-016A	Tule Lake Rail Yard Upgrades and Modifications	BF	30
14-023A	Fire System Pressurization Upgrades at Oil Docks	BP	90
14-028B	Equipment Storage Building	BP	50
14-030A	Public Storage Pads Upgrade	BP	80
15-047A	Chiller Replacement at Ortiz Center	BP	
16-032A	General Improvements to Cargo Dock 9 Transfer Facility	BP	80
14-037A	La Quinta Terminal 600-FT Dock Development and 10-AC Yard	CM	90
16-067A	Bulk Terminal Paving Improvements (2016)	CM	90
16-035A	Viola Barge Basin Bulkhead Addition	DC	90
16-042A	Construction of Additional Lane & Security Gate at Avenue F Security	DC	100
09-019A	New Access Road to Good Hope DMPA	DJK	70
14-045B	Construction of 8-inch Water Line at La Quinta Property	DJK	50
16-038A	Increase DMPA Capacity for Federal, PCCA, and Thrid Party Use	DJK	90
15-043A	New Operator's Cab for Gantry Crane	DLM	90
15-050A	Mike Carrell Road Construction	DLM	90
15-061D	Security Grant 15 - Security Lighting along Fulton Corridor (25/75)	DLM	50
14-024A	Hoist Foundation & Gangway Support at Oil Dock 7	JEM	60
17-016B	Structural Improvements and Cathodic Protection at Oil Dock 7	JEM	60
15-040A	Concrete Paving Under Conveyor Belt 2	LGD	60
16-039A	Construction of Acceleration & Deceleration Lanes at La Quinta Terminal	LGD	90
15-041A	Improvements to Fire Protection Systems at Oil Docks 4, 7, 11	NEF	50
14-047A	La Quinta Gateway Terminal Upland Buffer Area	PDC	30
Maintenance			
16-018A	Roadway and Parking Lot Repairs (2016)	BP	50
16-047A	Resurfacing of North Side Open Storage Area	EM	40
16-023A	Main Water Line Vault Valves ($100,000) Replacement at Ortiz Center	JEM	40
15-032A	Bulk Dock 1 ($120,000) Storage Building Upgrades	LGD	100
16-027A	Kay Bailey Hutchinson Road Maintenance	LGD	90

Department of Engineering Services
Project Design & Construction Status Report

CONSTRUCTION PROJECTS

Project No.	Project Title	Project Manager	% Completed
Capital			
14-028A	Bulk Terminal Office Renovation	BP	100
15-053A	Reconstruction of Sam Rankin Road (24/76)	BP	100
16-033A	New Public Oil Dock 15	BP	50
15-061C	Security Grant 15 – Perimeter Fencing at Bulk Terminal (25/75)	CM	100
07-046C	Tule Lake Foundation Removal	DLM	
13-032A	Construction of Oil Dock 14	DLM	100
13-043A	Nueces River Rail Yard Phase - II	DLM	80
15-035A	Upgrades and Repairs to Bulk Dock 2 Marine Structures	EM	30
15-030A	General Improvements to Oil Dock 6	JEM	70
12-031B	La Quinta Terminal Mitigation – Aquatic Habitat – Phase II	PDC	50
Maintenance			
15-039B	Marine Improvements at Oil Dock 2	JEM	90
16-049A	Maintenance Painting at BT	JEM	90