

NOTICE OF MEETING

The Port Commission ("Commission") of the Port of Corpus Christi Authority ("PCCA") will hold a Regular Session Meeting on Tuesday, April 21, 2015, at 9:00 AM, at the Congressman Solomon P. Ortiz International Center, 402 Harbor Drive, Corpus Christi, Texas.

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

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

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

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

The agenda for the meeting is as follows:

1. Call meeting to order; Safety Briefing; Pledge of Allegiance; Invocation; and receive conflict of interest affidavits.
2. Approve the minutes of the March 17, 2015 Commission meeting.
3. Receive comments from the public. *(Each speaker will be limited to three minutes.)*
4. Appoint PCCA's representative on the Corpus Christi Chamber of Commerce board.
5. Receive Windstorm Insurance Reform presentation from Commissioner Charles Zahn.
6. Receive committee reports from the following Commission committees:
 - a. Security
 - b. Audit
7. Receive staff reports on the following matters:
 - a. Water
 - b. Channel Improvement Project
 - c. Bulk Terminal
 - d. Legislative Update
8. Receive and approve the PCCA Comprehensive Annual Financial Report for the year ending December 31, 2014.
9. Discuss and approve a Resolution by the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, authorizing the issuance, sale, and delivery of the

- “Port of Corpus Christi Authority of Nueces County, Texas, Revenue Bonds, Series 2015-A (Tax-Exempt Non-Amt)” and “Port of Corpus Christi Authority of Nueces County, Texas, Revenue Bonds, Series 2015-B (Taxable)”;
- approving and authorizing the execution of a Purchase Contract, a Paying Agent/Registrar Agreement; approving and authorizing an Official Statement and the distribution thereof; approving and authorizing all other instruments and procedures related thereto; delegating authority to the Chair of the Port Commission or the Executive Director to approve all final terms of the Bonds; and providing for an immediate Effective Date.
10. Approve changes to Item 669, “Access to Port Authority Property,” in the PCCA’s Tariff 100-A.
 11. Approve a Resolution approving Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation’s Federally-Approved Disadvantaged Business Enterprise Program for the Nueces River Rail Yard - Phase II project.
 12. Authorize staff to submit a TIGER Grant application for improvements associated with PCCA's La Quinta Terminal Multipurpose Dock.
 13. Approve Grant Applications for various PCCA security projects under the Port Security Grant Program FY-15.
 14. Approve Lease Option Agreement and Lease Agreement with KM Liquids Terminals, LLC, for land on the north side of the Tule Lake Channel.
 15. Award contract to Apollo Environmental Strategies, the lowest and best bidder based on bids received on April 7, 2015, for the La Quinta Terminal Aquatic Habitat Mitigation project.
 16. Approve a Service Order with Coast & Harbor Engineering Inc. for Engineering and Inspection Services for the La Quinta Terminal Aquatic Habitat Mitigation project.
 17. Consent Agenda. The Port Commissioners have been furnished with supporting documentation and staff’s recommendation for each of the following items. All Consent Agenda items will be approved, in accordance with the respective staff recommendations, by one vote without being discussed separately unless a Port Commissioner requests otherwise:
 - A. Approve 2015 Agreement and Third Amendment of NuStar Logistics, L.P.’s 31.35-acre lease located along the Joe Fulton International Trade Corridor.
 - B. Approve Raw Water Pipeline Easement Agreement with voestalpine Texas Holding, LLC, at the PCCA’s La Quinta Terminal property.
 - C. Approve Easement Agreement with AEP Texas Central Company for the relocation of a power line located at the M&G Resins USA, LLC site.

- D.** Approve a Service Order with WKMC Architects, under its Professional Services Master Agreement, for additional coordinating architect services associated with the proposed PCCA office facility at the Ortiz Center.
 - E.** Approve purchase order with Richmond Engineering Works, LLC for design services for the replacement of the Gantry Crane operator's cab.
 - F.** Award contract to Moog, Inc., the lowest and best bidders based upon bids received on March 31, 2015, for the purchase of security cameras and cables under Port Security Grant 13 – Security Maintenance/Upkeep Project.
 - G.** Award contract to Applied Industrial Technologies, the lowest and best bidder based on bids received on April 1, 2015, for the purchase of idlers for conveyor belts at the Bulk Terminal.
 - H.** Award contract to Haas-Anderson Construction, Ltd., the lowest and best bidder based upon bids received on March 6, 2015, for the CB-4 Rail Unloading Pad project.
 - I.** Approve the purchase of a riding mower from Gulf Tractor Co.
 - J.** Approve Change Order to construction contract with Diamond K Services Inc. for the 2015 Inner Harbor Railroad Upgrades and Improvements project for drainage improvements.
 - K.** Approve purchase order with Republic Services El Centro Landfill for disposal of wastes generated during PCCA construction projects.
- 18.** Receive report from the Executive Director on upcoming community events, PCCA events and activities of the following PCCA departments during the preceding month: business development, community relations, government affairs, operations, engineering services, accounting, and human resources.
 - 19.** Receive comments from Port Commissioners on any of the agenda items for this meeting, the PCCA's activities during the preceding month, upcoming PCCA events, and suggestions for future agenda items.
 - 20.** The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate purchasing property on the north side of the Inner Harbor. The Commission may take action on this purchase in open session.
 - 21.** The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate purchasing property in San Patricio County for the development of the La Quinta Terminal. The Commission may take action on this purchase in open session.
 - 22.** The Commission will go into executive session pursuant to §551.072 of the Texas Government Code to deliberate purchasing property near the La Quinta Ship Channel.

NOTICE OF MEETING

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23. The Commission will go into executive session pursuant to §551.074 of the Texas Government Code to deliberate the employment of the following personnel: Chief Operating Officer and Chief Commercial Officer.
24. Adjourn.

DATE: April 21, 2015
FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 2

Approve the Minutes of the March 17, 2015 Commission meeting

**OFFICIAL MINUTES OF PORT COMMISSION MEETING
MARCH 17, 2015**

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 17, 2015, at 9:00 a.m., for the regular monthly meeting of the Port Commission.

Present: Ms. Judy Hawley
Mr. Charles Zahn
Ms. Barbara Canales
Mr. David P. Engel
Mr. Richard Valls
Mr. Richard L. Bowers
Mr. Wayne Squires

Present: Mr. John P. LaRue
Ms. Patricia Cardenas
Mr. Dennis DeVries
Mr. David Krams
Mr. Ruben Medina
Ms. Sandra Terrell-Davis
Ms. Nelda Olivo
Mr. John Pasch
Mr. Tom Mylett
Mr. Darrin Aldrich
Mr. Eric Battersby
Mr. Rodney Eulenfeld
Ms. Audre Debler
Mr. Gilbert Acevedo
Ms. Lynn Angerstein
Mr. Bland Chamberlain
Ms. Sherry DuBois
Mr. Brett Flint
Mr. Tyler Fuhrken

Ms. Sarah Garza
Ms. Angela Leyva
Ms. Sonya Lopez
Mr. Dave Michaelson
Mr. Jacob Morales
Mr. Bert Perez
Ms. Maggie Turner
Mr. Bennie Benavides
Ms. Teresa Betzold
Ms. Liz Cantu
Mr. Raymond Cantu
Mr. Joe Hinojosa
Ms. Peggy Mettlen
Mr. Matt Garcia
Ms. Vicky Garza
Mr. Louis Saenz
Mr. Jesse Samu

Others Present:

Mr. Leo J. Welder, Jr.
Mr. Dane Bruun

Others Present:

Ms. Connie Rivera
Mr. Bill Twilson, II
Mr. William McCord
WKMC Architects
Mr. Tom Carlisle
Carlisle Insurance
Ms. Doreen Harrell
Kailo Communications
Mr. Don Rodman
Rodman Co.
Mr. John Michael
NEI
Mr. Ray Allen
Ms. Alice Sanches
CB Bays & Estuaries
Mr. Pete Perkins
Mayor - City of Ingleside
Mr. Tom Moore
Consultant
Mr. Bill English
Ms. Susan English
Ms. Sue Zimmerman

Cheniere
Mr. Scott Harris
LAN
Ms. Gretchen Arnold
CCAQG
Mr. David Underbrink
Mr. Allen Beyer
Naismith Engineering
Mr. Larry Perryman
Bay-Houston Towing
Mr. Joe Guzman
Robstown Economic Dev. Corp.
Mr. Sidney Faas
Mr. Stacey Black
CH2M Hill
Mr. Matt Pastl
voestalpine
Mr. Iain Vasey
CCREDC
Capt. Louis Adams
Aransas/CC Pilots
Mr. Oscar Martinez
LNV
Mr. Roger TenNapel
Flint Hills Resources
Mr. Xavier Valverde
G&H Towing Co.
Mr. Terry Arnold
Consultant

I.

Chair Hawley called the meeting to order and asked for conflict of interest affidavits. None were submitted.

II.

On motion made by Mr. Engel and seconded by Mr. Valls, the Commission approved the minutes of February 17 and March 5, 2015 Commission meetings in the form presented to the meeting.

III.

The Chair asked for comments from the public. Ms. Hawley then recognized employees with 30 years of service with PCCA.

IV.

On motion made by Mr. Zahn and seconded by Mr. Valls, the Commission adopted the following resolution:

RESOLUTION IN MEMORY OF GUIDO GHISOLFI

WHEREAS, Guido Ghisolfi was born in Italy in 1956 and received a degree in chemical engineering, which led to his career as a researcher focusing on solid state technology; and

WHEREAS, Guido Ghisolfi became the head of research and development of the M&G Group in 1984 and went on to become Managing Director of the engineering company of the M&G Group, which is now a world technology leader in polyester production; and

WHEREAS, Guido Ghisolfi was an entrepreneur who, together with his father Vittorio and his brother Marco, built the Mossi & Ghisolfi Group into one of the global leaders in the field of plastics and chemicals derived from renewable sources; and

WHEREAS, Guido Ghisolfi holds several patents for both bottle grade polyester production and barrier polyester for the packaging of juices and alcoholic drinks; and

WHEREAS, Guido Ghisolfi has been recognized by the Advanced Bioeconomy Leadership Conference and is ranked in the Top 125 People in the Advanced Bioeconomy; and

WHEREAS, Guido Ghisolfi was Chief Executive Officer of Beta Renewables, the first commercial-scale cellulosic ethanol plant to develop and deploy a low-cost cellulosic biofuels technology, known as Proesa; and

WHEREAS, Chemtex, the parent company of Beta Renewables, employs approximately 1,000 staff members located in key centers throughout the world, including Tortona and Rivalta in Italy; Wilmington, North Carolina and Sharon Center, Ohio, in the USA; Shanghai and Beijing in China; and Mumbai, Bangalore and Baroda in India; and

WHEREAS, Guido Ghisolfi was also Vice President of Italy's second largest chemical firm, Grupo M&G, which is presently the world's largest producer of PET for packaging applications and a technological leader in the polyester market, with manufacturing assets in Brazil, Italy, Mexico, the USA; and

WHEREAS, under his leadership, Gruppo M&G has committed significant funds to construct a PET and PTA plant in Corpus Christi, bringing jobs and capital funds into the local economy.

NOW THEREFORE BE IT RESOLVED, that the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, hereby honors Guido Ghisolfi and is grateful for his talent, ingenuity and perseverance in bringing a new efficient and effective source of renewable fuel for the world and for his belief and investment in the Coastal Bend by committing almost a billion dollars for a PET plant in Corpus Christi.

BE IT FURTHER RESOLVED, that this resolution be made a part of the permanent minutes of this Port Commission and that a copy of this resolution be presented to his family and the officials at the M&G Group.

V.

The Commission received a Windstorm Insurance Reform update from Mr. Zahn.

VI.

A. The Commission received a report from the Chair of the Security Committee.

The Chair stated that Agenda Item **XXVIII** would be considered next. The Commission then received a report from Stacey Black, with CH2M Hill, regarding staffing and organization of Port Security.

B. The Commission received a report from the Chair of the Audit Committee.

VII.

The Commission received status reports on the following matters from Mr. LaRue:

- A.** Water
- B.** Channel Improvement Project
- C.** Bulk Terminal

The Chair stated that Agenda Item **XXIX** would be considered next. The Commission then received a presentation from Gretchen Arnold on the EPA's proposed revisions to the National Ambient Air Quality Standards for ozone. Mr. Engel moved that PCCA staff be authorized to submit formal comments to the United States Environmental Protection Agency opposing lowering the National Ambient Air Quality Standard for zone. Mr. Bowers seconded the motion, and the motion passed by majority vote.

VIII.

The Commission received a presentation from voestalpine Texas Holding, LLC on the status of construction at the company's direct reduction plant located on the PCCA's La Quinta property.

IX.

The Commission received a presentation on the status of PCCA's proposed office building at the Ortiz Center.

X.

On motion made by Mr. Valls and seconded by Ms. Canales, the Commission approved a Service Order with Naismith Engineering, Inc., under its Professional Services Master Agreement, in an amount not to exceed \$34,750, for engineering design services associated with Port Area Signage & Landscaping Improvements project.

XI.

In connection with the renewal of PCCA's property insurance , on motion made by Mr. Valls and seconded by Mr. Engel, the Commission approved, in accordance with the recommendations of staff and Carlisle Insurance, PCCA's insurance consultant, presented at the meeting, the renewal of PCCA's property and terrorism insurance for the 12-month period beginning April 1, 2015 for a total premium of \$1,421,661, which includes a cap on PCCA's deductible for storm surge and flood.

XII.

On motion made by Mr. Valls and seconded by Ms. Canales, the Commission approved, in the form presented to the meeting, the Third and Final Reading of a Franchise granting Corpus Christi Liquefaction, LLC (Cheniere Energy, Inc.), the right to cross the north bulkhead line of the La Quinta Ship Channel from its property adjacent to the channel and related rights.

XIII.

On motion made by Mr. Bowers and seconded by Mr. Engel, the Commission approved, in the form presented to the meeting, an amended and restated Port Development Services Agreement with Coastal Bend Bays and Estuaries Program for the 2015 calendar year. The total compensation payable to the CBBEP under the new agreement is \$150,000.

XIV.

On motion made by Mr. Valls and seconded by Mr. Engel, the Commission approved, in the form presented to the meeting, an Interlocal Cooperation Agreement with the City of Corpus Christi for road and utility improvements on Sam Rankin Street.

XV.

On motion made by Mr. Valls and seconded by Mr. Engel, the Commission approved a Service Order with LNV, Inc., under its Professional Services Master Agreement, in an amount not to exceed \$159,398.49 for engineering services associated with an Interlocal Cooperation Agreement with the City of Corpus Christi and the road and utility improvements of Sam Rankin Street.

XVI.

On motion made by Mr. Engel and seconded by Mr. Squires, the Commission authorized staff to submit a Transportation Alternatives Program Grant application for up to \$1,000,000 (with up to \$200,000 in PCCA matching funds) for the extension of the Joe Fulton International Trade Corridor bicycle path.

XVII.

On motion made by Mr. Zahn and seconded by Mr. Squires, the Commission awarded contracts to:

1. CNB Equipment in the amount of \$66,072.00, for the purchase of two Doosan D308-7 forklifts;
2. Nueces Power Equipment in the amount of \$225,807.23 for two Case 586H forklifts and one Case 588H forklift; and
3. H&V Equipment Services Inc., in the amount of \$111,848.23 for one Load Lifter 2412-15D forklift;

and directed that all of PCCA's old equipment being replaced by the foregoing new equipment be rendered unusable and scrapped.

XVIII.

On motion made by Mr. Valls and seconded by Mr. Squires, the Commission approved, in the form presented to the meeting, a Temporary Road and Dock Use Agreement with Chemtex International, an affiliate of M&G Resins, to use the Bulk Terminal facilities to receive and transport components and equipment associated with the construction of the company's plastics manufacturing facility. Standard wharfage and dockage fees will apply to these shipments.

XIX.

On motion made by Mr. Engel and seconded by Mr. Valls, the Commission approved, in the form presented to the meeting, PCCA's fourth quarter Investment Report for 2014.

XX.

On motion made by Mr. Engel and seconded by Mr. Zahn, the Commission adopted the following resolution:

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

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

WHEREAS, the Authority expects to pay capital expenditures in connection with the design, planning, acquisition, construction and equipping of the following improvements (the "Projects") prior to issuance of bonds to finance the Projects:

- a) La Quinta Infrastructure Terminal Mitigation & Terminal Buffer Area - create approximately 100 acres of green space (currently expected not to exceed \$3,940,000);
- b) La Quinta Infrastructure Terminal Mitigation Aquatic Habitat - create approximately 25 acres of aquatic habitat of submerged seagrass and smooth cordgrass emergent wetland vegetation (currently expected not to exceed \$4,020,000);
- c) La Quinta Terminal General Purpose Dock & Storage - design and construct a 1000 foot long multipurpose dock and adjacent storage yard (currently expected not to exceed \$80,000,000); and
- d) Permian Storage Yard - develop approximately 18 acre site for general cargo storage (currently expected not to exceed \$8,000,000); and

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

WHEREAS, it is hereby further officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code and the Bylaws of the Issuer;

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

Section 1. EXPECTATION TO INCUR DEBT. The Authority reasonably expects to incur debt, as one or more series of obligations, with an aggregate maximum principal amount currently estimated not to exceed \$95,960,000, a portion of the proceeds of which are expected to be used for the purpose of paying the costs of the Projects.

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

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

XXI.

On motion made by Mr. Valls and seconded by Mr. Engel all items on the Consent Agenda were approved by one vote, in accordance with the respective staff recommendations furnished to the Commission at the meeting. These items were as follows:

- A.** Approve a Pipeline Easement Agreement with Oxy Ingleside Oil Pipeline, LLC for pipeline crossing PCCA property at and near the Nueces Bay River Rail Yard and the Viola Channel.
- B.** Approve Amendment to Easement with San Patricio County Drainage District along the eastern boundary of PCCA's La Quinta Property, Tract I.
- C.** Approve 14.23-acre Drainage Easement Agreement with San Patricio County Drainage District for Drainage Ditch located along the western boundary of PCCA's La Quinta Property, Tract II.
- D.** Approve Easement and Right-of-Way Agreements with AEP Texas Central Company for underground distribution lines at the Bulk Terminal and crossing the Joe Fulton International Trade Corridor.

- E.** Approve change order to contract with Russell Marine, LLC for the construction of Public Oil Dock 14 project to reduce length of steel piles.
- F.** Approve a service order with HDR Engineering, Inc., under its Professional Services Master Agreement, for additional engineering services associated with Public Oil Dock 14 and Entrance Road projects.
- G.** Approve a service order with CH2M Hill Engineers, Inc., under its Professional Services Master Agreement, for the Savage Lane Drainage Improvement project.
- H.** Award contract to Rabalais I&E Constructors, the lowest and best bidder based on bids received on February 26, 2015, for construction of camera poles associated with Security Grant 13 - La Quinta/Gulf Intracoastal Waterway Surveillance project.
- I.** Approve the purchase of security cameras under Port Security Grant 13 - La Quinta/Gulf Intracoastal Waterway Surveillance Project.
- J.** Approve a purchase order with Dell Financial Services for leasing of computers and servers under a Master Lease Agreement between the State of Texas Directory of Information Resources and Dell Financial Services.

XXII.

The Executive Director reported on the following during his report: Update on Overweight Corridor legislation; re-establishment of Rail District powers of eminent domain; Omnibus Bill; meeting with Chairman Shuster; Coastal Bend to DC effort; and Rail Yard ribbon cutting.

XXIII.

Chair Hawley asked for comments from Commissioners.

At 11:08 a.m. Chair Hawley announced that the Commission would go into executive session pursuant to §551.071 and §551.072 of the Texas Government Code to deliberate agenda items 24, 25, 26 and 27.

At 12:23 p.m. the Commission reconvened into open session.

XXIV.

This item was for executive session only: To deliberate purchasing property on (a) the north side of the Inner Harbor, and (b) the south side of the Inner Harbor.

XXV.

This item was for executive session only: To deliberate purchasing property in San Patricio County for the development of the La Quinta Terminal.

XXVI.

On motion made by Mr. Zahn and seconded by Mr. Squires, the Commission approved, in substantially the form presented to the meeting, an Agreement between The Department Of The Army and PCCA for Disposal of Material in Confined Dredged Material Disposal Facility – Inner Harbor (IH) PA-6 (Tule Lake) Corpus Christi Ship Channel, Nueces County, Texas, and authorized the Executive Director to execute the agreement on behalf of PCCA with such changes therein as shall be approved by the Executive Director, his execution thereof to constitute conclusive evidence of such approval.

XXVII.

On motion made by Mr. Zahn and seconded by Mr. Squires, the Commission approved the settlement agreement recommended by counsel for Cause No. 2014-CCV060700-4, *Haas Resources, Inc. vs. Benjamin Duenes Garcia and Industrial Development Corporation of Port of Corpus Christi*; in the County Court at Law No. 4, Nueces County, Texas.

XXVIII.

See minutes following Agenda Item VI.A.

XXIX.

See minutes following Agenda Item VII.

XXX.

There being no further business, the meeting adjourned at 12:25 p.m.

AGENDA ITEM NO. 3

NO ATTACHMENT

AGENDA ITEM NO. 4

NO ATTACHMENT

AGENDA ITEM NO. 5

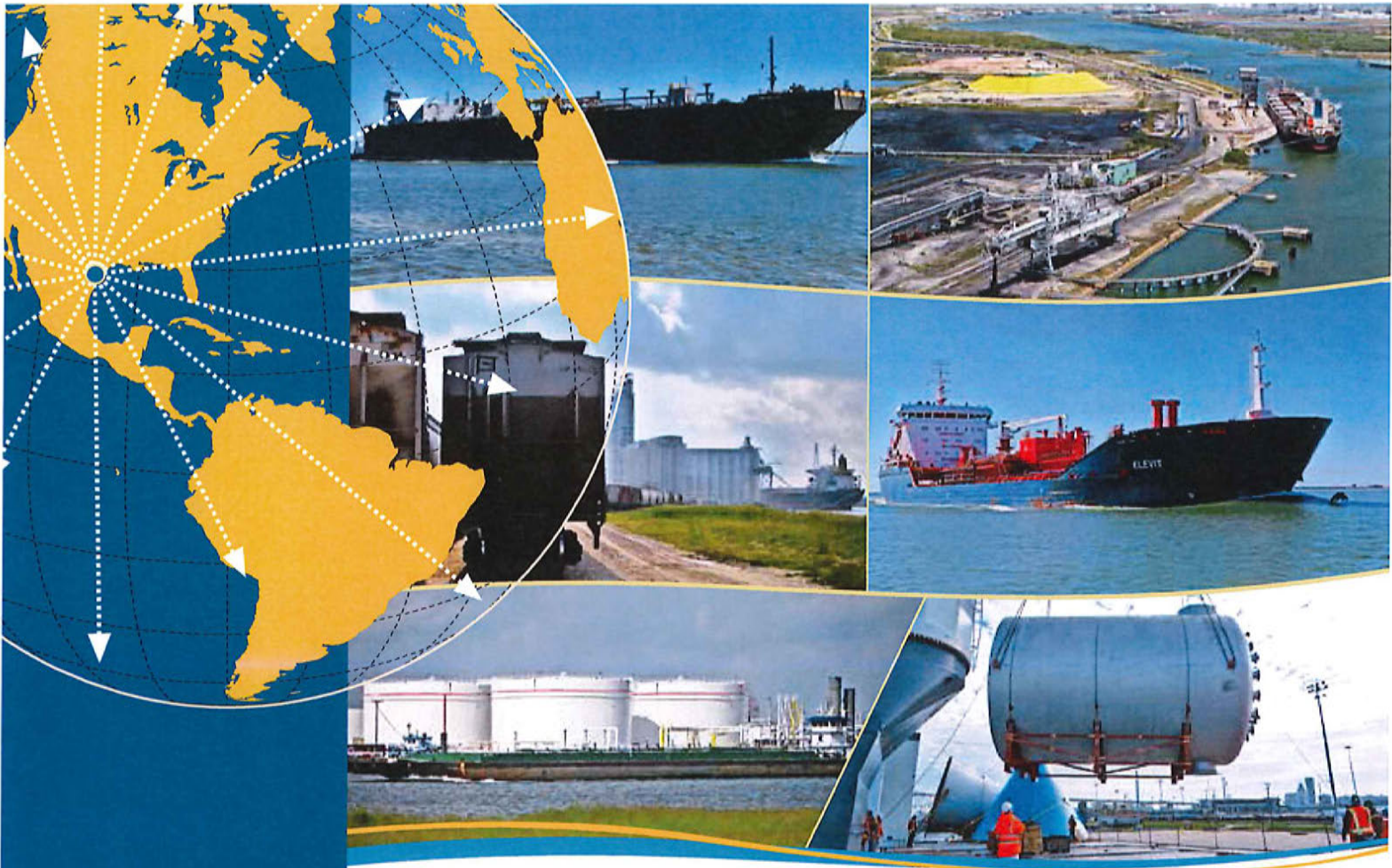
NO ATTACHMENT

AGENDA ITEM NO. 6

NO ATTACHMENT

AGENDA ITEM NO. 7

NO ATTACHMENT



PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Years Ended December 31, 2014 and 2013



PORTCORPUS CHRISTI™



Port Corpus Christi docks active

in the record breaking year!

Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Years Ended December 31, 2014 and 2013

Prepared by the Finance Department

Dennis J. DeVries
Director of Finance

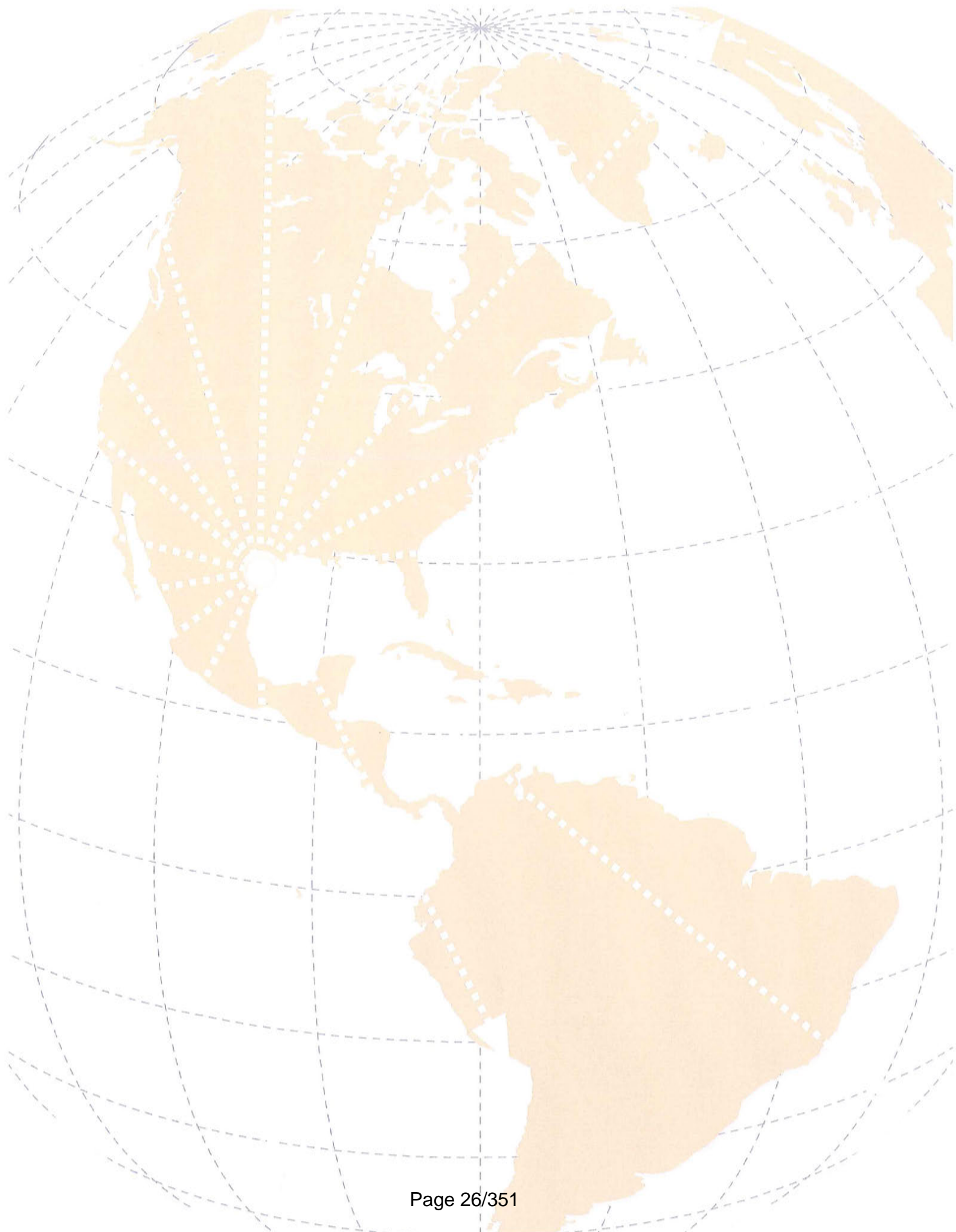


Petroleum
84,383,180
SHORT TONS

INTRODUCTORY SECTION



PORT CORPUS CHRISTI™



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March 31, 2015

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, 2014.

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, 2014. 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 consist of both Authority owned and privately owned facilities. The Authority owned docks consist of seven general cargo docks, thirteen liquid bulk cargo 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 forty-four privately owned docks are located at the Port of Corpus Christi, and 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. The Authority has served the local economy for eighty eight years, and is continually upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies, or supply utilities such as electricity and steam. Local refineries have made investments that permit them to provide clean burning gasoline during the ozone alert months and the port industries continue to support a voluntary program 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: "It is the mission of the Port of Corpus Christi to leverage commerce to drive prosperity. In pursuit of this mission, the Authority shall be guided by the following basic principles:

(1) the Authority shall protect and enhance the Port's existing industrial base; (2) conduct affairs in a positive and cooperative manner; (3) the Authority shall operate in a fiscally responsible manner; (4) the Authority shall be a positive and proactive force in the protection of the region's marine and water related resources; and (5) the Authority shall be committed to serving the Port's customers, present and future."

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The findings from a 2011 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 Ortiz Center. The previous economic impact study for the Authority was in 2008. Three years later, the 2011 report showed similar increases. In 2008, the Authority created 40,560 jobs, generated \$282.2 million in state and local taxes, and provided \$1.6 billion in business revenue. Today, the Authority creates approximately 66,502 jobs with 13,746 direct jobs generated from marine cargo and vessel activity. The Authority generates an additional 16,767 induced jobs that are the result of purchases by the direct jobs. The remainder of total jobs is comprised of 15,607 indirect jobs supported by the local purchases of businesses supplying services or dependent upon the Authority and 20,382 related user jobs from shippers and consignees. The 66,502 jobs provided \$4.0 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$13.1 billion in revenue for businesses providing services to the Authority and port industries, and the Ortiz Center. More than \$314.9 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 tourist dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life for everyone in the local surrounding 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, and the Authority's unrestricted net position of \$161 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' deep 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 contracts to deepen and widen the Corpus Christi Ship Channel and to add barge shelves are pending appropriation of funding.

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 the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000-acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines and steel pipe. The final designs for an initial phase of both the water and land-side infrastructure improvements for the multipurpose facility began in 2014 and are expected to be completed in Summer 2015.

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 470 acres. Voestalpine's initial construction phase consists of a hot briquetted iron facility (HBI) which will include a 1,000-foot long dock facility along the recently constructed La Quinta Channel extension. The HBI plant is under construction and planned to be operational in 2015 and will employ approximately 150 people.

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 223 railcars. The total cost of Phase I is approximately \$19 million, and construction will be complete in 2015. Funding is being provided by a \$10 million United States Department of Transportation 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. The total cost of Phase II is approximately \$28 million, with \$22 million in funding from the Texas Department of Transportation and Authority cash reserves. Phase II of the project is under design and permitting, with construction scheduled to begin in 2015 and be complete in early 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 cargoes at the Authority.

MAJOR INITIATIVES - 2014

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 eighth year of ISO 14001 certification and its tenth year of implementation. Each year, the program undergoes a detailed external audit to maintain its ISO 14001 certification. The EMS program is driven by a team of Authority employees from the various operational areas with the full support of management. During the past nine 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. In 2014, the Authority reduced the number of spills that occurred by 75% since 2010, purchased 10% of its total electricity from green energy sources and reduced overall electrical consumption by 60% since 2012. The Authority has maintained a very successful recycling program that has recycled over 444,475 pounds of material, along with 15,268 gallons of material that would have otherwise gone as waste to a landfill.

Wind Energy

American wind farms currently provide enough power for more than 18 million typical homes. Wind installations in Texas led the way in 2014 with over 1,800 MW of new capacity, for total US installations in 2014 at 4,854 MW and to-date installations at 65,879 MW. The Port of Corpus Christi established its mark in 2007 as an essential transportation variable for this renewable industry and stood ready for its import/export rebound in 2014. The task to provide optimum facilities and staging areas to worldwide project cargo customers was enhanced in 2014 with the development of an additional lay-down site. This seemingly small contribution was immediately welcomed and sought after by the wind industry as manufacturers rush to stay ahead of on-time deliveries to job sites nationwide. The Authority's access to docks, staging areas, rail and uncongested highway systems offers the necessary transportation modes to assure short or long-term deliveries for all types of cargo, including wind components. In the meantime, efforts are constantly made by the industry to allow for a Production Tax Credit (PTC) multi-year extension, therefore lessening the threat of another lapse in wind energy production as seen in 2013. Wind-rich Texas leads the nation with over 1,000 MW of wind capacity in advanced development or under construction. The Port strives to maintain its established position within this renewable energy industry as the "Wind Port of the Gulf", thus adhering to its vision to be THE energy port of the Americas.

Eagle Ford Shale

The Eagle Ford Shale (EFS) play in South Texas continues to be a huge economic stimulator for the Region, State and the Nation. By the end of 2014, estimates for overall economic impact of the 21-county area including Nueces and San Patricio Counties topped \$87 billion, up from the projected \$61 billion in 2013 and supported over 155,000 jobs in the region. Although the price of oil has dropped and caused drilling exploration to slow down, the Authority continues to play a vital role as the logistical and distribution center for cargoes used in drilling, fracturing, and pipeline placement. Our proximity to the Gulf Coast with deep draft, allows us to be an ideal solution for oil and gas companies looking to create transloading hubs to import bulk materials and export refined products or to transfer crude oil and condensate to other refineries throughout the U.S. Barite continues to come by bulk vessels from China, Morocco, India and Mexico, while frac sand comes by rail and barge from the upper United States midwest region. 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 Shale.

Bulk Terminal

The bulk terminal continues plans for expansion and upgrades that will facilitate more reliable and environmentally sound methods to move bulk materials. The gantry crane on Bulk Dock 1 was outfitted with new DC drives, a programmable logic controller (PLC), and travel motors. At Bulk Dock 2, conveyor covers are being upgraded to full covers over the conveyor belts.

On-going Construction Projects and Marketing Efforts

Capital expenditures were made in 2014 to deepen the La Quinta Channel extension to 45 foot, for water lines and an access road at the La Quinta facility, to construct the Nueces River Rail Yard, to upgrade the fendering and replace the PLC and drives on the gantry crane at the bulk dock, for improvements to the Authority's rail system, construction of a new public oil dock and barge mooring area, rehabilitation of a dredge placement area, upgrading the fire protection system at the Avery Point oil docks, improvements to the Permian Yard, and Security Grant projects that added surveillance and lighting at the Authority's Nueces River Rail Yard site. All of the security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded.

Several of these major capital projects carried over and are projected to be completed in 2015 including the Nueces River Rail Yard, the new public oil dock and barge mooring area, and the Permian Yard improvements.

The growth of the Authority's cargo tonnage is focused on its cargo diversification efforts. The Authority continues a more aggressive marketing effort identifying new business opportunities and seeking new markets. The Business Development Department has the directive to diversify and bring additional cargoes and clients to the Authority. In 2014, the Business Development team continued its efforts to meet with freight forwarders, shipping agents and shipping lines in pursuit of this directive. As a result of their efforts, raw and finished steel products are arriving at the Authority. In addition, two agreements were signed with Palermo Terminal, Colombia and Pharr International Bridge, Pharr, TX. Presentations on the "Liner Service" project to exporters/importers domiciled in a 400 mile radius of the authority were received with positive response. General cargoes such as frac-sand, steel pipes and machinery have also increased. In addition to these efforts, a new entity is constructing a facility at the Rincon Industrial District to handle raw bulk barite and process it for destinations within the Eagle Ford Shale area and beyond.

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 U.S. – 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, 2013. This was the thirty-first consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully Submitted,

John P. LaRue
Executive Director

Dennis J. DeVries
Director of Finance



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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director		John P. LaRue
Managing Director		Frank C. Brogan
Director of Engineering Services		David Krams
	Chief Engineer	David L. Michaelson
	Senior Project Engineer	Dan Koesema
	Senior Engineer/Planner	Brett Flint
	Real Estate Manager	Darrin Aldredge
	Environmental Compliance Manager	Sarah Garza
	Coastal Environment Planning Manager	Paul Carangelo
Director of Finance		Dennis J. DeVries
	Chief Accountant	Audre Debler
	Accounting Manager	Lynn Angerstein
	IT Manager	Tyler Fuhrken
Director of Operations		Anthony "Tony" Alejandro
	Deputy Director of Operations	John Pasch
	Harbormaster	Ray Harrison
	Manager of Bulk Terminal	Richard "Eric" Battersby
	Manager of Dock and Rail Operations	John Slubar
	Manager of Foreign Trade Zone	Sonya Lopez-Sosa
	Maintenance Manager	David Villarreal
	Safety Manager	Angela Leyva
Chief of Port Security		Tom Mylett
	Police Captain	Eric Giannamore
Director of Business Development		Ruben C. Medina
	General Cargo & Tariff Manager	Maggie Iglesias-Turner
	General Cargo & Information Representative	Eddie Martinez
Director of Human Resources		Sandra Terrell-Davis
	Human Resource Manager	Monica Euresti
Director of Communications		Patricia Cardenas
	Media Specialist	Jesse Samu
	Marketing & Public Relations Coordinator	Liz Cantu
Director of Government Affairs		Nelda Olivo

PORT COMMISSIONERS

Judy Hawley, Chairman

Richard M. Borchard, Vice-Chairman

Charles W. Zahn, Jr., Secretary

Al Jones, Commissioner

Barbara Canales, Commissioner

David Engel, Commissioner

Richard Valls, Jr., Commissioner

EXECUTIVE STAFF

John P. LaRue, Executive Director

Frank C. Brogan, Managing Director

Ruben C. Medina, Director of Business Development

Patricia Cardenas, Director of Communications

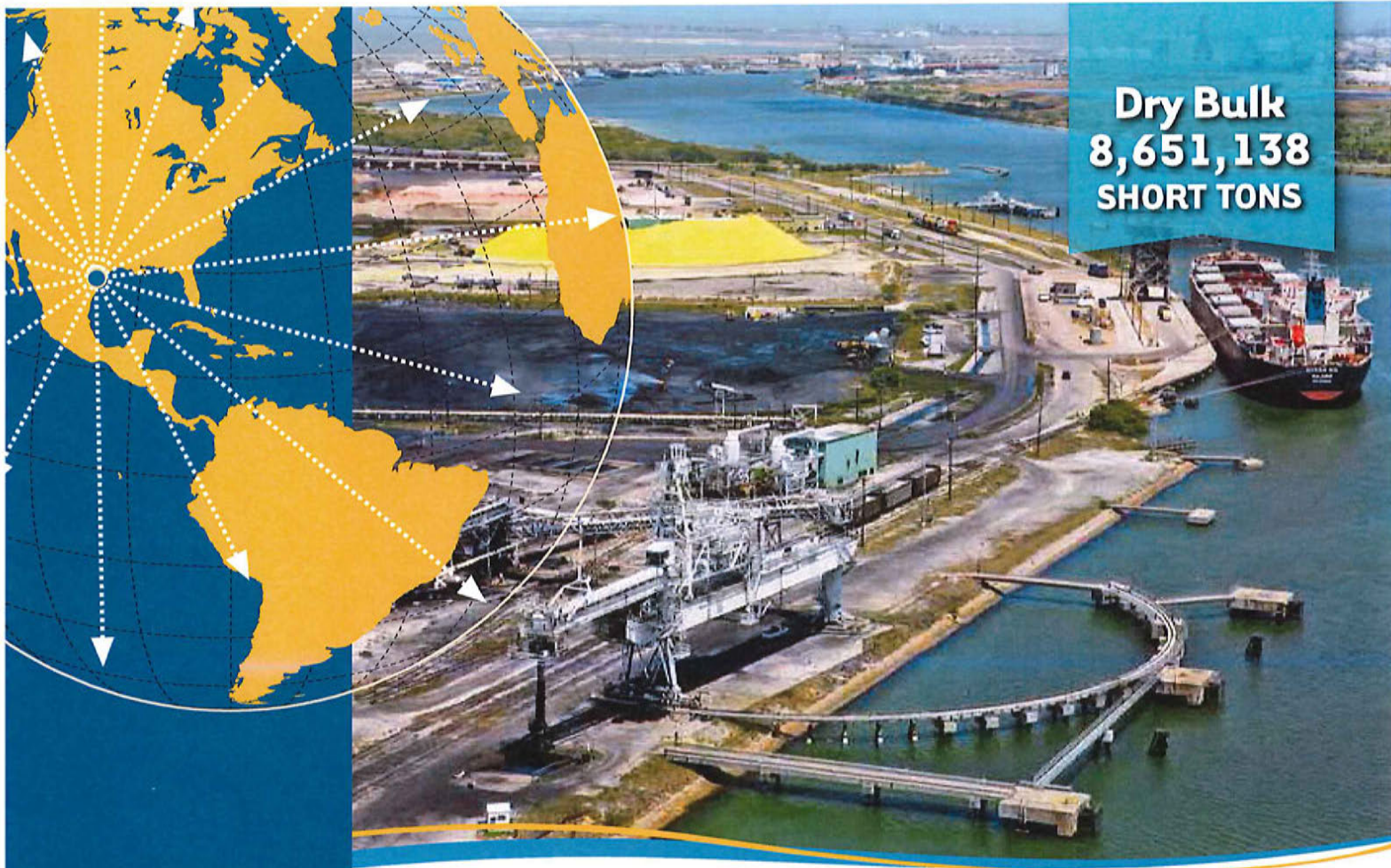
David Krams, Director of Engineering Services

Dennis J. DeVries, Director of Finance

Nelda Olivo, Director of Government Affairs

Sandra Terrell-Davis, Director of Human Resources

Anthony "Tony" Alejandro, Director of Operations

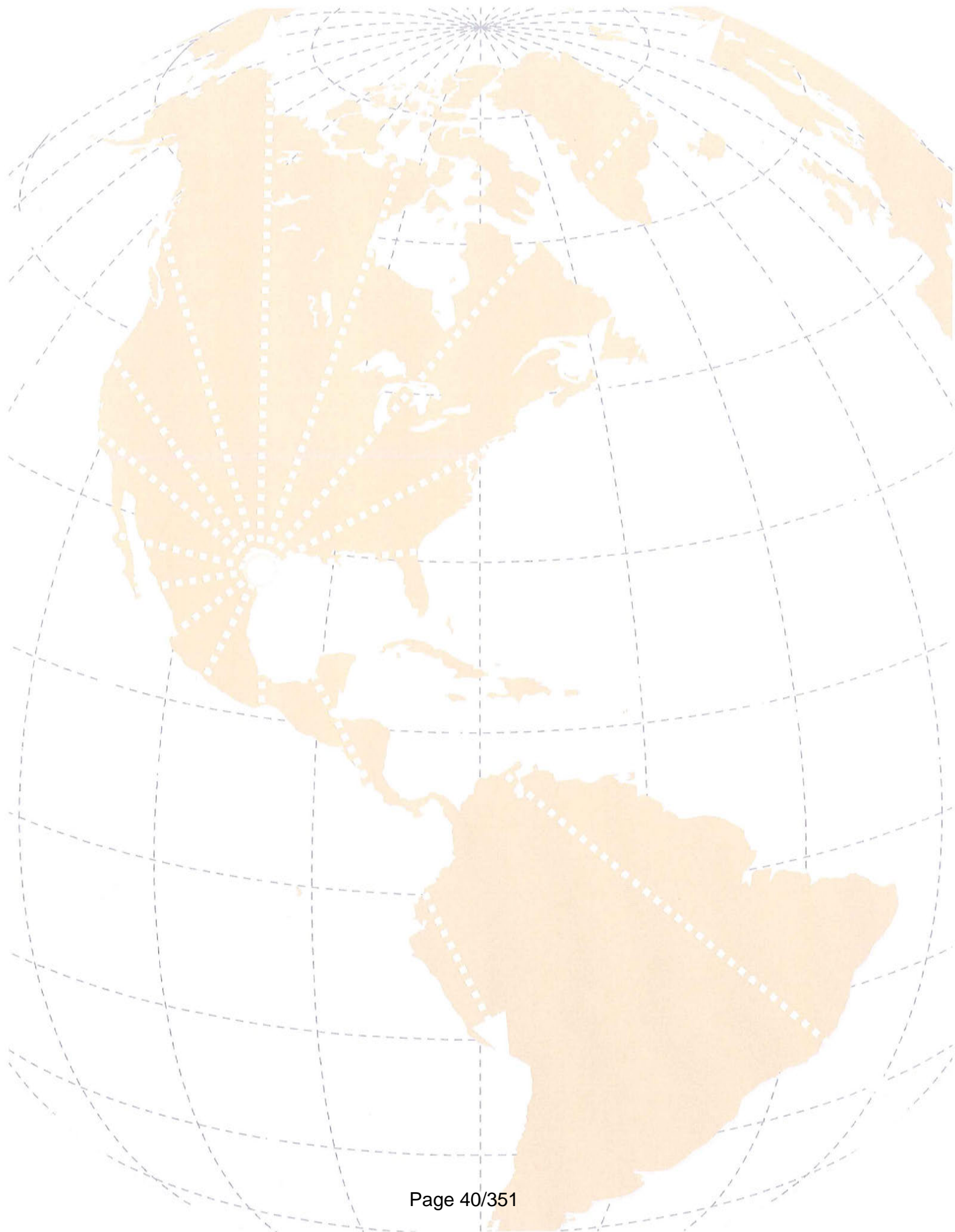


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FINANCIAL SECTION



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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

March 31, 2015

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

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, 2014 and 2013, 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.

Draft

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, 2014 and 2013, 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.

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 14 and other required supplementary information on page 34 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 67 and 68, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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 March 31, 2015 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.

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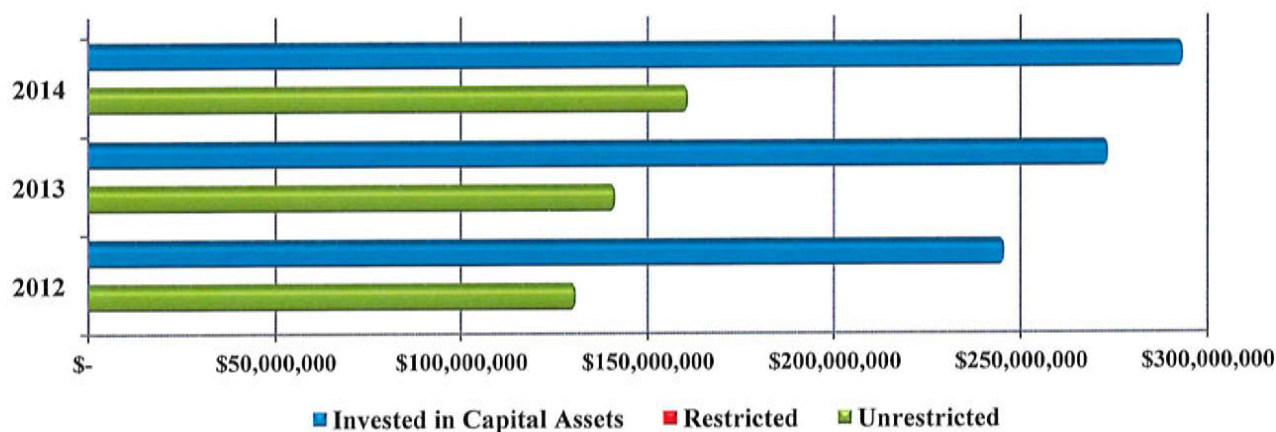


PORT**CORPUSCHRISTI**

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2014**

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, 2014 and 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with Authority's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS



- The net position of the Authority at December 31, 2014 was \$454,291,182. Of this amount, \$160,793,708 is considered unrestricted net position, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The net investment in capital assets increased \$20,063,901 from the prior year while the unrestricted net position increased \$19,392,821 over the prior year. The increase is due mainly to capital additions of \$32 million made in 2014, less depreciation recorded of \$12.3 million. All additions were funded with revenues generated by the Authority and no increase in long term debt.
- The Authority's total net position increased \$39,459,561 or 9.5% over the prior year. Income before contributions produced an increase in net position of \$30,802,200, while capital contributions provided an increase of \$8,657,361.

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 15 through 33 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.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2014**

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 page 34 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, 2014, 2013 and 2012:



**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
Management's Discussion and Analysis
December 31, 2014

	2014	2013	2012	2014-13 Change	2013-12 Change
Assets					
Current assets	\$ 175,018,994	\$ 145,258,912	\$ 136,417,205	\$ 29,760,082	\$ 8,841,707
Restricted assets	35,522	32,683	252,763	2,839	(220,080)
Capital assets	302,580,238	282,973,377	255,697,974	19,606,861	27,275,403
Other non-current assets	7,439,501	6,970,384	6,472,489	469,117	497,895
Total Assets	485,074,255	435,235,356	398,840,431	49,838,899	36,394,925
Liabilities					
Current liabilities	16,185,862	7,347,825	9,458,054	8,838,037	(2,110,229)
Long-term debt, net of current portion	-	-	-	-	-
Unearned revenue, net of current portion	11,424,330	10,395,824	10,228,398	1,028,506	167,426
Other liabilities	3,172,881	2,660,086	2,540,427	512,795	119,659
Total Liabilities	30,783,073	20,403,735	22,226,879	10,379,338	(1,823,144)
Net Position					
Net investment in capital assets	293,461,952	273,398,051	245,665,607	20,063,901	27,732,444
Restricted	35,522	32,683	252,763	2,839	(220,080)
Unrestricted	160,793,708	141,400,887	130,695,182	19,392,821	10,705,705
Total Net Position	\$ 454,291,182	\$ 414,831,621	\$ 376,613,552	\$ 39,459,561	\$ 38,218,069

2014 – 2013

The Authority's net position of \$454,291,182 at the close of 2014 increased by \$39,459,561 over 2013. By far, the largest portion of the Authority's net position (64.6%) 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 (35.4%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position represents resources that are subject to external legal restrictions on how they may be used.

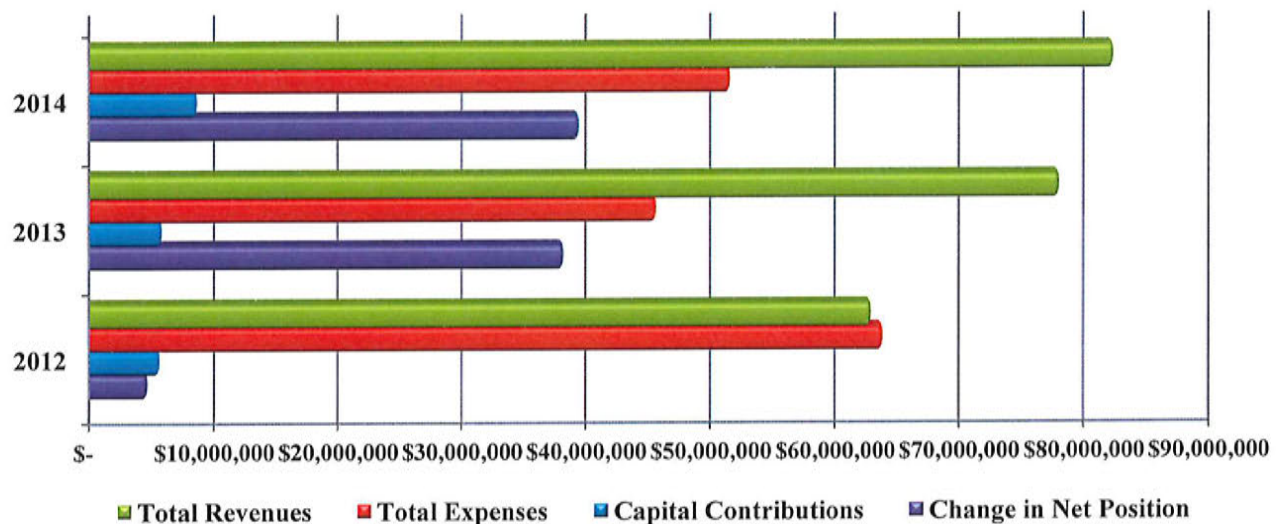
2013 – 2012

The Authority's net position of \$414,831,621 at the close of 2013 increased by \$38,218,069 over 2012. By far, the largest portion of the Authority's net position (65.9%) 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 (34.1%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position represents resources that are subject to external legal restrictions on how they may be used.

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, 2014, 2013 and 2012:

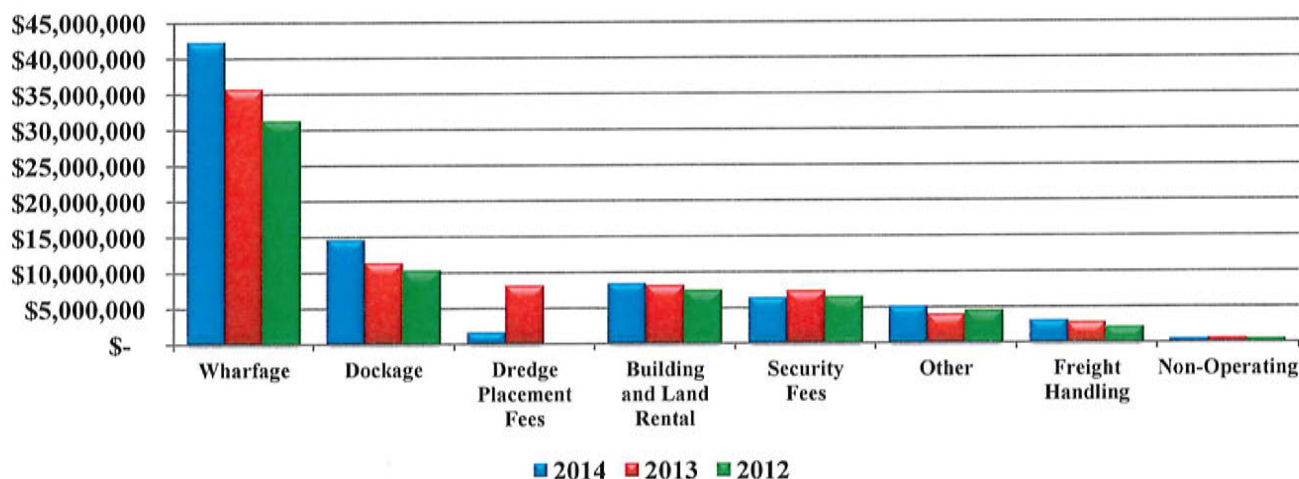
**PORT OF CORPUS CHRISTI AUTHORITY
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	2014	2013	2012	2014-13 Variance	2013-12 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 42,288,896	\$ 35,688,217	\$ 31,293,692	\$ 6,600,679	\$ 4,394,525
Dockage	14,630,404	11,358,813	10,331,997	3,271,591	1,026,816
Security fees	6,460,860	7,325,584	6,528,526	(864,724)	797,058
Freight handling	3,133,303	2,815,582	2,191,682	317,721	623,900
Rail Charges	893,900	1,026,819	1,151,977	(132,919)	(125,158)
Building and land rentals	8,456,174	8,152,093	7,490,936	304,081	661,157
Conference center services	1,864,556	1,688,770	2,008,474	175,786	(319,704)
FTZ user fees	222,500	253,917	301,250	(31,417)	(47,333)
Dredge placement fees	1,669,714	8,153,771	(36,629)	(6,484,057)	8,190,400
Other	2,189,138	1,004,387	1,170,509	1,184,751	(166,122)
Total operating revenues	81,809,445	77,467,953	62,432,414	4,341,492	15,035,539
Investment income	341,754	283,544	163,804	58,210	119,740
Federal and other grant assistance	180,655	290,727	337,965	(110,072)	(47,238)
Gain on disposal of assets	40,596	-	-	40,596	-
Total Revenues	82,372,450	78,042,224	62,934,183	4,330,226	15,108,041
Expenses					
Operating expenses:					
Maintenance and operations	23,367,865	18,144,056	22,721,681	5,223,809	(4,577,625)
General and administrative	15,891,293	15,378,025	17,835,428	513,268	(2,457,403)
Depreciation	12,310,557	12,024,981	13,738,571	285,576	(1,713,590)
Total operating expenses	51,569,715	45,547,062	54,295,680	6,022,653	(8,748,618)
Interest expense and fiscal charges	535	16,986	(51,908)	(16,451)	68,894
Fiscal payments to subrecipients	-	-	128,730	-	(128,730)
Loss on disposal of assets	-	102,957	9,517,670	(102,957)	(9,414,713)
Total Expenses	51,570,250	45,667,005	63,890,172	5,903,245	(18,223,167)
Income Before Contributions	30,802,200	32,375,219	(955,989)	(1,573,019)	33,331,208
Capital Contributions	8,657,361	5,842,850	5,663,315	2,814,511	179,535
Changes in Net Position	39,459,561	38,218,069	4,707,326	1,241,492	33,510,743
Total Net Position, Beginning of Year	414,831,621	376,613,552	371,906,226	38,218,069	4,707,326
Total Net Position, End of Year	\$ 454,291,182	\$ 414,831,621	\$ 376,613,552	\$ 39,459,561	\$ 38,218,069

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Revenues



2014 – 2013

Operating revenues in 2014 increased by \$4,341,492 or 5.6% over 2013. The largest single component of the increase was in wharfage revenues which increased \$6.6 million in 2014. The majority of the increase was at the Authority's oil docks (\$3.3 million) and the private oil docks (\$2.3 million). The Authority constructed a new oil dock and converted an existing cargo dock to an oil dock in late 2013 to accommodate the increased movement of petroleum products from the Eagle Ford formation. In addition, two of the Authority's customers have converted existing docks in the inner harbor to accommodate their petroleum movements. Dockage revenues have increased \$3.3 million over the prior year and the majority of this increase, \$3.2 million, has also been at the Authority's oil docks.

Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas decreased \$6.5 million from 2013. Security fees are also reflecting a decrease of \$865 thousand from the prior year. Although the wharfage and dockage surcharges for security are up \$734 thousand from the increased movements in 2014, the fee charged for the Marine Patrol security unit was decreased 50% in 2014 and revenues fell by \$1.6 million as a result.

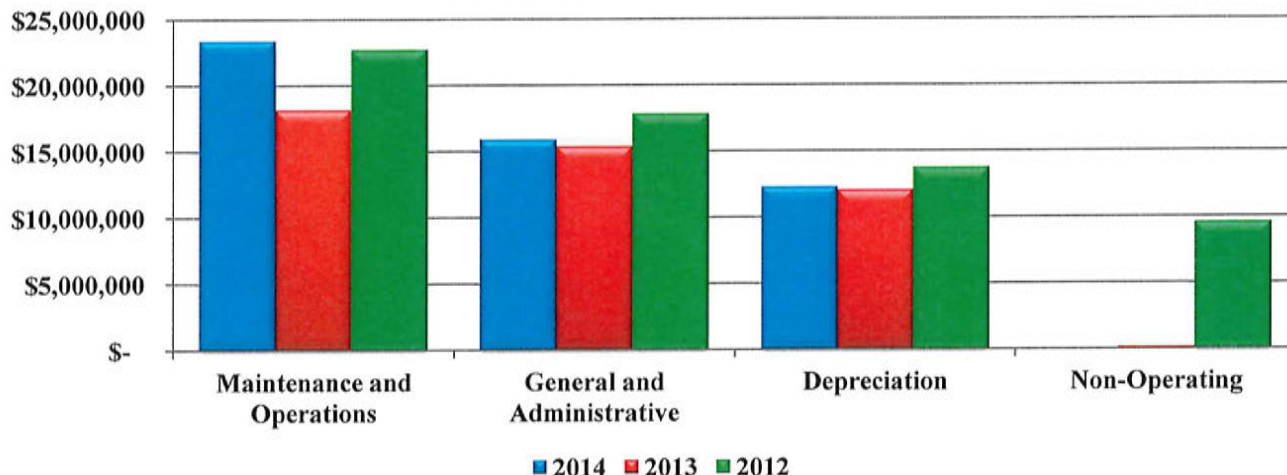
Other revenues have increased \$1.2 million over 2013 due to the collection of previously unbilled charges for the movement by rail of pet coke by a customer at the Authority's bulk docks for the years of 2006 through 2013.

2013 – 2012

Operating revenues in 2013 increased by \$15,035,539 or 24.1% over 2012. The largest single component of the increase was in dredge placement revenues which increased \$8.2 million in 2013. This revenue is generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas. The remainder of the increase is due in some part to the Eagle Ford Shale formation, one of the largest oil and gas developments in the world, which has had a major impact on the local economy. Wharfage is up \$4.4 million over 2012, and the majority of this was at the Authority's oil docks (\$3.6 million) and the private oil docks (\$673 thousand). Dockage revenues have increased \$1 million over the prior year and the majority of this increase, \$752 thousand, has also been at the Authority's oil docks. Building and land rentals have increased \$661 thousand over 2012. Interest in the Authority's La Quinta Trade Gateway has led to two new tenants and an increase in rental revenue of \$1.2 million over 2012. The anticipated export of coal which led to new leases in 2012 did not occur and the Bulk Terminal saw a downturn in lease revenues of \$237 thousand as a result.

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Expenses



2014 – 2013

Operating expenses in 2014 increased \$6,022,653 or 13.2% over 2013. The major cost increases are as follows:

• Maintenance	\$ 2,560,774
• Employee services	1,708,245
• Professional services	1,323,939

The Authority's staffing has increased by fifteen employees over 2013 leading to an increase in employee services expenses. Many of these positions were hired in late 2014, and the largest increases have been in the Engineering division to enable the Authority to implement an increase in its capital program due to the Eagle Ford shale oil and gas development, and in the Security division as recommended by the security study. In addition, four positions were added in late 2013, and one position in 2014, to the Bulk Materials division.

Maintenance expenses have increased due to major maintenance projects in 2014 including structural repairs to a dock and rehabilitation of the fire systems at the Authority's oil docks in the amount of \$1.2 million, repairs to the Authority's rail system in the amount of \$682 thousand, repairs to the Authority's roads and parking lots in the amount of \$469 thousand, and concrete repairs to the bulk dock in the amount of \$407 thousand.

The increase in professional services was due in part to a real estate transaction fee in the amount of \$976 thousand for property leased to a tenant at the La Quinta site. As part of a Strategic Plan begun by the Authority in 2013, an organizational study was conducted in 2014 and \$172 thousand has been incurred to date, and in addition, \$203 thousand was spent on a security improvements study.

2013 – 2012

Operating expenses in 2013 decreased \$8,748,618 or 16.1% from 2012. The major cost decreases are as follows:

• Professional services	\$ (3,894,968)
• Maintenance	(1,195,670)
• Depreciation	(1,713,590)
• Utilities	(854,497)

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Professional services decreased from 2012 due to a decrease in legal services of \$758 thousand that were incurred from the sale of Naval Station Ingleside (NSI) in 2012. In addition to the legal fees incurred in 2012, a \$3.5 million settlement was made to an unsuccessful buyer of NSI who was unable to produce the down payment in compliance with contract terms. Maintenance expenses have decreased from 2012 due in part to the sale of NSI which incurred \$178 thousand in maintenance costs in 2012, and maintenance dredging expenses for the inner harbor docks of \$858 thousand that were incurred in 2012. The capital assets of NSI had depreciation of \$2.5 million in 2012 before the sale. Although significant capital additions were made in 2013, this has led to an overall decrease in depreciation. The sale of NSI has also led to the decrease in utility costs. In 2012, NSI incurred utility costs of \$902 thousand that were not incurred in 2013.

Capital Grants and Contributions

2014 – 2013

Capital grants and contributions increased by \$2,814,511 over 2013. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Major capital grants and contributions at December 31, 2014 include the following:

● National Infrastructure Investments	\$ 7,173,277
● Security Enhancements	1,134,084
● Capital contributions from customers	350,000

2013 – 2012

Capital grants and contributions increased by \$179,535 over 2012. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Major capital grants and contributions at December 31, 2013 include the following:

● Security Enhancements	\$ 4,743,062
● National Infrastructure Investments	729,983
● Shoreline Protection for Pelican Island	369,805

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2014 – 2013

The Authority's investment in capital assets as of December 31, 2014, amounts to \$302,580,238 (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 \$19,606,861 or 6.9%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on pages 25.

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Major capital asset additions during 2014 include the following:

● Land & Infrastructure Improvements at La Quinta	\$ 8,764,236
● Improvements at the Bulk Docks	2,151,422
● Shoreline Stabilization at Rincon Harbor	1,515,181
● Security Enhancements	1,112,759
● Improvements to the Oil Docks	1,078,217
● Improvements to Dredge Placement Areas	912,209

2013 – 2012

The Authority's investment in capital assets as of December 31, 2013, amounts to \$282,973,377 (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 \$27,275,403 or 10.7%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on pages 25.

Major capital asset additions during 2013 include the following:

● Purchase of land-Inner Harbor	\$ 13,767,801
● Joe Fulton International Corridor Phase II	10,714,128
● Security Enhancements	9,554,822
● Improvements to the Oil Docks	6,104,836

	2014	2013	2012	2014-13 Change	2013-12 Change
Capital assets, not being depreciated:					
Land	\$ 49,341,287	\$ 46,663,231	\$ 31,804,029	\$ 2,678,056	\$ 14,859,202
Channel & waterfront improvements	19,308,770	19,308,770	18,868,431	-	440,339
Intangibles	377,429	377,429	50,000	-	327,429
Construction in progress	60,764,538	46,032,175	50,448,505	14,732,363	(4,416,330)
	129,792,024	112,381,605	101,170,965	17,410,419	11,210,640
Capital assets, being depreciated:					
Port facilities	100,377,792	98,437,095	86,869,005	1,940,697	11,568,090
Buildings & improvements	52,123,240	49,702,770	47,709,245	2,420,470	1,993,525
Machinery and equipment	19,739,027	21,800,243	19,819,133	(2,061,216)	1,981,110
Intangibles	548,155	651,664	129,626	(103,509)	522,038
	172,788,214	170,591,772	154,527,009	2,196,442	16,064,763
Net Capital Assets	\$ 302,580,238	\$ 282,973,377	\$ 255,697,974	\$ 19,606,861	\$ 27,275,403

ECONOMIC OUTLOOK

The Authority along with the local region continues to experience the effects from the impact of the Eagle Ford Shale oil and gas boom, and has felt the full effects though significant growth in the movement of outbound crude oil over both its public and private oil docks, along with increases in both wharfage and dockage revenues. The Authority has become the gateway of choice for Eagle Ford oil and gas production, and this trend is anticipated to continue, with the nearby Eagle Ford shale formation holding estimated reserves of as many as 15 billion barrels of oil and natural gas liquids, plus some 150 trillion cubic feet of natural gas.

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Private industry, as well as the Authority, are investing in infrastructure in the Inner Harbor to accommodate the increasing movement of crude from the Eagle Ford Shale reserves.

The Authority 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 be complete in 2016. Construction has also begun on a new barge mooring area expected to cost \$7 million and be completed in 2015. Plans are underway to expand the barge capacity of an existing Authority 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 of 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 has allowed NuStar to triple its marine loading capacity to 400,000 barrels per day. The dock project was part of NuStar's \$185 million, multi-phase build-out of the company's South Texas crude oil pipeline.

Trafigura Terminals LLC and Buckeye Texas Partners have invested \$500 million in a 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.

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 Authority is constructing 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 I of the project will be complete in April, 2015 at a cost of \$19 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 2017.

M&G Resins USA is beginning construction on a \$1.1 billion dollar polyethylene terephthalate (PET) resin processing plant on its 400 acre site on the Inner Harbor adjacent to the Authority's Nueces River Rail Yard. Construction of the M&G facility will generate over 3,000 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. Construction is expected to be complete in 2016.

The Authority partnered with the US Army Corps of Engineers to construct the LaQuinta Channel Extension and Ecosystem Restoration for a total cost of \$41 million. The channel extension was completed in late 2013, and was the first addition to the length of the Corpus Christi Ship Channel system since 1960 and added 1.4 miles to the channel at a depth of 39 feet. The Authority funded the deepening of the channel to 45 feet and the investment in the LaQuinta Channel improvements has been the catalyst for industrial growth in that area, along with the cheap natural gas from the prolific Eagle Ford Shale play.

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 Authority's LaQuinta Trade Gateway to construct a \$1.3 billion seamless pipe mill. This is the largest single 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.

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Austria's Voestalpine Group is investing \$750 million in its 470 acre site at LaQuinta to construct a plant that will convert iron oxide pellets into purer, easier-to-transport hot briquetted iron used in steel production. Construction began in 2014 and the facility is anticipated to be operational in December, 2015. Approximately 800 construction jobs were created, and the new plant will employ 150 full-time staff.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, will begin construction in 2015 on a \$12 billion liquefied natural gas (LNG) export terminal on their 1,000 acre site on the LaQuinta Ship Channel. The project has been designed to be constructed in phases and full operations are expected to commence on or before 2020.

Oxy Ingleside Energy Center, LLC purchased the former Naval Station Ingleside property from the Authority 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 export of propane are anticipated to begin in 2015 and 2016 for oil.

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 Director of Finance, 222 Power Street, Corpus Christi, TX 78401.

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

**Statement of Net Position
December 31, 2014 and 2013**

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 81,306,322	\$ 48,460,360
Investments (Note 2)	74,795,835	83,505,992
Accounts receivable (net of allowance for doubtful accounts of \$300 and \$846,390 for 2014 and 2013, respectively)	13,992,857	10,606,225
Interest receivable	344,509	607,134
Intergovernmental receivable	3,004,378	502,133
Inventory	776,504	740,869
Prepaid expenses	798,589	836,199
<i>Total Current Assets</i>	<u>175,018,994</u>	<u>145,258,912</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	35,522	32,683
<i>Total Restricted Assets</i>	<u>35,522</u>	<u>32,683</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 3)	129,792,024	112,381,605
Capital assets, being depreciated, net (Note 3)	172,788,214	170,591,772
<i>Capital Assets, Net</i>	<u>302,580,238</u>	<u>282,973,377</u>
OTHER NON-CURRENT ASSETS:		
Net pension asset (Note 6)	7,439,501	6,970,384
<i>Total Non-Current Assets</i>	<u>7,439,501</u>	<u>6,970,384</u>
<i>Total Non-Current Assets</i>	<u>310,055,261</u>	<u>289,976,444</u>
TOTAL ASSETS	<u>485,074,255</u>	<u>435,235,356</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	7,401,234	4,539,990
Accrued expenses	932,275	687,829
Unearned revenue, current portion (Note 5)	6,407,560	559,765
Unearned capital lease, current portion (Note 5)	457,040	457,040
Compensated absences, current portion (Note 5)	987,753	1,103,201
<i>Total Current Liabilities</i>	<u>16,185,862</u>	<u>7,347,825</u>
NON-CURRENT LIABILITIES:		
Unearned revenue, net of current portion (Note 5)	2,763,084	1,277,538
Unearned capital lease, net of current portion (Note 5)	8,661,246	9,118,286
Compensated absences, net of current portion (Note 5)	2,684,999	2,260,360
Net OPEB obligation (Note 7)	487,882	399,726
<i>Total Non-Current Liabilities</i>	<u>14,597,211</u>	<u>13,055,910</u>
TOTAL LIABILITIES	<u>30,783,073</u>	<u>20,403,735</u>
NET POSITION:		
Net investment in capital assets	293,461,952	273,398,051
Restricted:		
Law enforcement	35,522	32,683
Unrestricted	160,793,708	141,400,887
TOTAL NET POSITION	<u>\$ 454,291,182</u>	<u>\$ 414,831,621</u>

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

**Statement of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2014 and 2013**

	2014	2013
OPERATING REVENUES:		
Wharfage	\$ 42,288,896	\$ 35,688,217
Dockage	14,630,404	11,358,813
Security fees	6,460,860	7,325,584
Freight handling	3,133,303	2,815,582
Rail Charges	893,900	1,026,819
Building and land rentals	8,456,174	8,152,093
Conference center services	1,864,556	1,688,770
FTZ user fees	222,500	253,917
Dredge placement fees	1,669,714	8,153,771
Other	2,189,138	1,004,387
<i>Total Operating Revenues</i>	<u>81,809,445</u>	<u>77,467,953</u>
OPERATING EXPENSES:		
Maintenance and operations	23,367,865	18,144,056
General and administrative	15,891,293	15,378,025
Depreciation	12,310,557	12,024,981
<i>Total Operating Expenses</i>	<u>51,569,715</u>	<u>45,547,062</u>
<i>Operating Income</i>	<u>30,239,730</u>	<u>31,920,891</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	341,754	283,544
Federal and other grant assistance	180,655	290,727
Gain (loss) on disposal of assets	40,596	(102,957)
Interest expense and fiscal charges	(535)	(16,986)
<i>Net Non-Operating Revenues</i>	<u>562,470</u>	<u>454,328</u>
<i>Income Before Capital Grants and Contributions</i>	<u>30,802,200</u>	<u>32,375,219</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>8,657,361</u>	<u>5,842,850</u>
<i>Change in Net Position</i>	<u>39,459,561</u>	<u>38,218,069</u>
<i>Total Net Position , Beginning of Year</i>	<u>414,831,621</u>	<u>376,613,552</u>
<i>Total Net Position, End of Year</i>	<u><u>\$ 454,291,182</u></u>	<u><u>\$ 414,831,621</u></u>

**PORT OF CORPUS CHRISTI AUTHORITY
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**Statement of Cash Flows
For the Years Ended December 31, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 85,605,345	\$ 74,040,602
Cash payments to suppliers for goods & services	(22,980,595)	(18,866,250)
Cash payments to employees for services	(16,125,514)	(14,889,375)
Cash payments to and received from other operating sources	4,268	(550)
<i>Net Cash Provided by Operating Activities</i>	<u>46,503,504</u>	<u>40,284,427</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	184,677	361,028
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>184,677</u>	<u>361,028</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(29,374,229)	(40,215,139)
Capital grants and contributions	6,148,827	7,679,816
Proceeds from sale of assets	72,004	144,828
Interest payments on capital acquisitions	(518)	(16,969)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(23,153,916)</u>	<u>(32,407,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,357,676	328,612
Proceeds from sale and maturities of investments	98,054,334	33,203,893
Purchase of investments	(90,097,474)	(116,867,822)
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>9,314,536</u>	<u>(83,335,317)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>32,848,801</u>	<u>(75,097,326)</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>48,493,043</u>	<u>123,590,369</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 81,341,844</u>	<u>\$ 48,493,043</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 30,239,730	\$ 31,920,891
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	12,310,557	12,024,981
Interest expense (non-capital)	(17)	(17)
Changes in assets and liabilities:		
Accounts receivable	(2,992,432)	(2,385,952)
Intergovernmental receivable	2,267	(550)
Inventories	(35,635)	58,946
Prepaid items	37,610	100,103
Net pension asset	(469,117)	(497,895)
Accounts payable	(107,553)	(132,829)
Accrued expenses	244,446	85,830
Unearned revenue	7,333,341	(551,700)
Unearned capital lease revenue	(457,040)	(457,040)
Net OPEB obligation	88,156	125,054
Compensated absences	309,191	(5,395)
<i>Total Adjustments</i>	<u>16,263,774</u>	<u>8,363,536</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 46,503,504</u>	<u>\$ 40,284,427</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization (accretion) of premium/discounts on investments	\$ (697,215)	\$ (647,837)
Change in fair value of investments	(56,082)	(3,649)
Change in accrued interest on investments	(262,625)	606,418
Change in noncapital/capital intergovernmental receivables	2,504,512	(1,907,267)
Gain (loss) on disposal of assets	(40,596)	102,957
Acquisition of capital assets accrued but not paid, net of reimbursements	(2,574,597)	887,064

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 four 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:

	2014	2013
Total Net Position	\$ 10,423	\$ 9,741
Change in Net Position	\$ 682	\$ 2,595

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

BASIS OF ACCOUNTING

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the 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.

INVESTMENTS

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

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

INVENTORY AND PREPAID ITEMS

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

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

PROPERTY, PLANT AND EQUIPMENT

Property constructed or acquired by purchase is stated at cost. Authority policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. Net interest costs, if material, are capitalized on major construction projects during the construction period. No interest was capitalized for the years ended December 31, 2013 and 2012.

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

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.

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 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 difference between assets and liabilities. 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 City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Seven customers from the petroleum industry made up over 60 percent of the Authority's wharfage and dockage revenue base for 2014, as compared to five customers that made up 58 percent in 2013. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 84.3 percent of the total cargo tonnage moved through the Authority in 2014, compared to 83.7 percent in 2013.

ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

GASB 69 – Government Combinations and Disposals of Government Operations – establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations. GASB 69 was implemented in the year ended December 31, 2014 and had no impact on the Authority.

GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees – establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). GASB 70 was implemented in the year ended December 31, 2014 and had no impact on the Authority.

FUTURE ACCOUNTING PRONOUNCEMENTS

GASB 68 – Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No.27 – revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Statement 68 will require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Authority will implement this statement in fiscal year 2015.

2. DEPOSITS AND INVESTMENTS

At December 31, 2014 the carrying amount of the Authority's demand deposits and cash on hand was \$2,521,568. 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.

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

**Notes to Financial Statements
December 31, 2014 and 2013**

At December 31, 2013 the carrying amount of the Authority's demand deposits and cash on hand was \$1,213,710. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

The Authority's investments at December 31, 2014 and 2013 carried at fair value were:

Investment Type	2014			2013		
	Fair Value	Weighted Average Maturity (Days)	Credit Risk	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Certificates of Deposit	\$ 490,000	299		\$ 490,000	299	
Money market funds	58,779,153	1		27,247,865	1	
Local government pool	20,041,124	1	AAA	20,031,468	1	AAA
United States agencies	36,072,219	537	AAA	7,000,724	388	AAA
Municipal bonds	38,233,616	179	AAA/AA	76,015,268	205	AAA/AA
Total	153,616,112			130,785,325		
Short-term investments included in cash and cash equivalents	78,820,277			47,279,333		
Equity in Total Investments	\$ 74,795,835			\$ 83,505,992		
Portfolio weighted average maturity		172			141	

INTEREST RATE RISK

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 two years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

As of December 31, 2014, the portfolio contained seven 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	\$ 1,000,000	0.35%	10/21/2014	12/31/2015	03/31/2015	Callable quarterly	\$ 1,000,000	\$ 994,960
FHLMC	5,000,000	0.50%	06/24/2014	06/24/2016	03/31/2015	Callable quarterly	5,000,000	4,984,465
FHLB	5,000,000	0.80%	10/14/2014	10/14/2016	01/14/2015	Callable quarterly	5,000,361	4,995,175
FFCB	5,000,000	0.43%	10/14/2014	04/14/2016	01/14/2015	Callable quarterly continuously	5,000,051	4,995,345
FHLB	5,000,000	0.80%	12/31/2014	12/30/2016	06/30/2015	Callable on call date	5,000,000	4,996,730
Nashua NH	550,000	1.14%	11/18/2013	01/15/2015	01/01/2015	Callable quarterly continuously	550,168	550,176
Derby KS	2,500,000	0.90%	06/02/2014	12/15/2015	01/31/2015	Callable quarterly continuously	2,500,762	2,500,450
Abbreviations:	FFCB	Federal Farm Credit Bank				TOTAL	\$ 24,051,342	\$ 24,017,301
	FHLB	Federal Home Loan Bank						
	FHLMC	Federal Home Loan Mortgage Corporation						

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

**Notes to Financial Statements
December 31, 2014 and 2013**

As of December 31, 2013, the portfolio contained two structured 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	\$ 5,000,000	0.25%	10/17/2013	10/30/2014	04/17/2014	Callable on call date	\$ 5,000,000	\$ 5,001,030
FHLMC	2,000,000	0.51%	08/28/2013	08/28/2015	02/28/2014	Callable quarterly	2,000,000	1,999,694
TOTAL							\$ 7,000,000	\$ 7,000,724

Abbreviations: 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, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full FDIC insurance and/or 102% collateralization from these depositors (banks only). 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 Policy does not state a maximum maturity for 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 two years to stated maturity and rated not less than AA or its equivalent by one nationally recognized rating agency.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the PFIA require pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares..

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:

		<u>Percent of Portfolio</u>	
		<u>2014</u>	<u>2013</u>
United States Treasury securities	100%	-	-
United States Agency securities	100%	23.48%	5.35%
Depository Certificates of Deposit	80%	0.32%	0.37%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	13.05%	15.32%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	38.26%	20.83%
Percent of fund ownership	10%		
Brokered Certificates of Deposit	10%	-	-
State and Local Debt Obligations	80%	24.89%	58.12%

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.

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

**Notes to Financial Statements
December 31, 2014 and 2013**

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 46,663,231	\$ 2,678,056	\$ -	\$ 49,341,287
Channel and waterfront improvements	19,308,770	-	-	19,308,770
Intangibles	377,429	-	-	377,429
Construction in progress	46,032,175	14,732,363	-	60,764,538
Total capital assets, not being depreciated	112,381,605	17,410,419	-	129,792,024
Capital assets, being depreciated:				
Port facilities	209,905,223	7,592,657	375,760	217,122,120
Buildings and improvements	85,439,767	5,688,694	98,683	91,029,778
Machinery and equipment	45,409,980	1,191,661	352,467	46,249,174
Intangibles	2,516,939	65,395	29,240	2,553,094
Total capital assets, being depreciated	343,271,909	14,538,407	856,150	356,954,166
Less: accumulated depreciation for				
Port facilities	111,468,128	5,651,960	375,760	116,744,328
Buildings and improvements	35,736,997	3,268,224	98,683	38,906,538
Machinery and equipment	23,609,737	3,221,469	321,059	26,510,147
Intangibles	1,865,275	168,904	29,240	2,004,939
Total accumulated depreciation	172,680,137	12,310,557	824,742	184,165,952
Total capital assets, being depreciated, net	170,591,772	2,227,850	31,408	172,788,214
Total capital assets, net	\$ 282,973,377	\$ 19,638,269	\$ 31,408	\$ 302,580,238

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 31,804,029	\$ 14,859,202	\$ -	\$ 46,663,231
Channel and waterfront improvements	18,868,431	440,339	-	19,308,770
Intangibles	50,000	327,429	-	377,429
Construction in progress	50,448,505	-	4,416,330	46,032,175
Total capital assets, not being depreciated	101,170,965	15,626,970	4,416,330	112,381,605
Capital assets, being depreciated:				
Port facilities	192,925,007	17,049,421	69,205	209,905,223
Buildings and improvements	80,408,457	5,219,321	188,011	85,439,767
Machinery and equipment	41,477,409	5,208,738	1,276,167	45,409,980
Intangibles	1,876,984	639,955	-	2,516,939
Total capital assets, being depreciated	316,687,857	28,117,435	1,533,383	343,271,909
Less: accumulated depreciation for				
Port facilities	106,056,002	5,481,331	69,205	111,468,128
Buildings and improvements	32,699,212	3,225,536	187,751	35,736,997
Machinery and equipment	21,658,276	3,200,197	1,248,736	23,609,737
Intangibles	1,747,358	117,917	-	1,865,275
Total accumulated depreciation	162,160,848	12,024,981	1,505,692	172,680,137
Total capital assets, being depreciated, net	154,527,009	16,092,454	27,691	170,591,772
Total capital assets, net	\$ 255,697,974	\$ 31,719,424	\$ 4,444,021	\$ 282,973,377

4. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2014, 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	
2015	\$ 7,970,438
2016	6,780,593
2017	5,429,021
2018	4,302,997
2019	3,785,225
Thereafter	62,300,502
Total	\$ 90,568,776

As of December 31, 2014, \$4,275,308 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2013, \$1,602,213 had been received in advance payments for operating leases and has been recorded as unearned revenue.

5. NON-CURRENT LIABILITIES

UNEARNED REVENUES

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

Years Ending	Dredge Placement	Operating Leases	Foreign Trade Zone	Totals
2015	\$ 4,715,336	\$ 1,512,224	\$ 180,000	\$ 6,407,560
2016	-	661,705	-	\$ 661,705
2017	-	659,540	-	\$ 659,540
2018	-	330,383	-	\$ 330,383
2019	-	160,346	-	\$ 160,346
Thereafter	-	951,110	-	\$ 951,110
Total	\$ 4,715,336	\$ 4,275,308	\$ 180,000	\$ 9,170,644

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	
2015	\$ 457,040
2016	457,040
2017	457,040
2018	457,040
2019	457,040
Thereafter	6,833,086
Total	\$ 9,118,286

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,027,607	\$ 731,342	\$ 626,195	\$ 1,132,754	\$ 626,195
Sickleave	2,335,954	565,602	361,558	2,539,998	361,558
Total	\$ 3,363,561	\$ 1,296,944	\$ 987,753	\$ 3,672,752	\$ 987,753

A statement of changes in compensated absences for the year ended December 31, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,001,590	\$ 702,841	\$ 676,824	\$ 1,027,607	\$ 676,824
Sickleave	2,287,026	475,305	426,377	2,335,954	426,377
Total	\$ 3,288,616	\$ 1,178,146	\$ 1,103,201	\$ 3,363,561	\$ 1,103,201

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 399,726	\$ 108,495	\$ 20,339	\$ 487,882	\$ -
Total	\$ 399,726	\$ 108,495	\$ 20,339	\$ 487,882	\$ -

A statement of changes in OPEB Obligation for the year ended December 31, 2013, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 274,672	\$ 153,655	\$ 28,601	\$ 399,726	\$ -
Total	\$ 274,672	\$ 153,655	\$ 28,601	\$ 399,726	\$ -

6. PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 656 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.

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

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

Funding Policy

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually.

The actuarially determined rate for the calendar year 2014 was 3.43 percent and for the calendar year 2013 was 3.54 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2014 and 7 percent for the calendar year 2013. The contributions made by the Authority in excess of the actuarially determined rate are classified as net pension asset and reflected as other non-current assets.

A statement of changes in net pension asset for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Annual Required Contribution	\$ 405,302	\$ 400,446
Interest on Net Pension Asset	(557,631)	(517,799)
Adjustment to Actuarially Determined Rate	510,359	411,299
Annual Pension Cost	358,030	293,946
Contributions Made	827,147	791,841
Increase in Net Pension Asset	469,117	497,895
Net Pension Asset - Beginning of Year	6,970,384	6,472,489
Net Pension Asset - End of Year	\$ 7,439,501	\$ 6,970,384

The deposit rate payable by all employee members for the calendar year 2014 and 2013 was 7 percent as adopted by the governing body of the Authority. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$827,147 and \$827,147, respectively for the year ended December 31, 2014, and \$791,841 and \$791,841, respectively for the year ended December 31, 2013.

Annual Pension Cost

For the Authority's year ended December 31, 2014, the annual pension cost for the TCDRS plan for its employees was \$358,030 and the actual contributions for its employees were \$827,147. Three-year annual trend information on annual pension cost is as follows:

Years Ended December 31,	Annual Pension Cost	Contributions Made	Percentage of APC Contributed	Net Pension Asset
2014	\$ 358,030	\$ 827,147	231.03%	\$ 7,439,501
2013	293,946	791,841	269.38%	6,970,384
2012	991,597	6,508,045	656.32%	6,472,489

The required contribution determined as part of the December 31, 2013 actuarial valuation was using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

As of December 31, 2013, the most recent actuarial valuation date, the plan was 103.67 percent funded. The actuarial accrued liability for benefits was \$30,786,850, and the actuarial value of assets was \$31,917,556 resulting in an overfunded actuarial accrued liability (UAAL) of \$1,130,706. The covered payroll (annual payroll of active employees covered by the plan) was \$11,312,022, and the ratio of the UAAL to the covered payroll was (10.00) percent.

The required contribution determined as part of the December 31, 2012 actuarial valuation was using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation rate of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability was being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

As of December 31, 2012, the plan was 101.65 percent funded. The actuarial accrued liability for benefits was \$29,044,854, and the actuarial value of assets was \$29,524,708 resulting in an overfunded actuarial accrued liability (UAAL) of \$479,854. The covered payroll (annual payroll of active employees covered by the plan) was \$10,982,221, and the ratio of the UAAL to the covered payroll was (4.37) percent.

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

7. 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, 2014, 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 \$20,339 for the year ended December 31, 2014 and \$28,601 for the year ended December 31, 2013.

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, 2014 and 2013 is as follows:

	2014	2013
Determination of Annual Required Contribution		
Normal Cost at Year End	\$ 68,857	\$ 93,900
Amortization of UAAL	49,866	65,488
Annual Required Contribution (ARC)	118,723	159,388
Determination of Net OPEB Obligation		
Annual Required Contribution	118,723	159,388
Interest on Prior Year Net OPEB Obligation	15,989	10,797
Adjustment to ARC	(26,217)	(16,530)
Annual OPEB Cost	108,495	153,655
Contributions Made	(20,339)	(28,601)
Increase in Net OPEB Obligation	88,156	125,054
Net OPEB Obligation - Beginning of Year	399,726	274,672
Net OPEB Obligation - End of Year	\$ 487,882	\$ 399,726

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
2014	4.00%	\$ 108,495	18.75%	\$ 487,882
2013	4.00%	153,655	18.61%	399,726
2012	4.00%	158,983	188.00%	274,672
2011	4.00%	153,658	17.85%	414,580

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
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%
2012	-	4.0%	1,182,857	1,182,857	0.0%	10,982,221	10.8%
2011	-	4.0%	1,075,827	1,075,827	0.0%	10,531,666	10.2%

(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, 2014 is calculated as a level dollar over 24 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

8. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2014, the Authority had remaining contractual construction and improvement commitments of approximately \$10,247,933. These commitments are being financed through operating revenues and capital grants.

9. COMMITMENTS AND CONTINGENCIES

LITIGATION

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

RISK MANAGEMENT

The Authority is self-insured for \$5,000,000 on property and \$50,000 on general liability claims annually and has

purchased excess loss policies for claims in excess of these amounts. The Authority has established a self-funded health and dental plan (plan) for its employees and dependents. A specific stop loss policy is in force for individual plan claims in excess of \$100,000 annually, and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$2,699,958. 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, 2014, the liability of \$173,348 is comprised of estimated health claims of \$155,265 and estimated worker's compensation claims of \$18,053. At December 31, 2013, the liability of \$113,920 is comprised of estimated health claims of \$99,683 and estimated worker's compensation claims of \$14,237.

Changes in the balances of claims liabilities as of December 31, 2014 and 2013 are as follows:

	2014	2013
Unpaid claims, beginning of fiscal year	\$ 113,920	\$ 134,977
Incurred claims (including IBNRs)	2,435,394	1,854,188
Claims payments	(2,375,966)	(1,875,245)
Unpaid claims, end of fiscal year	\$ 173,348	\$ 113,920

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, 2014, facilities financing revenue bonds outstanding amounted to \$475,495,000.

10. NAVAL STATION INGLESIDE PROPERTY

On January 8, 2013, the Authority approved a resolution authorizing the sale of salvage or surplus personal property formerly owned by the United States Navy and located at the former Naval Station Ingleside. A public notice was issued on March 14, 2013 and the Authority received one response to the Notice to Bidders. The bid from Oxy Ingleside Energy Center, LLC for all personal property located at the site of the former Naval Station Ingleside was accepted in the amount of \$75,000 and a Bill of Sale was executed upon receipt of payment from Oxy. The Authority recognized a \$145,094 loss on the sale.

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

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

PENSION PLAN:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 31,917,556	\$ 29,524,708	\$ 28,148,929
Actuarial Accrued Liability (AAL)	\$ 30,786,850	\$ 29,044,854	\$ 28,169,728
Funded Ratio	103.7%	101.7%	99.9%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	\$ (1,130,706)	\$ (479,854)	\$ 20,799
Annual covered Payroll	\$ 11,312,022	\$ 10,982,221	\$ 10,531,666
UAAL as a Percentage of Covered Payroll	(10.0%)	(4.4%)	0.2%

OPEB Obligation:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	1/1/2014	1/1/2011	1/1/2011
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 760,302	\$ 1,022,906	\$ 1,182,857
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 760,302	\$ 1,022,906	\$ 1,182,857
Annual covered Payroll	\$ 11,816,387	\$ 11,312,022	\$ 10,982,221
UAAL as a Percentage of Covered Payroll	6.4%	9.0%	10.8%

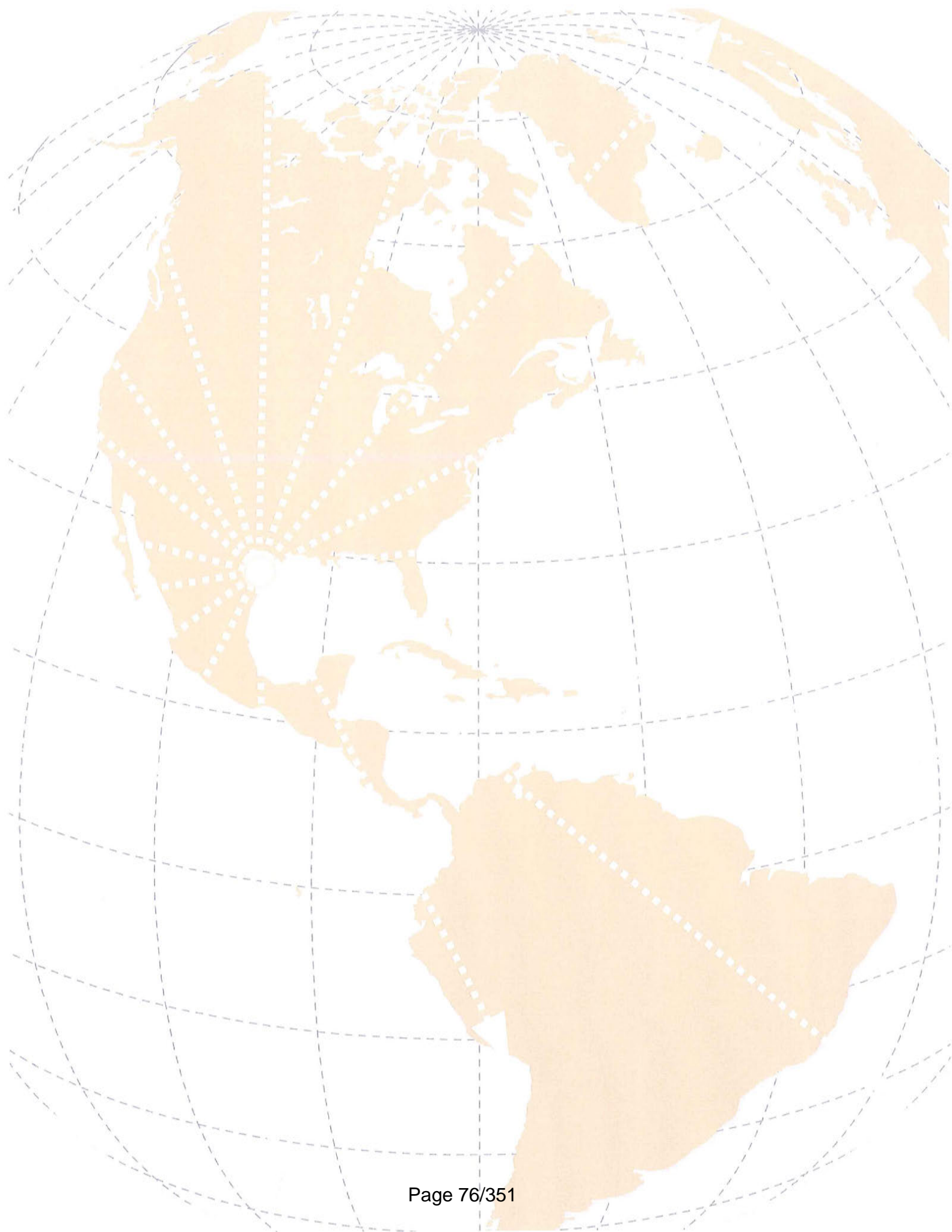


Grain
4,070,315
SHORT TONS

SUPPLEMENTAL SECTION



PORTCORPUSCHRISTI™



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

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

	Year Ended December 31, 2014		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 42,288,896	\$ 41,561,608	2
Dockage	14,630,404	12,910,787	13
Security fees	6,460,860	5,935,429	9
Freight handling	3,133,303	2,972,600	5
Rail Charges	893,900	1,345,000	(34)
Building and land rentals	8,456,174	7,586,560	11
Conference center services	1,864,556	2,035,835	(8)
FTZ user fees	222,500	226,000	(2)
Dredge placement fees	1,669,714	-	100
Other	2,189,138	933,388	135
<i>Total Operating Revenues</i>	<u>81,809,445</u>	<u>75,507,207</u>	<u>8</u>
OPERATING EXPENSES:			
Maintenance and operations	23,367,865	22,097,985	(6)
General and administrative	15,891,293	16,122,798	1
Depreciation	12,310,557	11,297,880	(9)
<i>Total Operating Expenses</i>	<u>51,569,715</u>	<u>49,518,663</u>	<u>(4)</u>
<i>Operating Income</i>	<u>30,239,730</u>	<u>25,988,544</u>	<u>16</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	341,754	244,260	40
Federal and other grant assistance	180,655	100,000	81
Gain on disposal of assets	40,596	-	100
Interest expense and fiscal charges	(535)	(600)	11
<i>Net Non-Operating Revenues</i>	<u>562,470</u>	<u>343,660</u>	<u>(64)</u>
<i>Income Before Capital Grants and Contributions</i>	<u>30,802,200</u>	<u>26,332,204</u>	<u>17</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>8,657,361</u>	<u>11,976,231</u>	<u>(28)</u>
<i>Change in Net Position</i>	<u>\$ 39,459,561</u>	<u>\$ 38,308,435</u>	<u>3</u>

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

**Schedules of Maintenance and
Operations and General and
Administrative Expenses
For the Years Ended December 31, 2014 and 2013**

	2014	2013
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 8,304,043	\$ 7,324,312
Maintenance	6,122,959	3,679,718
Utilities	1,004,905	902,342
Telephone	80,639	85,538
Insurance & claims	1,911,090	2,023,472
Professional services	2,422,320	974,998
Police expenses	16,461	14,435
Contracted services	1,277,137	1,336,574
Office and equipment rental	79,023	55,691
Operator and event expenses	1,547,155	1,427,944
Safety/Environmental	107,859	98,478
General	494,274	220,554
<i>Total Maintenance and Operations</i>	<u>\$ 23,367,865</u>	<u>\$ 18,144,056</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 8,001,279	\$ 7,272,765
Maintenance	648,221	530,688
Utilities	159,148	149,405
Telephone	83,776	73,896
Insurance & claims	99,451	429,990
Professional services	3,870,383	3,993,766
Police expenses	1,616	190
Contracted services	26,167	23,431
Office and equipment rental	86,761	92,118
Administrative	2,309,972	2,140,507
Trade and sales development	209,900	200,500
Media advertising	232,608	225,363
Production	41,061	33,424
Safety/Environmental	28,007	26,732
General	92,943	185,250
<i>Total General and Administrative</i>	<u>\$ 15,891,293</u>	<u>\$ 15,378,025</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2014**

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:					
Hoechst Celanese, Series 2002A	6.450%	05/01/2002	2030	\$ 13,995,000	\$ 13,995,000
Hoechst Celanese, Series 2002B	6.700%	05/01/2002	2030	39,000,000	39,000,000
Environmental Facilities Revenue Bonds:					
Citgo Petroleum, Series 2003 *	8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006 *	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007 *	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008 *	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 495,395,000</u>	<u>\$ 475,495,000</u>

* - Issued by the Industrial Development Corporation (IDC)



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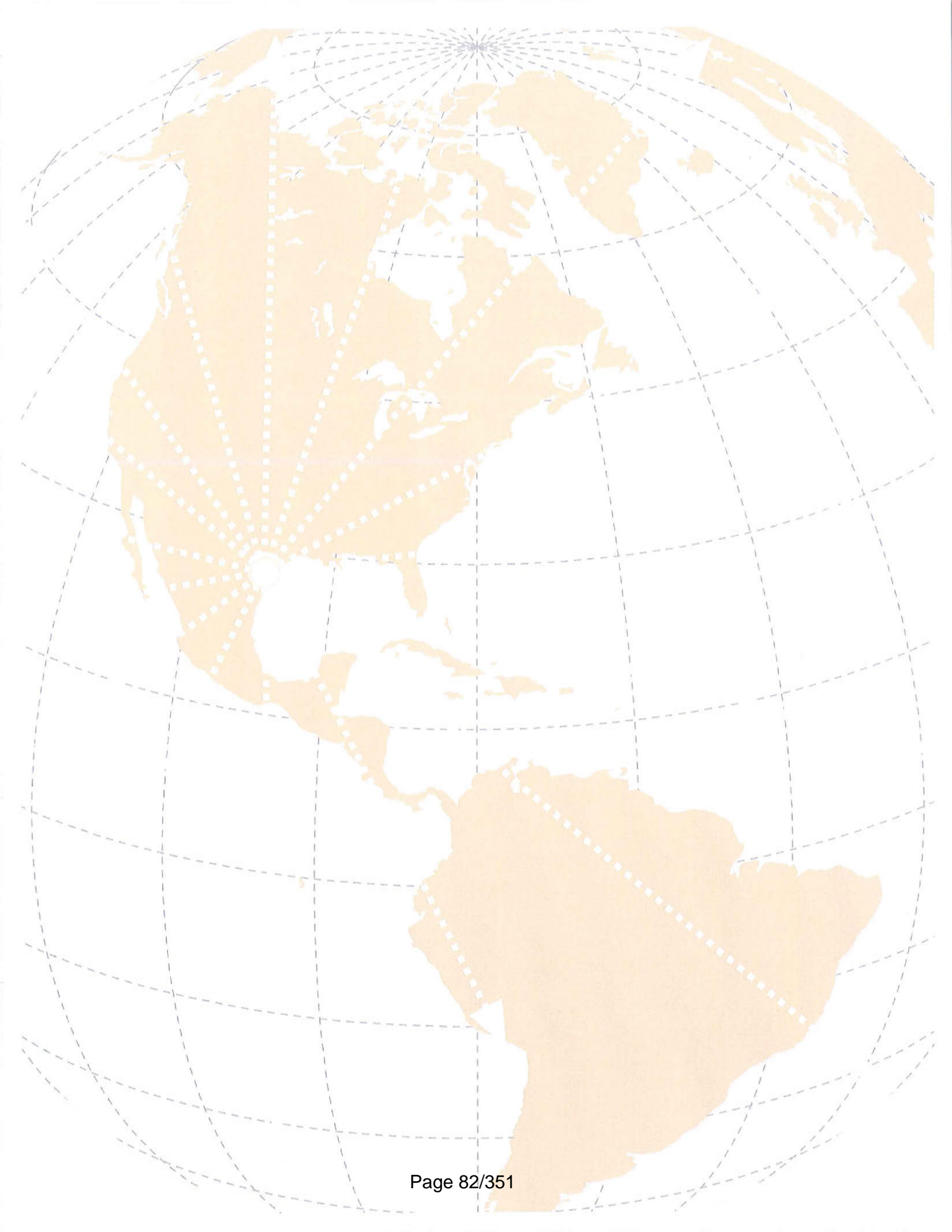


Chemical
2,205,422
SHORT TONS

STATISTICAL SECTION



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

	<u>Page</u>
Financial Trends	41
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	45
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
Debt Capacity	51
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	53
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	55
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.	

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.



TABLE 1 (Unaudited)

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

**Changes in Net Position
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Operating revenues:										
Wharfage	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896
Dockage	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404
Security fees	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860
Freight handling	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303
Rail Charges	309,525	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900
Building and land rentals	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174
Conference center services	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556
Warehouse handling charges	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-
FTZ user fees	233,333	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500
Dredge placement fees	219,592	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714
Other	956,199	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138
Total operating revenues	32,731,892	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445
Investment income	1,084,006	1,269,697	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754
Federal and other grant assistance	78,914	-	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655
Donation of personal property	-	-	-	-	-	225,825	4,500	-	-	-
Gain on disposal of assets	60,268	-	-	-	7,266	-	3,727,517	-	-	40,596
Total Revenues	33,955,080	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450
Expenses										
Operating expenses:										
Maintenance and operations	16,361,152	18,385,065	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865
General and administrative	10,139,046	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293
Depreciation	6,142,055	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557
Total operating expenses	32,642,253	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715
Interest expense and fiscal charges	712,323	689,611	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535
Amortization of bond issuance costs	63,610	49,458	37,828	28,615	20,735	10,743	-	-	-	-
Fiscal payments to subrecipients	-	-	-	284,048	-	-	-	128,730	-	-
Loss on disposal of assets	-	15,395	10,293	308,883	-	8,643	-	9,517,670	102,957	-
Total Expenses	33,418,186	37,027,565	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250
Income(Loss) Before Contributions	536,894	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200
Capital Contributions	17,792,218	12,261,584	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361
Changes in Net Position	18,329,112	12,540,127	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561
Total Net Position, Beginning of Year	186,361,654	204,690,766	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621
Total Net Position, End of Year	\$ 204,690,766	\$ 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
Net Position at Year End										
Net investment in capital assets	\$ 178,351,445	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952
Restricted	2,167,787	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522
Unrestricted	24,171,534	20,095,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708
Total Net Position	\$ 204,690,766	\$ 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

TABLE 2 (Unaudited)

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

**Revenues by Source
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues:										
Wharfage	\$15,388,177	\$19,351,717	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896
Dockage	4,153,902	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404
Security fees	2,121,042	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860
Freight handling	2,351,619	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303
Rail Charges	309,525	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900
Building and land rentals	3,705,185	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174
Conference center services	1,556,200	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556
Warehouse handling charges	1,737,118	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-
FTZ user fees	233,333	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500
Dredge placement fees	219,592	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714
Other	956,199	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138
	<u>\$32,731,892</u>	<u>\$36,036,411</u>	<u>\$44,929,457</u>	<u>\$51,051,193</u>	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$81,809,445</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754
Other	139,182	-	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251
	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>

TABLE 3 (Unaudited)

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

**Expenses by Type
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043
Maintenance	3,317,396	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959
Utilities	1,095,452	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905
Telephone	19,694	23,716	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639
Insurance & claims	1,264,823	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090
Professional services	544,189	400,085	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320
Police expenses	36,788	53,276	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461
Contracted services	2,155,840	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137
Office and equipment rental	78,665	129,527	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023
Operator and event expenses	1,287,428	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155
Warehouse supplies	136,382	64,946	38,292	68,428	44,700	9,037	8,024	-	-	-
Safety/Environmental	53,509	50,970	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859
General	74,745	173,190	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274
	<u>\$16,361,152</u>	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>
General and Administrative:										
Employee services	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279
Maintenance	229,548	324,760	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221
Utilities	162,864	218,586	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148
Telephone	209,939	205,520	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776
Insurance & claims	119,854	111,670	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451
Professional services	1,713,073	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383
Police expenses	1,341	654	216	314	174	82	82	-	190	1,616
Contracted services	54,189	134,754	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167
Office and equipment rental	4,451	6,852	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761
Administrative	1,483,098	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972
Trade and sales development	107,450	123,054	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900
Media advertising	91,527	73,557	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608
Production	45,124	56,861	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061
Safety/Environmental	20,439	36,047	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007
General	184,761	(193,238)	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943
	<u>\$10,139,046</u>	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>
Depreciation	\$ 6,142,055	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$ 10,060,645	\$ 12,165,114	\$ 13,381,562	\$ 13,738,571	\$ 12,024,981	\$ 12,310,557
Non-Operating Expenses:										
Other:										
Interest	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535
Other	-	15,395	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-
	<u>\$ 775,933</u>	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>

TABLE 4 (Unaudited)

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

Financial Performance Indicators

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues (OR)	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 81,809,445
Operating Expenses (OE) *	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)
Net Operating Income (NOI)	6,231,694	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,550,287
Non-Operating Revenues	1,223,188	1,269,697	1,230,324	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005
Non-Operating Expenses	(775,933)	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)
Net Income "A" (NI"A")	6,678,949	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,112,757
Depreciation	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)
Net Income (Loss) "B" (NI"B")	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079	\$ (955,989)	\$ 32,375,219	\$ 30,802,200
Net Capital Assets (NCA) **	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828	\$ 205,249,468	\$ 236,941,202	\$ 241,815,700
Total Assets (TA)	\$ 242,045,429	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 383,387,219	\$ 399,959,365	\$ 398,840,431	\$ 435,235,356	\$ 485,074,255

Operating Indicators:

Operating ROI (NOI/NCA)	3.98%	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.60%
Operating Margin (NOI/OR)	19.04%	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.01%
Operating Ratio (OE/OR)	80.96%	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.99%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.76%	2.94%	4.48%	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.89%
ROI "B" (NI"B"/TA)	0.22%	0.11%	1.21%	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.35%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Commodity By Port Division - <i>Short tons</i>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inner Harbor										
Break Bulk	200,159	183,544	215,964	256,612	133,037	157,781	122,055	214,010	60,529	133,279
Grain	2,098,829	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716
Chemical	66,514	59,851	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979
Dry Bulk	2,544,880	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,555
Liquid Bulk	518,403	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850
Petroleum	66,391,484	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,818,288	78,272,092
Total	71,820,269	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,174,672	86,707,471
La Quinta										
Break Bulk	-	-	-	-	-	1,369	-	-	3,551	105,282
Chemical	1,728,815	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444
Dry Bulk	5,812,484	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	5,887,865	5,006,308
Petroleum	25,081	24,030	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906
Total	7,566,380	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	7,816,208	7,240,940
Harbor Island										
Break Bulk	6	6	6	2	-	-	-	-	-	-
Petroleum	332	-	-	-	-	-	-	-	-	-
Total	338	6	6	2	-	-	-	-	-	-
Ingleside										
Break Bulk	226,899	46,637	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458
Dry Bulk	-	-	42,722	-	-	7,012	4,615	10,742	829	5,274
Petroleum	7,115,455	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182
Total	7,342,354	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914
Rincon Point										
Break Bulk	17,918	26,510	4,519	18,829	6,130	10,500	9,025	1,669	-	-
Grain	-	5,746	10,329	14,040	-	12,503	31,726	15,312	11,235	1,599
Dry Bulk	38,690	1,707	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-
Total	56,608	33,963	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,599
Total	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,699,849	100,073,924
Commodity Totals - <i>Short tons</i>										
Break Bulk	444,982	256,697	445,203	552,590	317,993	339,259	306,631	390,966	327,199	270,019
Grain	2,098,829	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,315
Chemical	1,795,329	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,422
Dry Bulk	8,396,054	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,700,428	8,651,138
Liquid Bulk	518,403	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850
Petroleum	73,532,352	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,260,467	84,383,180
Total	86,785,949	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,699,849	100,073,924

TABLE 5 (Unaudited - Continued)

Port Commerce By Commodity
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

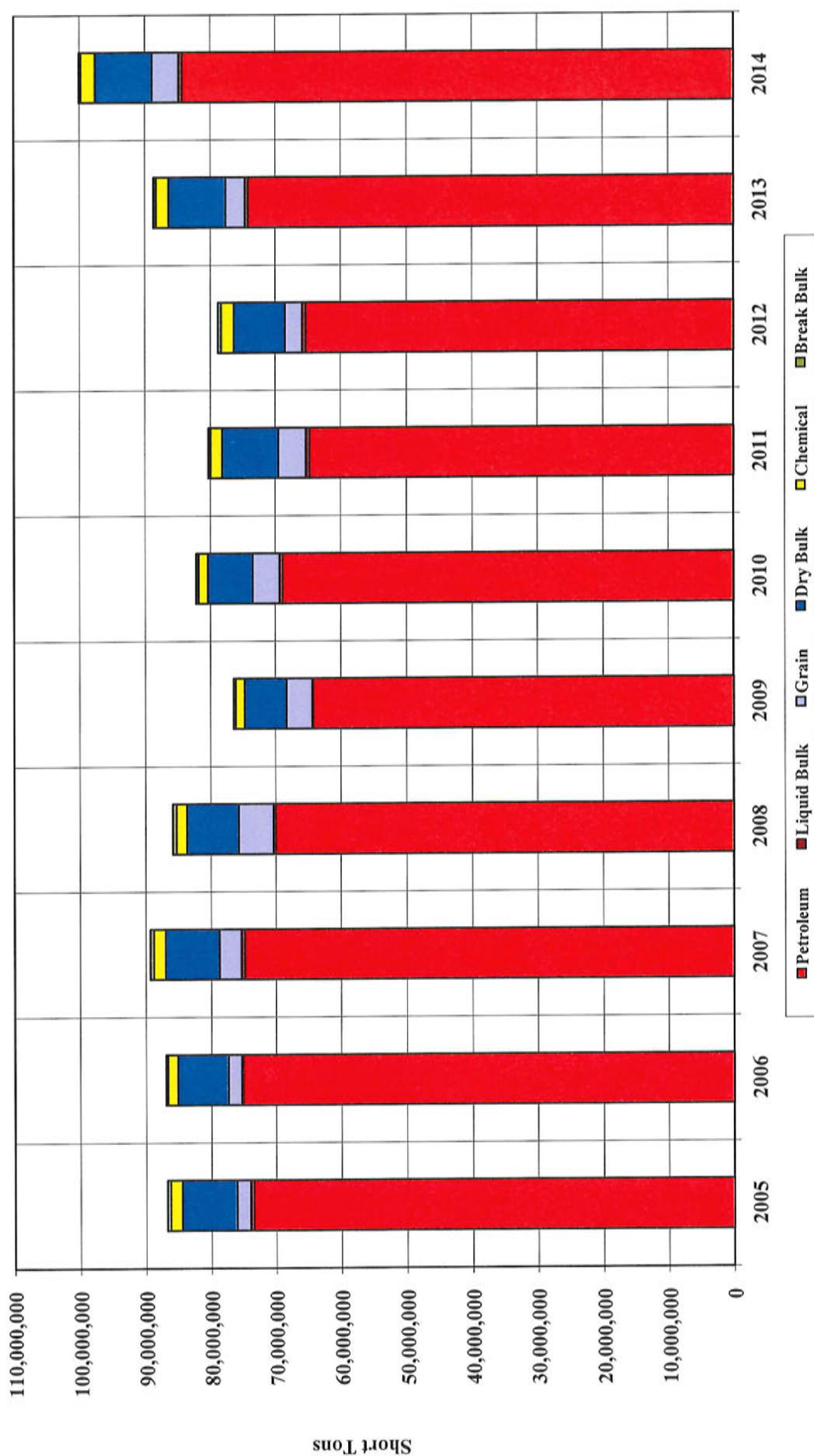


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inner Harbor										
<i>Ships</i>										
Dry Cargo	268	233	300	377	217	234	271	221	223	223
Tankers	808	817	825	819	779	816	789	765	874	986
<i>Barges</i>	4,820	4,440	4,393	4,112	3,691	4,168	3,878	4,579	5,085	6,475
<i>Total Vessels</i>	5,896	5,490	5,518	5,308	4,687	5,218	4,938	5,565	6,182	7,684
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	147	128	117	107	100	124	117	114	126	130
Tankers	104	110	135	104	85	69	101	116	113	130
<i>Barges</i>	310	175	166	102	80	123	89	59	88	101
<i>Total Vessels</i>	561	413	418	313	265	316	307	289	327	361
Harbor Island										
<i>Ships</i>										
Dry Cargo	610	566	632	227	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	5	-
<i>Barges</i>	-	-	-	-	-	-	1	-	2	-
<i>Total Vessels</i>	610	566	632	227	-	-	1	-	7	-
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	12	15	28	19	22	58	42	37	29	60
Tankers	88	92	97	98	109	107	75	67	94	70
<i>Barges</i>	54	55	45	49	66	67	48	122	225	353
<i>Total Vessels</i>	154	162	170	166	197	232	165	226	348	483
Rincon Point										
<i>Barges</i>	114	2	6	8	2	3	2	2	6	-
<i>Total Vessels</i>	114	2	6	8	2	3	2	2	6	-
Total										
<i>Ships</i>										
Dry Cargo	1,037	942	1,077	730	339	416	430	372	378	413
Tankers	1,000	1,019	1,057	1,021	973	992	965	948	1,086	1,186
<i>Barges</i>	5,298	4,672	4,610	4,271	3,839	4,361	4,018	4,762	5,406	6,929
<i>Total Vessels</i>	7,335	6,633	6,744	6,022	5,151	5,769	5,413	6,082	6,870	8,528

TABLE 6 (Unaudited - Continued)

Vessel Traffic
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

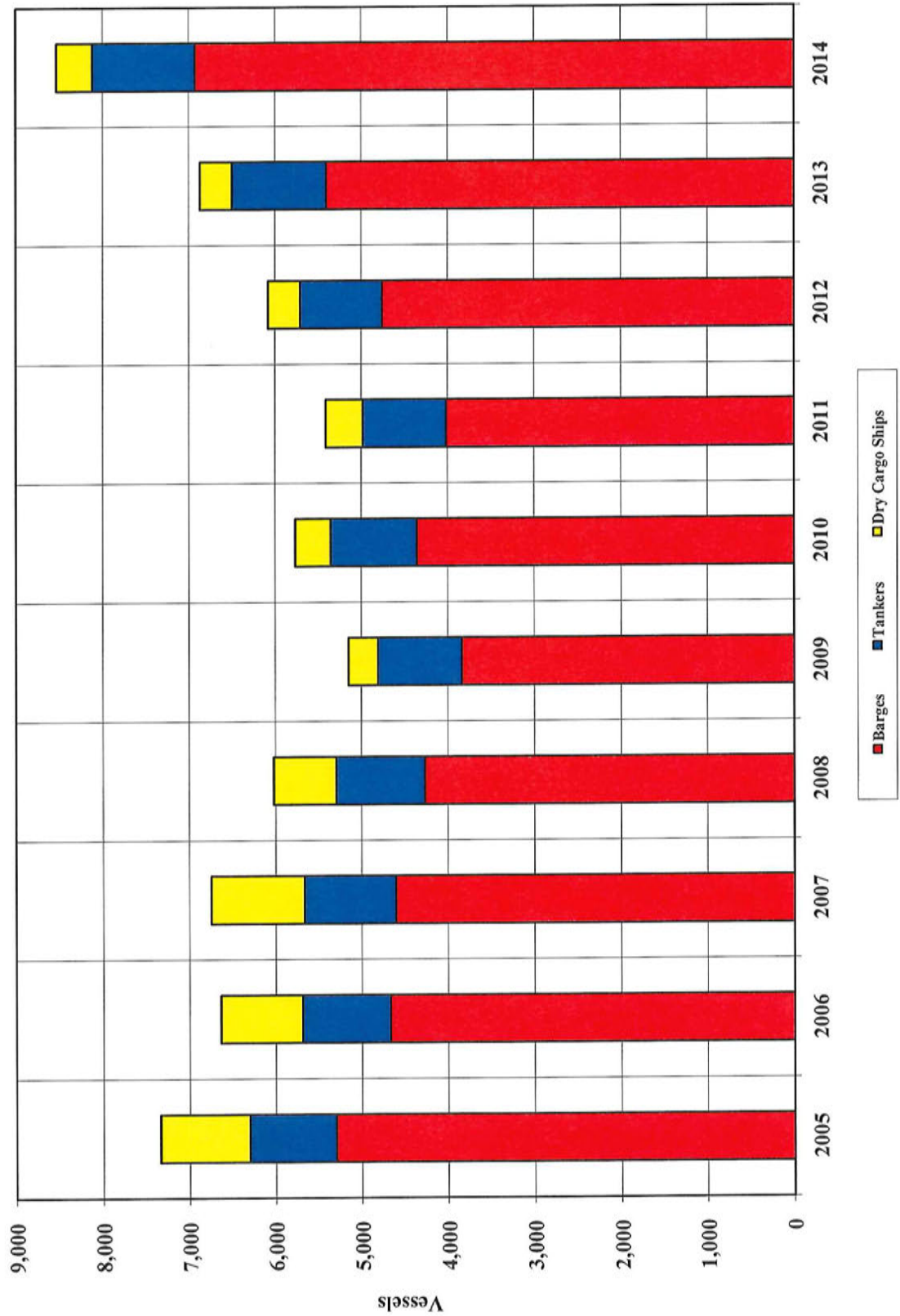


TABLE 7 (Unaudited)

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

**Tariff Rates
Last Ten Years**

	U/M	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Wharfage Rates											
All Cargo NOS	W/M	\$2,500	\$2,500	\$2,500	\$2,750	\$2,860	\$2,850	\$2,890	\$3,040	\$3,100	\$3,220
Dry Bulk	S/T	\$0,600	\$0,600	\$0,600	\$0,600	\$0,620	\$0,900	\$1,050	\$1,250	\$1,280	\$1,330
Liquid Bulk	BRL	\$0,060	\$0,060	\$0,080	\$0,080	\$0,083	\$0,082	\$0,083	\$0,083	\$0,091	\$0,097
Beans, Lentils & Peas	S/T	\$0,500	\$0,500	\$0,500	\$0,550	\$0,550	\$0,570	\$0,580	\$0,610	\$0,620	\$0,640
Cotton	Bale	\$0,480	\$0,480	\$0,480	\$0,480	\$0,500	\$0,500	\$0,510	\$0,540	\$0,550	\$0,570
Grain and Grain Products	S/T	\$0,500	\$0,500	\$0,500	\$0,700	\$1,300	\$0,260	\$1,310	\$1,380	\$1,410	\$1,470
Grain and Grain Products (bulk)	S/T	\$0,170	\$0,170	\$0,170	\$0,250	\$0,260	\$0,260	\$0,260	\$0,270	\$0,280	\$0,290
Iron and Steel Articles	S/T	\$1,200	\$1,200	\$1,200	\$1,800	\$1,870	\$1,860	\$1,880	\$1,980	\$2,020	\$2,100
Machinery, agricultural	S/T	\$1,760	\$1,760	\$1,760	\$2,750	\$2,860	\$2,850	\$2,890	\$3,040	\$3,100	\$3,220
Machinery, grading, earth moving	S/T	\$2,000	\$2,000	\$2,000	\$2,750	\$2,860	\$2,850	\$2,890	\$3,040	\$3,100	\$3,220
Military Cargo	S/T	\$2,300	\$2,300	\$2,300	\$2,300	\$5,380	\$5,360	\$5,430	\$5,720	\$5,840	\$6,070
Milk, dehydrated	S/T	\$0,500	\$0,500	\$0,500	\$0,700	\$1,520	\$1,510	\$1,530	\$1,610	\$1,640	\$1,710
Passengers	Person	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$4,980	\$5,050	\$5,530	\$5,640	\$5,860
Power Generation/Plant Equipment	S/T	\$0,000	\$1,900	\$1,900	\$2,750	\$2,850	\$2,840	\$2,880	\$3,030	\$3,100	\$3,220
Refrigerated Cargo	S/T	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,290	\$1,310	\$1,380	\$1,410	\$1,470
Rice and Rice Products	S/T	\$0,500	\$0,500	\$0,500	\$0,700	\$1,300	\$1,290	\$1,310	\$1,380	\$1,410	\$1,470
Sand, aggregates, caliche, limestone	S/T	\$0,600	\$0,600	\$0,600	\$0,600	\$0,620	\$0,900	\$1,050	\$1,250	\$1,280	\$1,330
Vegetable oil	S/T	\$1,200	\$1,200	\$1,200	\$1,200	\$1,250	\$1,250	\$1,270	\$1,340	\$1,370	\$1,420
Vehicles	S/T	\$3,400	\$3,400	\$3,400	\$4,750	\$4,940	\$4,920	\$4,980	\$5,240	\$5,350	\$5,560
Vessels, pressure	S/T	\$3,400	\$3,400	\$3,400	\$3,400	\$3,530	\$3,520	\$3,570	\$3,760	\$3,840	\$3,990
Dockage Rates											
General Cargo											
Vessels					Dry/Liquid						
0-199	Feet	\$1.97	\$1.97	\$1.97	\$2.28/\$1.62	\$2.37	\$2.36	\$2.39	\$2.52	\$2.57	\$2.67
200-399	Feet	\$2.55	\$2.55	\$2.55	\$2.99/\$2.10	\$3.11	\$3.10	\$3.14	\$3.31	\$3.38	\$3.51
400-499	Feet	\$3.50	\$3.50	\$3.50	\$4.23/\$3.88	\$4.40	\$4.38	\$4.44	\$4.67	\$4.76	\$4.95
500-599	Feet	\$4.67	\$4.67	\$4.67	\$5.69/\$5.85	\$5.91	\$5.89	\$5.97	\$6.28	\$6.41	\$6.66
600-699	Feet	\$5.43	\$5.43	\$5.43	\$6.51/\$4.47	\$6.77	\$6.74	\$6.83	\$7.19	\$7.34	\$7.63
700-799	Feet	\$6.89	\$6.89	\$6.89	\$8.39/\$5.67	\$8.72	\$8.69	\$8.80	\$9.26	\$9.45	\$9.83
800-899	Feet	\$8.29	\$8.29	\$8.29	\$10.10/\$6.83	\$10.50	\$10.46	\$10.60	\$11.16	\$11.39	\$11.84
900 +	Feet	\$9.92	\$9.92	\$9.92	\$12.08/\$8.17	\$12.55	\$12.50	\$12.66	\$13.33	\$13.60	\$14.14
Barges - Inland Waterway	Feet	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$90.00 Flat	\$95.00 Flat	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00
Bulk Terminal	GRT	\$0.13	\$0.13	\$0.13	\$0.49	\$0.51	\$0.41	\$0.42	\$0.44	\$0.45	\$0.47
Liquid Bulk											
Vessels											
Barges	DWT	\$0.025	\$0.025	\$0.025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
0-360 Feet	Barge	\$70.00	\$70.00	\$70.00	\$90.00	\$95.00	\$125.00	\$126.64	\$133.30	\$136.01	\$150.00
360 +	Barge	\$700.00	\$700.00	\$700.00	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	\$240.00	\$240.00	\$275.00	\$275.00	\$2,032.00	\$2,032.00	\$2,032.00	\$2,032.00	\$1,153.00
Barges	Barge	\$30.00	\$30.00	\$30.00	\$35.00	\$35.00	\$230.00	\$230.00	\$230.00	\$230.00	\$132.00
Security Surcharge Fee ¹											
		10.5%	11.0%	11.5%	12.0%	10.0%	10.0%	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, 2014 and 2005**

WHARFAGE and DOCKAGE REVENUE:

Customer	2014				2005			
	Wharfage and Dockage Revenue	Rank	%		Wharfage and Dockage Revenue	Rank	%	
Valero	\$ 8,266,903	1	14.50%		\$ 6,625,039	1	31.84%	
Citgo	5,904,247	2	10.35%		4,017,934	2	19.31%	
Flint Hills	5,903,806	3	10.35%		2,470,010	3	11.87%	
Martin Operating	5,684,846	4	9.97%				0.00%	
Nu Star Logistics	4,257,376	5	7.47%		-			
Plains Pipeline	2,107,178	6	3.70%		-			
Trafigura Terminals LLC	1,899,856	7	3.33%		-			
Moran-Gulf Shipping Agency	1,707,033	8	2.99%		-			
Dis-Fairway Terminals	1,242,030	9	2.18%		-			
Max Shipping, Inc.	1,211,932	10	2.13%		-			
Boyd-Campbell	-				1,117,024	4	5.37%	
Equistar	-				773,602	5	3.72%	
Oxbow Carbon & Minerals LLC	-				435,827	6	2.09%	
Valls Shipping Agency	-				414,389	7	1.99%	
U.S. Army	-				329,142	8	1.58%	
Biehl & Company	-				272,652	9	1.31%	
Jim E. Docking, Inc.	-				265,945	10	1.28%	
Subtotal (10 largest)	38,185,207		66.97%		16,721,564		80.38%	
Other	18,835,814		33.03%		4,082,853		19.62%	
Total	\$ 57,021,021		100.00%		\$ 20,804,417		100.00%	

TONNAGE:

Customer	2014				2005			
	Tonnage	Rank	%		Tonnage	Rank	%	
Citgo	21,788,636	1	21.77%		24,287,118	2	27.99%	
Valero	21,126,348	2	21.11%		28,319,417	1	32.63%	
Flint Hills	13,635,953	3	13.63%		9,879,379	3	11.38%	
Martin Operating	8,511,546	4	8.51%				0.00%	
Nu Star Logistics	7,998,185	5	7.99%		-			
Trafigura Terminals LLC	5,537,930	6	5.53%		-			
Sherwin Alumina Company LP	5,006,308	7	5.00%		5,812,485	5		
Plains Pipeline	2,876,044	8	2.87%				0.00%	
ADM/Gromark River System, Inc.	2,649,243	9	2.65%				0.00%	
Occidental Chemical Corp.	2,105,443	10	2.10%		1,728,815	7	1.99%	
Koch	-				* 7,302,191	4	8.41%	
Equistar	-				2,304,653	6	2.66%	
Interstate Grain Port Terminal	-				1,473,071	8	1.70%	
Bay, Ltd	-				741,038	9	0.85%	
Oxbow Carbon & Minerals LLC	-				726,378	10	0.84%	
Subtotal (10 largest)	91,235,636		91.17%		82,574,545		95.15%	
Other	8,838,288		8.83%		4,211,405		4.85%	
Total	100,073,924		100.00%		86,785,950		100.00%	

* Flint Hills was formerly Koch Petroleum

** NuStar Logistics was formerly Diamond Shamrock

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenue Bonds	\$ 14,120,000	\$ 13,080,000	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -
Capital Leases	-	-	47,622	46,215	27,384	10,285	521	-	-	-
Total Outstanding Debt	\$ 14,120,000	\$ 13,080,000	\$ 12,052,622	\$ 10,931,215	\$ 9,752,384	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -
Per Capita	\$473	\$408	\$354	\$299	\$277	\$231	\$188	\$ -	\$ -	\$ -
Percent of Personal Income	0.11%	0.10%	0.08%	0.07%	0.06%	0.05%	0.04%	-	-	-

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**

**Revenue Bond Coverage
Last Ten Years**

Year	Gross		Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Coverage
	Revenues (1)				Principal	Interest	Total	
2005	\$ 33,955,080	\$ 26,500,198	\$ 7,454,882	\$ 1,283,636	\$ 387,819	\$ 1,671,455	4.46	
2006	37,306,108	29,145,654	8,160,454	1,308,000	363,385	1,671,385	4.88	
2007	46,159,781	33,913,508	12,246,273	1,333,889	337,589	1,671,478	7.33	
2008	51,983,640	34,850,477	17,133,163	1,360,625	310,516	1,671,141	10.25	
2009	47,035,575	35,727,525	11,308,050	1,389,286	282,198	1,671,484	6.77	
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617	10.68	
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259	15.84	
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	-	-	-	-	

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

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

(A) Debt service requirements represent average annual debt service

TABLE 11 (Unaudited)

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

Demographic and Economic Statistics

Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014(E)
Population (1)	416,308	419,530	420,407	423,168	427,262	428,018	430,883	436,709	442,600	445,110
Personal Income-(in thousands) (1)	\$ 12,423,851	\$ 13,451,305	\$ 14,309,054	\$ 15,491,817	\$ 15,033,219	\$ 15,777,707	\$ 16,942,076	\$ 18,170,868	\$ 18,735,882	\$ 19,583,593
Per Capita Personal Income (1)	\$29,843	\$32,063	\$34,036	\$36,609	\$35,185	\$36,862	\$38,609	\$40,796	\$42,331	\$43,997
Unemployment rate (2)	5.60%	4.90%	4.40%	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%

Source:

(1) Bureau of Economic Analysis (updated November 20, 2014 with revised estimates for 2005-2012)

(2) Bureau of Labor Statistics

(E) Estimate of 2014 population from the Texas Department of State Health Services

Unemployment % 2014

Jan	5.60%
Feb	5.60%
Mar	5.10%
Apr	4.60%
May	4.90%
Jun	5.30%
Jul	5.40%
Aug	5.40%
Sep	4.80%
Oct	4.90%
Nov	4.70%
Dec	4.30%
Avg	5.05%

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2014 and 2005**

Employer	2014			2005*		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi Army Depot	5,800	1	2.74%	-	-	-
Corpus Christi ISD	5,178	2	2.44%	-	-	-
Christus Spohn Health System	5,144	3	2.43%	-	-	-
HEB Grocery Co.	5,000	4	2.36%	-	-	-
City of Corpus Christi	3,171	5	1.50%	-	-	-
Naval Air Station Corpus Christi	2,822	6	1.33%	-	-	-
Bay, Ltd.	2,100	7	0.99%	-	-	-
Driscoll Children's Hospital	1,800	8	0.85%	-	-	-
Del Mar College	1,542	9	0.73%	-	-	-
Corpus Christi Medical Center	1,300	10	0.61%	-	-	-
Total	33,857		15.98%	-		-

Corpus Christi Regional Economic and Development Corporation
Bureau of Labor Statistics

* Information for 2005 not available

TABLE 13 (Unaudited)

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

**Employees by Function
Last Ten Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operations:										
Cold Storage Facility	13	13	12	9	-	-	-	-	-	-
Bulk Terminal Facility	16	17	16	17	17	14	17	18	22	23
Harbormaster's Office	12	11	10	10	10	9	9	9	9	8
Lift Bridge	8	8	5	-	-	-	-	-	-	-
Maintenance	38	39	43	43	48	46	45	45	38	40
Police Department	21	22	40	44	49	51	46	44	43	48
	108	110	126	123	124	120	117	116	112	119
Administration:										
Executive Director	2	2	2	5	4	6	2	2	2	3
Managing Director	-	-	-	-	-	-	-	2	2	2
Deputy Port Director	-	-	-	3	4	4	4	2	-	-
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	4	4	5	5	5	5	5	5	5	5
Business Development	8	7	7	5	7	3	3	3	4	4
Communications	-	-	-	-	-	2	3	3	3	4
Property & Industrial Development	1	1	1	1	1	1	3	3	3	3
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	8	8	8	9	9	7	8	8	10	9
Information Technology	7	7	9	9	7	7	6	7	6	8
Engineering	11	13	13	10	14	12	12	12	14	19
Operations	7	7	7	5	7	4	4	4	5	5
	51	52	55	55	61	54	53	54	57	65
	159	162	181	178	185	174	170	170	169	184

TABLE 14 (Unaudited)

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

	2010	2011	2012	2013	2014
Harbor divisions	6	6	6	6	7
Turning basins	5	5	5	5	6
Corpus Christi Ship Channel (miles)	35	35	35	35	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	8	8	7	7	7
Covered docks	3	3	3	3	3
Open docks	2	2	2	2	2
Special public use dock	1	1	1	1	1
Covered storage (square feet)	295,000	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	11	11	12	13
Ship	6	6	6	6	7
Barge	5	5	5	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)	28	30	30	30	35
Container handling machines	2	2	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	318	318	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	18,750	18,750	17,770	17,770
Emergred (acres)	6,250	6,256	5,822	7,286	7,296
Dredge Placement Areas	4,688	4,688	4,688	4,974	4,974
Open storage/development (acres)	2,400	2,400	2,400	2,312	2,322
Railroads					
Railway (miles)	37	42	42	43	45
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emergred (acres)	483	480	-	-	-
Land-submerged (acres)	429	429	-	-	-
Wharfs and piers (linear feet)	4050	3450	-	-	-
Buildings-office/classrooms,barracks,warehouse (sq ft)	788,367	781,217	-	-	-

TABLE 15 (Unaudited)

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

Analysis of Funding Progress - Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded (Overfunded)		UAAAL As a Percentage of Covered Payroll
				Actuarial Accrued Liability (UAAAL)	Annual Covered Payroll	
2004	12,187,288	16,966,500	71.8%	4,779,212	7,918,506	60.4%
2005	13,572,671	18,177,881	74.7%	4,605,210	8,544,001	53.9%
2006	15,800,903	19,925,412	79.3%	4,124,509	9,020,233	45.7%
2007	17,772,707	22,044,720	80.6%	4,272,013	9,558,262	44.7%
2008	18,097,936	23,421,983	77.3%	5,324,047	10,298,956	51.7%
2009	20,143,863	24,899,158	80.9%	4,755,295	11,397,962	41.7%
2010	21,744,295	26,372,629	82.5%	4,628,334	11,840,675	39.1%
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%)

TABLE 16 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2014**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/14-15	\$5,000,000/\$100,000	\$ 100,000,000
Federal Flood Insurance	Varies	1,000	500,000
Boiler and Machinery	04/01/14-15	5,000	1,000,000 30,000,000
Business Auto Liability	10/01/14-15	5,000/10,000	10,000,000
Group Travel Accident	01/11/14-17	-	750,000
Foreign Liability	10/01/14-15	-	1,000,000
Non-owned Aircraft Liability	10/01/14-15	-	2,000,000
Marine Liability and Primary P&I	10/01/14-15	50,000	20,000,000
Firebarge Hull & Machinery	10/01/14-15	25,000	3,500,000
29' Safeboat Hull & Machinery	10/01/14-15	25,000	159,065
31' Safeboat Hull & Machinery			350,000
Other boats & motors			224,895
Firebarge and Excess P&I	10/01/14-15	50,000	80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/14-15	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/14-15	10,000	5,000,000/10,000,000
Executive Risk	10/01/13-16	-	250,000/1,250,000
Customs Bond - FTZ Operator	09/28/14-15	-	250,000
International Carrier Bond	02/15/14-15	-	100,000
Employee Fidelity (Crime) Bond	12/21/11-14	25,000	2,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/14-15	-	Statutory
Terrorism	04/01/14-15	50,000	25,000,000

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2014**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	184			
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
Area:	7,286 - Emergent acres 17,770 - 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	2.08 feet above Mean Low Tide (MLT)			
Tidal Range:				
Inner Harbor	Insignificant			
Aransas Pass	1.5 feet			
Aerial Clearance:				
Harbor Bridge	138 feet			
Temperature:				
	Annual Average - 71.6°			
	January Average - 55.1°			
	July Average - 84.1°			
Average Seasonal Rainfall:	30.1			

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2014**
Public Docks:

Bulk liquid	13 - Main Harbor
Dry cargo	6 - Main Harbor
Dry cargo	1 - Rincon
Bulk materials	2 - Main Harbor
	<u>22</u>

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 Chemical	1 - La Quinta
	- Koch Gathering	1 - Ingleside
Dry cargo	- Bay Inc.	1 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	2 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - Ingleside
	- Helix Energy Solutions	1 - LaQuinta
	- Voestalpine	1 - LaQuinta
	- Occidental Chemical (NSI)	3 - Ingleside
	- Signet Maritime	1 - Jewell Fulton
Bulk materials	- ADM/Growmark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
	- Vulcan Materials	1 - Main Harbor
		<u>44</u>

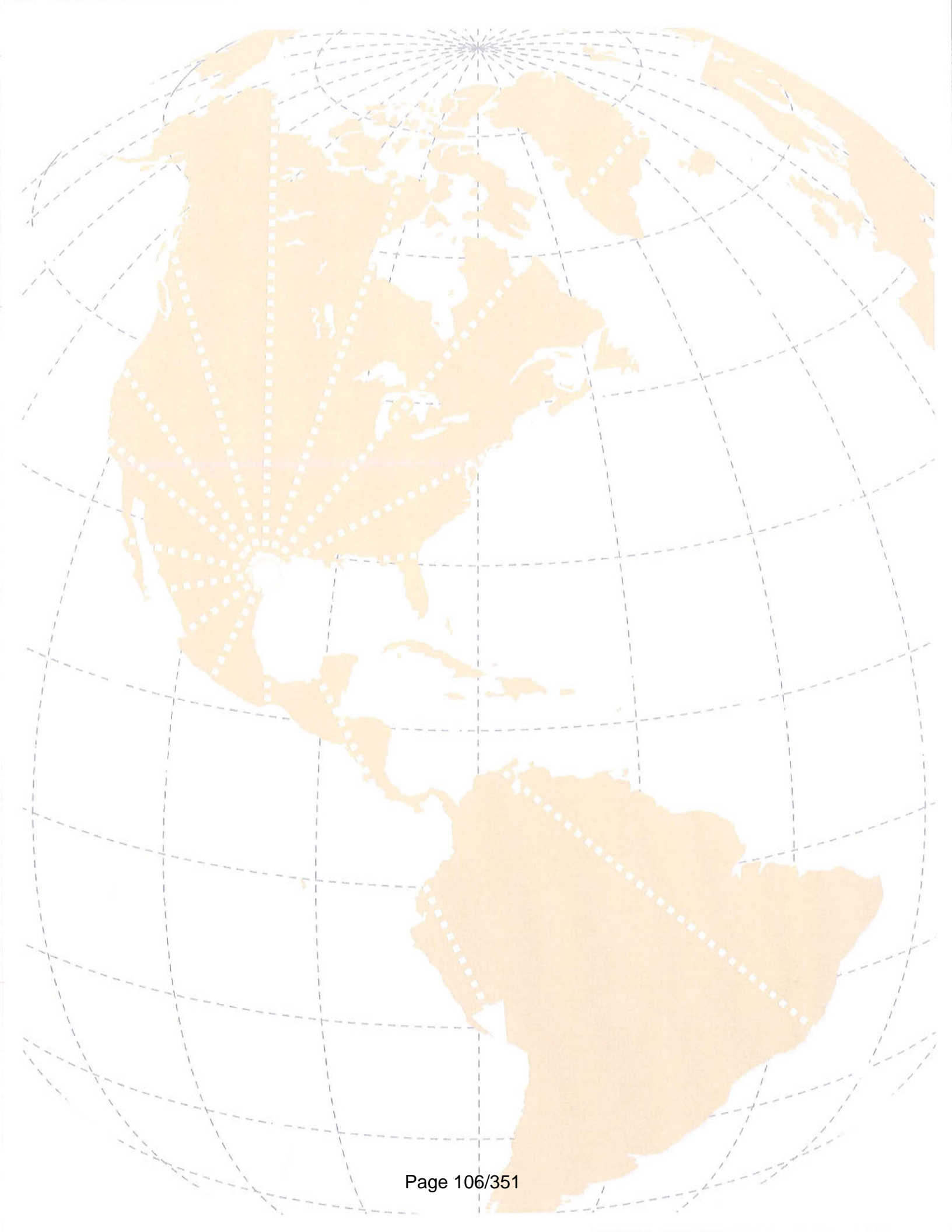


**Liquid Bulk
& Breakbulk
763,869
SHORT TONS**

SINGLE AUDIT SECTION



PORTCORPUSCHRISTI™



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

March 31, 2015

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, the financial statements of the Port of Corpus Christi Authority as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 31, 2015.

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.

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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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

March 31, 2015

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 Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

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Page 109/351

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PORT OF CORPUS CHRISTI AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

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 with Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133."
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 Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:

U.S. Department of Transportation
National Infrastructure Investments Discretionary Grant (CFDA – 20.933)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
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

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Page 11 of 35



PORTCORPUSCHRISTI

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #13	97.056	EMW-2013-PU-00309	\$ 211,589
Total Direct Programs			<u>211,589</u>
Passed through W.J. Wagner, Inc.			
Port Security Grant #11-Security Equipment Upkeep	97.056	EMW-2011-PU-K00178-02	345,217
Port Security Grant #11-Nueces River Rail Surveillance	97.056	EMW-2011-PU-K00178-07	260,591
Port Security Grant #11-Nueces River Rail Fencing	97.056	EMW-2011-PU-K00178-09	497,342
Total Passed Through Programs			<u>1,103,150</u>
Total U.S. Department of Homeland Security			<u>1,314,739</u>
U.S. Department of Transportation			
Direct Programs			
Maritime Administration			
National Infrastructure Investments Discretionary Grant	20.933	DTMA-91-G-2012-0004	<u>7,173,277</u>
Total U.S. Department of Transportation			<u>7,173,277</u>
Total Federal and passed through assistance			<u>\$ 8,488,016</u>

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. General

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

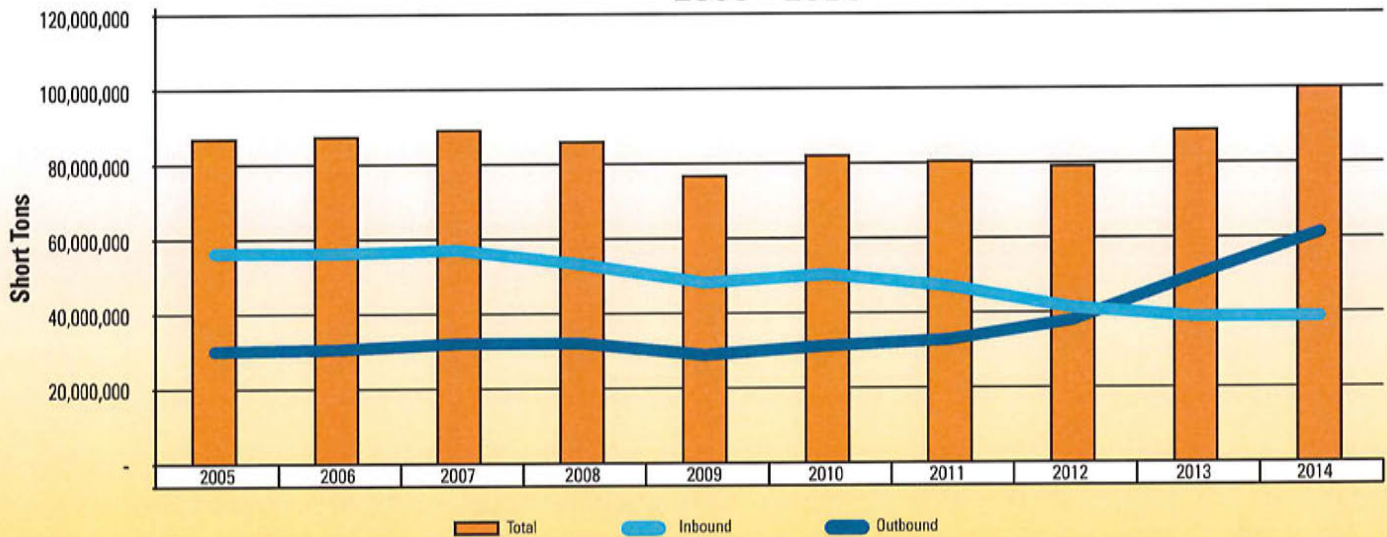
2. Basis of Accounting

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

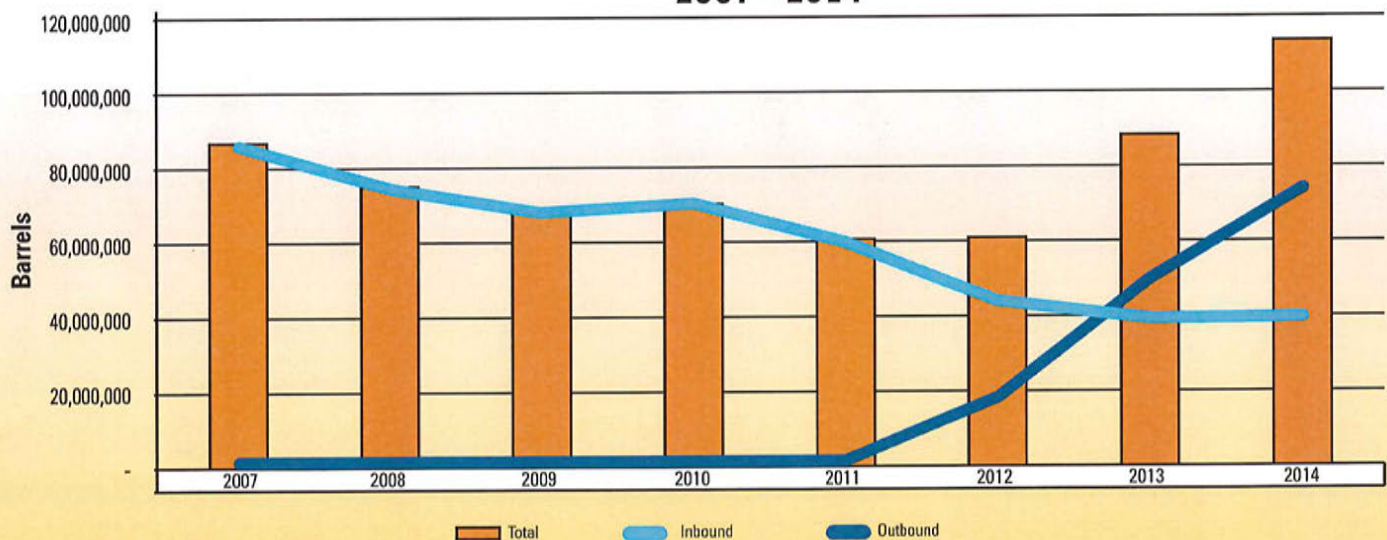
Port Corpus Christi had a record breaking year in tonnage!

	2013	2014	%
Petroleum	74,260,467	84,383,180	13.63%
Dry Bulk	8,700,428	8,651,138	-0.57%
Grain	2,984,208	4,070,315	36.40%
Chemical	1,951,762	2,205,422	13.00%
Liquid Bulk	475,785	493,850	3.80%
Breakbulk	327,199	270,019	-17.48%
Total	88,699,849	100,073,924	12.82%

**Total Tonnage
Inbound - Outbound
2005 - 2014**



**Crude
Inbound - Outbound
2007 - 2014**





Port Corpus Christi

The Port
of the
Lone Star
StateTM



PORTCORPUSCHRISTITM

DATE: April 21, 2015
FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 9

Discuss and Approve a Resolution by the Port Commission of the Port of Corpus Christi Authority of Nueces County, Texas, Authorizing the Issuance, Sale, and Delivery of the “Port of Corus Christi Authority of Nueces County, Texas, Revenue Bonds, Series 2015-A (Tax-Exempt Non-Amt)” and “Port of Corpus Christi Authority of Nueces County, Texas, Revenue Bonds, Series 2015-B (Taxable)”;
Approving and Authorizing the Execution of a Purchase Contract, a Paying Agent/Registrar Agreement; Approving and Authorizing an Official Statement and the Distribution thereof; Approving and Authorizing all Other Instruments and Procedures Related thereto;
Delegating Authority to the Chair of the Port Commission or the Executive Director to Approve all Final Terms of the Bonds; and Providing for an Immediate Effective Date

Purpose of Resolution: The proposed resolution authorizes the issuance of the Port Authority’s (1) *Revenue Bonds, Series 2015-A (Tax-Exempt Non-AMT)* (the “Tax-Exempt Bonds”), and (2) *Revenue Bonds, Series 2015-B (Taxable)* (the “Taxable Bonds”, and together with the Tax-Exempt Bonds, the “Bonds”).

Security for the Bonds: The Bonds are special obligations of the Port Authority, which, together with future revenue bonds, if and when issued, are payable *solely* from the Pledged Revenues of the Port Facilities (consisting principally of the Port Authority’s net operating revenues after payment maintenance and operation expenses).

Purpose of the Bonds: Each series of the Bonds is being issued generally 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 Port Authority’s ports and waterways or in aid of navigation and commerce thereon. Certain proceeds of the Bonds will also pay the costs of issuing the Bonds. The specific projects to be financed with each series of the Bonds will be decided by the Port Commission but are not specifically stated in the resolution for flexibility purposes. Generally speaking, whether a project may be financed with the Tax-Exempt Bonds or the Taxable Bonds depends on the use of the project (i.e., whether such use includes private activity pursuant to Federal tax law).

Delegation to Approve Final Terms of the Bonds: In the Resolution, the Port Commission delegates the authority to the Chair of the Port Commission or the Executive Director to execute

a pricing certificate for each series of Bonds evidencing the final pricing terms of such series of Bonds (each an "Approval Certificate").

The Approval Certificate for a series of Bonds cannot be executed by the designated officials and the sale of such series of Bonds cannot be completed **unless** the following parameters are met.

For the Tax-Exempt Bonds: (A) the aggregate original principal amount of the Series 2015-A Bonds shall not exceed \$26,000,000; (b) the final maturity of the Series 2015-A Bonds shall not exceed December 1, 2036; and (C) the true interest cost of the Series 2015-A Bonds shall not exceed 5.00%.

For the Taxable Bonds: (A) the aggregate original principal amount of the Taxable Series 2015-B Bonds shall not exceed \$108,000,000; (B) the final maturity of the Taxable Series 2015-B Bonds shall not exceed December 1, 2036; and (C) the true interest cost of the Taxable Series 2015-B Bonds shall not exceed 5.00%.

Unless rescinded earlier by the Port Commission, the authority delegated above expires on October 21, 2015.

Other Documents Approved: In addition to authorizing the issuance of the Bonds, the resolution also approves certain documents related to the issuance of the bonds, including a Purchase Contract, a Paying Agent/Registrar Agreement and further delegates the Chair of the Port Commission or the Executive Director the authority to approve an Official Statement. Each of these documents are briefly summarized below:

Purchase Contract: The contract between the Port Authority and the underwriter, or Wells Fargo Bank, N.A., setting forth the terms of the sale, including the price of the Bonds, the interest rate or rates which the Bonds are to bear and the conditions to closing.

Paying Agent/Registrar Agreement: The contract between the Port Authority and a bank yet to be selected. The designated bank will pay the principal and interest of a Bond to the bondholders after invoicing and receiving payment from the Port Authority.

Official Statement: The disclosure document prepared by the Port Authority that gives in detail security and financial information about the Port Authority and the Bonds. The Official Statement is utilized by the Underwriters to market the Bonds to bondholders.

LEAD CONTACT: John LaRue; 885-6189; john@pocca.com

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 10

**Approve Changes to Item 669, “Access to Port Authority Property,”
in the PCCA’s Tariff 100-A**

Port Tariff 100-A, Item 669, “Access to Port Authority Property,” is being amended primarily to reflect the deletion of obsolete information, and to provide users with clarification on how to enroll their Transportation Worker Identification Credential (TWIC) free of charge into the Port Security Command Center Access Control System.

Significant revisions/updates to Item 669 include:

- Tenants/Users/Customers no longer are required to purchase a Port ID.
- There is no fee levied for an individual/company to enroll a TWIC in the Port Access Control System.
- “Part Four – Responsibility for Personal Injury, Death or Loss and Damage to Personal Property” was removed. The information in Part Four was redundant, understanding that information is addressed in Item 606 “Responsibility for Injury or Loss of Cargo,” and in Item 671 “Indemnity.” The title of Part Four has been revised to read, “Operation of Motor Vehicles on Port Authority Property.”

Staff recommends approval of the revisions as reflected in the attached exhibit.

LEAD CONTACT: Tom Mylett; 885-6238; tom@pocca.com

ITEM 669 (C) (R) 043-__-2015
ACCESS TO PORT AUTHORITY PROPERTY

PART ONE - RESTRICTED ACCESS

A. Definitions:

1. **Escort:** an individual, who has been issued a TWIC, who engages in escorting, as defined in the Maritime Transportation Security Act (MTSA), 33 C.F.R. § 101-107, and who assumes the responsibility for accompanying authorized non-TWIC holder(s) into a TWIC secure area.

2. **Escorting:** ensuring that the escorted individual is continuously accompanied while within a TWIC secure area in a manner sufficient to observe whether the escorted individual is engaged in activities other than those for which escorted access was granted.

3. **Restricted Area:** the infrastructure or locations identified in an area, vessel, or facility security assessment or by the owner/operator that require limited access and a higher degree of security protection.

4. **TWIC Secure Area:** the area over which an owner/operator has implemented security measures for access control, and includes restricted areas within TWIC secure areas.

5. **Transportation Worker Identification Credential (TWIC):** a common identification credential for all personnel requiring unescorted access to secure areas of MTSA-regulated facilities and vessels, and all mariners holding Coast Guard-issued credentials. Individuals who meet TWIC eligibility requirements are issued a tamper-resistant credential containing the worker's biometric (fingerprint template) to allow for a positive link between the card and the individual. ~~a Government issued, biometric, photo identification card issued to qualified individuals only after a criminal background check has acceptably been completed. This card is required for any individual to gain unescorted authorized access to the TWIC secure areas of a vessel or facility regulated by 33CFR101-105.~~

B. To promote public safety and efficient operations, the Port Authority may restrict access to part of or all Terminal Facilities and other ~~Designated~~ TWIC Secure and Restricted Areas within its jurisdiction. Users, however, are responsible for the security of any area of a Terminal Facility in which the User's cargo or other personal property ~~owned, or controlled, by it is situated~~ is located. The Port ~~of Corpus Christi~~ Authority is not responsible ~~to Customers, or any other users,~~ for providing escorts to ~~their~~ non-TWIC holding personnel of Users. The User ~~and/or Customer~~ is responsible for providing TWIC holding escorts to accompany and/or monitor, as applicable, their non-TWIC holding personnel.

C. Before being authorized to escort a non-TWIC individual, the TWIC-holding escort must have prior authorization from the Port Authority to enter a Port facility (e.g. gate list, company letterhead document). Each authorized escort must complete the "Escort Agreement" form

provided at the guard shack station. Each escort will be given a copy of the "Escort Rules." TWIC Escorts shall comply with all rules pertaining to escorting non-TWIC individuals. The TWIC escort, and the its employer of the TWIC escort, assume the all liability of for penalties levied against PCCA the Port Authority as they relate to the for failure of the respective escort to comply with escorting responsibilities mandated by applicable sections of 33 C.F.R. §33CFR105; and other current applicable U.S. Coast Guard applicable requirements.

D. Docks, piers, and wharves, within secure areas, are restricted areas. Warehouses, designated open cargo storage areas adjacent to, or otherwise within the same immediate area of restricted areas, are designated TWIC secure areas. ~~The Engineering Chart/Map Room, and the Harbor Master Office in the Operations Annex of _____ are both designated as TWIC secure and restricted areas.~~ A Transportation Workers Identification Credential (TWIC) is required for unescorted access to these TWIC secure and restricted areas at all times. ~~The Computer systems network server room, and systems technician operations offices in the Administration building are designated TWIC secure and restricted areas. The remaining spaces within the Administration/Annex buildings are designated Public Access areas.~~

PART TWO – AUTHORIZATION REQUIRED TO ENTER UPON PORT AUTHORITY PROPERTY ~~(Subject to PARTS THREE thru PART SIX of this item)~~

The security measures for control of access to Port Authority Property listed below are intended to fulfill the following purposes:

- Deter the unauthorized introduction of dangerous substances and devices, including any device intended to damage or destroy persons, vessels, facilities or ports.
- Secure dangerous substances and devices that are authorized by the Port Authority and the owner or operator to be on the facility; and control access to the facility.

1. TWIC/PHOTO IDENTIFICATION CARD

A. Except as otherwise noted in this paragraph, all persons requiring unescorted access to TWIC secure areas must possess, and present, a TWIC, before such access is granted. Federal officials are not required to obtain or possess a TWIC card. Except in cases of emergencies or other exigent circumstances, in order to gain unescorted access to a TWIC secure area, a federal official must present his/her agency's official credential. Law enforcement officials, in the actual discharge of their official duty, at the State or Local level are not required to obtain or possess a TWIC card to gain unescorted access to TWIC secure areas. State and local emergency responders are exempt from the requirement to have a TWIC when they are responding to an emergency. ~~Emergency responders at the State, or local level, who are acting in the actual discharge of their duties are not required to obtain or possess a TWIC/Port ID card to gain unescorted access to TWIC secure areas during an emergency situation.~~

B. At most Port Authority facilities, access to the facility is gained either through the a guard manually logging the individual, or by the individual scanning their TWIC against a TWIC reader. In order to use the TWIC card readers, individuals must have enrolled their TWIC into the Port Authority Access Control System (instructions provided below). If an individual has not had their TWIC enrolled enrolled his or her TWIC with the Port Authority, the individual will

be required to present their TWIC, and one additional acceptable form of identification, ~~as defined in 33CFR101.515,~~ to the security guard at the access control point to the facility before ~~authorized~~ access will be given. *See 33 C.F.R. § 101.515.* Individuals may enroll their TWIC into the Port Authority AMAG Access Control System. There is no fee ~~assessed~~ for such enrollment. To enroll a TWIC with the Port Authority, the individual must meet with the Port Access Control Technician at the Port Security Command Center, 1002 E. Port Avenue, Corpus Christi, Texas, 78401; (no appointment is needed). The individual must have a signed company letterhead document reflecting the request for authorization to enter a certain facility(~~or~~ facilities), as well as the period of time (days/hours of the day) that entry will be necessary. Individuals desiring to enroll their TWIC with the Port Authority must know their TWIC Personal Identification Number (PIN) to be able to enroll their TWIC. NOTE: If the PIN has been forgotten, the individual must request the Transportation Security Administration (TSA) TWIC Office to reset their PIN. When an individual has successfully enrolled their TWIC into the Port Authority Access Control System, the TWIC is the only identification that will be required to be presented by that individual to gain authorized and unescorted access to a Port Authority facility, in most cases. Port employees ~~will be~~ issued ~~an~~ Identification cards, in addition to their TWIC (if the employee is required to have a TWIC).

C. If an individual cannot present a TWIC because it has been lost, damaged or stolen, and he or she has previously been granted unescorted access to the facility and is known to have had a valid TWIC, the individual may be given unescorted access to TWIC secure areas for a period of no longer than **seven (7)** consecutive calendar days, or in accordance with the most current U.S. Coast Guard guidance, if **the following requirements are met:**

1. The individual has reported the TWIC as lost, damaged or stolen to TSA as required in 49 C.F.R. § ~~CFR~~1572.19(f); and
2. The individual can present another identification credential that meets the requirements of 33C.F.R. § ~~CFR~~101.515; and
3. There are no other suspicious circumstances associated with the individual's claim of loss or theft.

D. If an individual cannot present his or her TWIC for any other reason, he or she may not be granted unescorted access to the TWIC secure area. The individual must be under TWIC escort, as described above, at all times when inside of a TWIC secure area.

E. With the exception of Federal, State and Local Officials and Law Enforcement/Emergency responders ~~previously granted access according to this Tariff,~~ all persons granted unescorted access to TWIC secure areas of the facility must be able to produce his or her TWIC upon request.

F. ~~Personally owned~~ vehicles that require access to TWIC secure areas of the Port Authority **will** ~~may~~ be issued a decal, for a fee, that will permit them to remain within authorized areas on the facility. Vehicle decals ~~will~~ expire, and must be renewed, annually.

G. TWIC cards expire on the 5th anniversary from date of issue. Port Authority employee ID cards ~~will~~ expire, and must be renewed, annually. ~~Vehicle decals will expire annually.~~

H. ~~33 C.F.R. § 105.257~~ entitled ~~33CFR105.257~~ “Security Measures for newly-hired employees” applies to Port Authority employed personnel only. The Port of Corpus Christi Authority has an internal policy that addresses ~~33 C.F.R. § 105.257~~ ~~this section of the CFR~~. Tenant/Customer/Visitor newly-hired employees without a TWIC, require a TWIC escort in accordance with ~~33 C.F.R. § 105~~ ~~33CFR105~~, and this Tariff Item.

PART THREE –SEAFARER ACCESS& VISITOR PASSES

A. SHIPS’ CREW MEMBERS AND OTHER SEAGOING PERSONNEL

Ships’ crew members and other seagoing personnel ~~, associated with vessels~~ calling at Terminal Facilities may be permitted access to Terminal Facilities, without a TWIC, for purposes of performing their assigned work on the dock immediately adjacent to the vessel. Otherwise, Ships’ crew members and other seagoing personnel ~~will~~ **must** comply with TWIC ~~and/or TWIC Escort addressing unescorted access~~ **regulations**. ~~The only exception to this requirement will be through any such exception involving a pedestrian pathway, and/or any such other USCG Sector Corpus Christi approved means of monitoring.~~ The Port Authority Facility Security Officer (FSO), through his/her designated representative, will ensure the vessel Master or Vessel Security Officer (VSO), and ship’s agent be made aware of approved, no cost means of seafarer access between the vessel and the facility ~~A~~ **access** ~~C~~ **control** ~~P~~ **point** (gate).

B.VISITOR PASSES

Visitor passes will be issued to casual visitors at Access Control Points upon presentation of a photo ID issued by a city, state or federal agency and upon verification that the person has received Port Security authorization to enter a facility. Visitors must be escorted by a TWIC holder while in TWIC secure areas. Escorts must remain with their visitors while in TWIC secure areas. Vehicle and visitor passes ~~will~~ **must** be surrendered/retrieved when the vehicle/person departs from the terminal facilities.

PART FOUR – OPERATION OF MOTOR VEHICLES ON PORT AUTHORITY PROPERTY ~~(Subject to separate Tariff Item 666 Vehicles Prohibited on Docks During Loading or Unloading)~~

A. All vehicles entering upon Port Authority property are subject to security screening at any time while on the facility. If the driver of a vehicle refuses to permit such security screening, access will be revoked and/or denied.

B. Only authorized vehicles may be operated in or on Terminal Facilities. If, in the judgment of the Port Authority, the use, driving, operating or parking of a motor vehicle does, or will interfere with the efficient and safe operations within Terminal Facilities, then designated Port Authority representatives, including the Port Authority’s security and police personnel, may order such vehicle(s) out of the area, or may order the removal of the vehicle from the Terminal Facility. The Port Authority may order the removal of vehicles not in compliance with this provision, and in such event all towing and storage will be charged to the owner of the vehicle.

C. Certain areas have been or may be designated for parking and are so marked. Automobiles or other vehicles must be parked in these areas. Automobiles or other vehicles that are not parked in designated parking areas may be subject to removal as noted above.

D. Part Four is subject to Tariff Item 666 entitled Vehicles Prohibited on Docks During Loading or Unloading.

~~PART FIVE— RESPONSIBILITY FOR PERSONAL INJURY, DEATH OR LOSS AND DAMAGE TO PERSONAL PROPERTY~~ (See Tariff Item 606 Responsibility for Injury or Loss of Cargo)

~~Except for personal injury, death or loss and damage to personal property caused by its own negligence, the Port Authority will not be responsible for personal injury, death or loss and damage to personal property of persons or entities that have been granted permission to enter upon Port property as provided in this Item. Persons who are granted permission to enter upon Port property as provided in this Item agree to defend, indemnify and save harmless the Port of Corpus Christi Authority of Nueces County, Texas, its Port Commissioners, employees, servants, agents and representatives from and against all losses, claims, demands and suits for losses and damages to property, death and personal injury, including court costs and attorneys' fees incident to or resulting from their activity or operation at any Terminal Facility or on the Waterways.~~

PART SIX~~FIVE~~— VEHICLE PERMITS

A. Only the following vehicles will be permitted to drive into TWIC secure areas ~~clearly marked as being:~~

- Port Authority owned; ~~or,~~
- Official government vehicles; ~~or,~~
- Personal vehicles ~~having displaying~~ a Port Authority issued decal; ~~or,~~
- Clearly marked contractor or vessel servicing company vehicle actively engaged in loading or unloading cargo, servicing a vessel or requiring access for some other ~~legitimate and~~ authorized purpose; ~~. will be permitted to drive into TWIC secure areas.~~

~~•~~ B. Taxicabs and other conveyances-for-hire must ~~have display~~ a Port Authority issued vehicle decal prior to being permitted access into secure areas.

C. For purposes of this section, “clearly marked” means company signage on the vehicle that is printed legibly, and that is of font size that would permit a reasonable person to easily read the information from at least 15’ from the side of the vehicle. Decals for personal vehicles owned by Port Authority employed personnel must be authorized by the Director of the Port department that the Port employee has been assigned to. ~~of the Department.~~ There ~~will be~~ is no charge for decals issued to Port Authority personnel.

D. Registration Fee for a Port vehicle decal is Ten Dollars (\$10.00). The ~~\$10.00~~ fee may only be paid by cash or by a company issued check ~~only~~. Persons desiring a Port vehicle decal must present a company letterhead document that reflects the company authorization for the individual to be issued a Port vehicle decal. That authorization may be contained in the same company

letter requesting authorization be granted for the individual(s) to enter a restricted/TWIC secure ~~Port facility~~ Terminal Facility. Port Security staff will require the individual to provide proof of ~~current, valid~~ motor vehicle liability insurance, and proof of ~~current, valid~~ state vehicle registration, and, if applicable, state inspection, as required by the applicable laws of the State of Texas. *Failure to furnish satisfactory proof of liability insurance may result in ~~autos and carriers being denied~~ denial of access to or upon restricted/TWIC secure Terminal Facilities.*

~~E. Port vehicle decal fees must be paid by company check, or cash. No credit cards or personal checks will be accepted.~~ Vehicle decals are ~~not non-transferable from one vehicle to another.~~ Vehicle decals are valid for one year. Vehicles whose liability insurance expires within the year may obtain one renewal at no charge. Vehicle decals must be affixed to the front windshield of the authorized vehicle in a position where it can be clearly seen. When a vehicle is sold, traded, destroyed or the owner no longer is employed or associated with the Port Authority, the decal must be removed and returned to the Port Authority Police Department.

~~FD.~~ The Port Authority ~~will~~ may recognize vehicle access decals or “rear view mirror hangers” issued by designated Port Industries or other Texas Ports ~~if a Memorandum of Understanding between the Port and the Port Industry or Texas Port for mutual recognition of vehicle access control requirements is signed by both parties. The driver of the vehicle must also be authorized access into the area where entry is desired.~~

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 11

Approve a Resolution Approving a Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise Program by PCCA for the Nueces River Rail Yard - Phase II Project

A Resolution and Local Transportation Project Advance Funding Agreement (LPAFA) with the Texas Department of Transportation (TxDOT) was approved by the Port Commission at the February 12, 2013 Commission meeting for Phase II of the Nueces River Rail Yard project. PCCA will receive \$22 million as a sub-recipient of a U.S. Department of Transportation Federal Highway Administration grant passed through TxDOT.

Under the LPAFA and related sub-grant documents, the Port is required to adopt, in its totality, the federally-approved Disadvantaged Business Enterprise Program administered through TxDOT ("DBE program"), as set out in TxDOT's Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity (and comply with other requirements thereunder), establish appropriate DBE program goals consistent with TxDOT's DBE guidelines, and implement and document such DBE program. TxDOT maintains a federally-approved DBE program and establishes federally-approved DBE goals for Texas on an annual basis, in compliance with 49 CFR Part 26, as described in its Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise Program by Port of Corpus Christi Authority, related to the Phase II sub-grant (the "Phase II MOU").

Staff recommends that the Port Commission adopt TxDOT's DBE program and enter into TxDOT's Phase II MOU in the form as presented at the meeting of the Port Commission to memorialize the PCCA's and TxDOT's respective DBE program obligations, rights, and expectations.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

**RESOLUTION OF THE
PORT COMMISSION OF THE
PORT OF CORPUS CHRISTI AUTHORITY
REGARDING THE ADOPTION OF THE TEXAS DEPARTMENT OF
TRANSPORTATION'S DISADVANTAGED BUSINESS ENTERPRISE PROGRAM
AND EXECUTION OF RELATED MEMORANDUM OF UNDERSTANDING**

WHEREAS, the Port of Corpus Christi Authority (the "Port") approved entering into a Local Transportation Project Advance Funding Agreement Nueces River Rail Yard Phase II (Off-System) (the "LPAFA") with the Texas Department of Transportation ("TxDOT") by resolution, effective February 12, 2013;

WHEREAS, under the LPAFA, the Port is sub-recipient of \$22M of Federal Highway Commission funds, through TxDOT, for the construction of the Phase II portion of the Nueces County River Rail Yard along the Joe Fulton International Trade Corridor from 3.0 miles east of the IH-37/Carbon Plant Road overpass to 5.5 miles east along the Joe Fulton International corridor, and along the south side of the existing Joe Fulton International Trade Corridor (the "Phase II sub-grant");

WHEREAS, as a sub-recipient of such federal funds, the Port is required by 49 CFR Part 26 to implement a program for disadvantaged business enterprises, as defined under 49 CFR Part 26; and

WHEREAS, under the LPAFA and related sub-grant documents, the Port is required to adopt, in its totality, the federally-approved Disadvantaged Business Enterprise Program administered through TxDOT ("DBE program"), as set out in TxDOT's Form 2395, Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise by Entity (and comply with other requirements thereunder), establish appropriate DBE program goals consistent with TxDOT's DBE program guidelines, and implement and document its DBE program efforts; and

WHEREAS, TxDOT's Memorandum of Understanding Regarding the Adoption of the Texas Department of Transportation's Federally-Approved Disadvantaged Business Enterprise Program by Port of Corpus Christi Authority, related to the Phase II sub-grant (the "Phase II MOU"), has been presented for approval to the Port Commission and for execution by the Port's Executive Director;

WHEREAS, the Port Commission hereby agrees to implement a federally-compliant DBE program pursuant to the Phase II sub-grant by, in part, adopting TxDOT's DBE program, and enter into and adhere to the Phase II MOU, as required under the LPAFA;

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

Section 1. The Port hereby adopts TxDOT's DBE program and agrees to enter into and comply with the terms of the Phase II MOU in the form as presented at the meeting of the Port

Commission, effective as of the date of adoption of this resolution, to memorialize the Port's and TxDOT's DBE program obligations, rights, and expectations.

Section 2: The Executive Director is authorized to sign the Phase II MOU for and on behalf of the Port.

Section 3. Port staff shall deliver an executed copy of the Phase II MOU to the applicable TxDOT DBE program liaison and/or Phase II sub-grant administrator upon the Port's execution thereof.

* * * * *

DATE: April 21, 2015**FROM:** John LaRue; 885-6189; john@pocca.com***AGENDA ITEM NO. 12*****Authorize Staff to Submit a TIGER Grant Application
for Improvements Associated with PCCA's
La Quinta Terminal Multipurpose Dock**

The Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program provides a mechanism for the Department of Transportation (DOT) to invest in road, rail, transit, and port projects that achieve critical national objectives. Since 2009, Congress has dedicated more than \$4.1 billion toward acceptable projects. The Consolidated and Further Continuing Appropriations Act of 2015 appropriated \$500 million to be awarded by the DOT for national infrastructure investments. Funds will be awarded on a competitive basis for projects that will have a significant impact on the nation, a metropolitan area, or a region.

The PCCA has submitted applications for TIGER grants in the past and was successful with a \$10 million TIGER grant award for the recently completed Phase I of the Nueces River Rail Yard project. Previous TIGER Grant applications that were submitted in 2009 for the construction of the La Quinta Terminal project and the La Quinta Channel extension and then in 2014 for the La Quinta Terminal project for a 1,000-foot multipurpose dock, adjacent storage yard, and pedestrian and cyclist access to a proposed buffer area were not successful.

However, with the construction of the La Quinta ship channel extension complete, the final design of the La Quinta multipurpose dock in progress, and with the significant industrial investment in the area by companies like voestalpine, TPCO, and Cheniere, improvements to develop the La Quinta Terminal project may now be more attractive and competitive. It is clear that the significant long- and short-term benefits and impacts to the region from the La Quinta Terminal project meet the TIGER grant program criteria.

Staff recommends revising and updating our 2014 application and re-applying for improvements associated with construction of the 1,000-foot multipurpose dock as a key step in further development of the PCCA's La Quinta Terminal. Design of this approximately \$40 million multipurpose dock should be complete in the Fall 2015, which is concurrent with the DOT's notification to successful TIGER grant award recipients. PCCA staff reviewed last year's grant application submittal with DOT staff. In general, DOT comments were positive; however, DOT staff suggested that seeking a lower funding level for construction of a smaller-scale, more focused project may receive a more favorable consideration for grant award.

Minimum grant award is \$10 million and requires a minimum of a 20 percent funding match from the grantee. Staff recommends seeking \$10 to \$15 million toward the referenced

project cost. Pre-applications must be submitted on or before May 4, 2015, and final applications must be submitted on or before June 5, 2015. Awarded funds would need to be expended by September 2022.

Staff requests approval to submit a TIGER Grant application for improvements associated with the La Quinta Terminal Multipurpose Dock project. Should the PCCA be successful, the Commission will then need to decide whether to accept the grant funds and commit the additional funding necessary to construct the multipurpose dock.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 13

**Authorize Grant for Various Port Security Projects under the
Port Security Grant Program FY2015**

A total of \$100,000,000 has been allocated to the Department of Homeland Security (DHS) for the Port Security Grant Program (PSGP). This will be a competitive award process between all ports, unlike recent previous Security Grant Programs where various ports were grouped and competed in tiers, with the goal of FEMA "... to ensure the most highly effective, risk-based maritime security projects are funded." Applications must be submitted by May 19, 2015, and if awarded a grant, the projects will require 25% matching funds from the Port.

Staff identified and defined the following projects, listed in order of priority, that are recommended to be submitted for funding under the FY-15 Port Security Grant Program:

Project 1: Security Equipment Maintenance and Upkeep. The Port received previous grant funding to install security fencing, lighting, surveillance equipment, access control, vessel tracking, etc. Most of this installed equipment has a finite life cycle. This project will provide for the repair or replacement of aging security equipment. (Grant Program Directorate Information Bulletin No. 293 allows for the use of grant funds for the repair, replacement, and maintenance of security equipment funded through DHS grants.) The funding plan is \$427,500 federal and \$142,500 Port match for a total cost of \$570,000.

Project 2: Perimeter Fencing at Bulk Terminal. This project will provide, for the first time, a full outer perimeter security fence for the Bulk Terminal, which includes Bulk Docks 1 and #2 and associated bulk commodity storage areas. This perimeter fencing will provide a single access point to the Bulk Docks from the Navigation Blvd. entrance. The existing security guard gate will be the primary checkpoint, with various perimeter gates for alternate ingress/egress points to this secure location. The two docks are TWIC Secure/Restricted areas as defined in 33CFR105. Perimeter fencing allows for greater security and safety in commerce mobility within the facility. With the completion of the Joe Fulton International Trade Corridor, there has been an increase in commercial development in the vicinity of the Bulk Terminal which has raised the priority of mitigating accessibility to this maritime facility by unauthorized individuals. The preliminary funding plan is estimated at \$476,100 federal and \$158,700 Port match for a total cost of \$634,800. Recurring operating costs involve routine maintenance. Under current guidance, maintenance costs would be eligible for future grant funding.

Project 3: La Quinta Terminal Access Control. With the PCCA seeking TIGER grant funding for the construction of a dock and terminal at the La Quinta site, this project will serve to establish a primary access control point at the entrance to this property to include

an inspection guard gate facility, security lighting, fencing, paving, vehicle barriers, security surveillance cameras, and TWIC card readers. This project will also provide video surveillance of the La Quinta dock area. That video feed will be routed through a communications center, which will transmit the signal to the Port Security Command Center for 24-hour surveillance of the critical dock areas of the La Quinta Terminal. The preliminary funding plan is estimated at \$1,722,627 federal and \$574,209 Port match for a total cost of \$2,296,836. Under current guidance, maintenance costs would be eligible for future grant funding.

Project 4: Security Lighting along Joe Fulton International Trade Corridor (Fulton Corridor): This public two-lane, undivided intermodal roadway is remote, undeveloped, unfenced, and not lighted. The project would provide security lighting in areas having the greatest potential access to the Inner Harbor from the Fulton Corridor. Award of this project will enhance the ability of law enforcement to act early against a security threat and allow Port tenants and customers to report any suspicious activity observed that, without the lighting, might not be seen. Secondly, this project will enhance the safety of all those using the Fulton Corridor which primarily serves motor vehicle commercial traffic engaged in port maritime commerce. The preliminary funding plan is estimated at \$435,433 federal and \$145,144 Port match for a total of \$580,577. Under current guidance, maintenance costs would be eligible for future grant funding.

Staff recommends that these four projects be submitted for the DHS FY-15 appropriations. Total cost for all of these projects would be \$4,082,213. The federal portion would be \$3,061,660 and a Port match would be \$1,020,553.

LEAD CONTACT: David Krams; 885-6134; Krams@pocca.com
Tom Mylett; 885-6180; tom@pocca.com

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 14

**Approve Lease Option Agreement and Lease Agreement
with KM Liquids Terminals, LLC, for Land
on the North Side Tule Lake Channel**

In early 2013, representatives of KM Liquids Terminals, LLC, a subsidiary of Kinder Morgan Inc., first approached the PCCA expressing an interest in establishing a larger presence in the Corpus Christi region. By June 2014, discussions progressed to the point where negotiations were initiated to develop an energy-related terminal and new private ship dock along the Corpus Christi Ship Channel. Negotiations are now complete, and KM Liquids is ready to enter into an 18-month Lease Option Agreement with the PCCA granting them the right to evaluate, investigate, and obtain the necessary permits to construct and operate a \$200 to \$300 million dollar liquid petroleum terminal and a new ship dock on the north side of the Tule Lake Channel just west of the Chemical Turning Basin, as shown on the attached exhibit. In addition to the initial capital investment in infrastructure, the project could create an estimated 200 to 300 temporary construction jobs with 20 to 30 permanent jobs. The terms and conditions of the Lease Option Agreement are described in more detail on the attached Lease Option Agreement Summary.

Kinder Morgan Inc. is the largest energy infrastructure company in North America owning an interest in or operating approximately 80,000 miles of pipelines and 180 terminals, which provide its customers with storage, distribution, blending, and logistical services. Augmenting its pipeline and terminal assets, Kinder Morgan also owns a fleet of Jones Act vessels including the MT Pennsylvania and the MT Florida as well as five new Jones Act tankers previously commissioned by the company which are anticipated to be in service between 2015 and 2017.

The Lease Agreement, if executed, will be for an initial term of twenty years with two additional extension periods of five years each. The Lease allows for the construction and operation of facilities to receive, store, transport and process liquid bulk cargo on approximately 35.4 acres of land with an option for an additional approximately 14 acres located on the north side of the Joe Fulton International Trade Corridor directly across from the primary waterfront site. Per the agreement, KM Liquids agrees to pay an annual base rent of \$22,500 per acre with CPI adjustments, pay variable monthly rentals for the quantity of all liquid bulk cargo being brought in or leaving the lease premises at a rate equivalent to 50% of the published wharfage Tariff for bulk liquids, and will guarantee a minimum of 100,000 barrels per day for the first two years of operation and a minimum of 150,000 barrels per day for each year thereafter. There are also several provisions in the Lease Agreement to provide assurances to the PCCA that KM

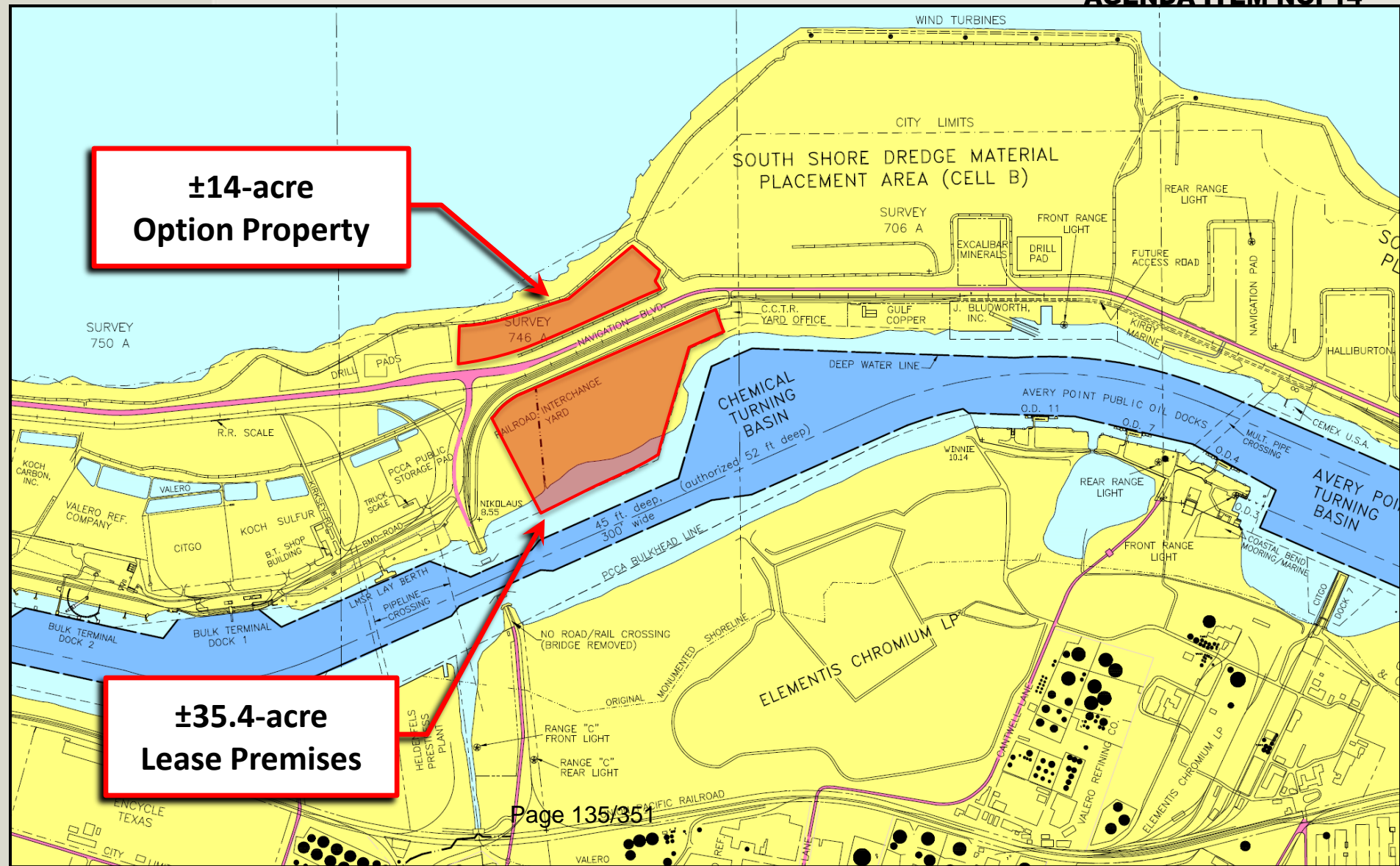
Liquids will diligently perform the evaluation of the site, obtain the permits, and commence construction of the terminal and ship dock.

Attached for your review is a copy of the Lease Option Agreement and the Lease Agreement, which have been prepared by PCCA counsel and reviewed and approved by KM Liquid's counsel. M.E. Allison & Co. Inc., the PCCA's financial advisor, has reviewed KM Liquids Terminals, LLC's financial records, the Option Agreement, and the Lease Agreement and provided an opinion that KM Liquids has the financial ability to perform under the agreements. See attached letter. Staff recommends approval of the Lease Option Agreement and the Lease Agreement with KM Liquids Terminals, LLC.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com



AGENDA ITEM NO. 14



**PORT OF CORPUS CHRISTI AUTHORITY
LEASE AGREEMENT SUMMARY**

Lessee: KM Liquids Terminals, L.L.C.
1001 Louisiana Street, Suite 1000
Houston, Texas 77002-5089

Leased Premises: ±35.4 Acres fronting on the north bulkhead line of the Tule Lake Channel near the Chemical Turning Basin with optional ±14 acre tract on the north side of the Joe Fulton International Trade Corridor as shown on the attached exhibit. During the first 24 months after the lease begins, Lessee has the option to add the ±14 acre tract to the Leased Premises.

Use: Leased Premises may be used for constructing, operating and maintaining a bulk liquid terminal and private oil dock.

Term: Three (3) year construction period & Twenty (20) year operation term

Options: Two (2) options – Five (5) years each

Start Date: On or before October 31, 2016 if KM Liquids exercises its option under the Lease Option Agreement.

Annual Base Rent:

Construction Period:
Years 1-2 \$477,900.00 or \$717,900.00
(\$477,900 35.4 acres + \$240,000 option fee on 14 acres)
Year 3 \$597,375.00 or \$833,625.00 if 14 acre option exercised

Operation Period:
Year 1 \$796,500 X CPI adjustment if 35.4 acre or
\$1,111,500.00 X CPI adjustment if option exercised
Year 2-20 Prior year's Annual Base Rent X CPI adjustment

Variable Rent: Operation Period:
Years 1-2, \$1,761,125.00
(36,500,000 Bbls guaranteed throughput X ½ PCCA Wharfage Tariff rate)
Years 3-20 \$2,641,687.50
(54,750,000 Bbls guaranteed throughput X ½ PCCA Wharfage Tariff rate)
\$100.00 for each railcar loaded or unloaded by or on behalf of Lessee during such month while spotted on an Authority-owned spur track on the Leased Premises or an Authority-owned sidetrack adjacent to the Leased Premises; and

\$50.00 for each railcar loaded or unloaded during such month while spotted on a Lessee-owned spur track on the Leased Premises or a Lessee-owned sidetrack adjacent to the Leased Premises.

Adjustment of Rent: For each Lease Year of the Initial Term after the First Lease Year of the Initial Term, Lessee shall pay to Authority an Annual Base Rent equal to the product of (i) the Annual Base Rent for the prior Lease Year, multiplied by (ii) the Annual CPI Adjustment Factor for the current Lease Year, provided that the Annual Base Rent shall never increase by more than three percent (3%) over the prior Lease Year.

The Annual Base Rent for the first lease year of each Extension Period shall be subject to an equalization value adjustment and thereafter will follow the annual CPI Adjustment process as noted for the Initial Term.

Remarks: Lessee must commence construction of the Oil Dock within nine (9) months after all required permits have been issued or risk termination of the Lease. Lessee must commence commercial operations on or before the fourth (4th) anniversary of the starting date of the Lease or risk termination of the Lease.

LEASE OPTION AGREEMENT

This Lease Option Agreement (the “**Agreement**”) is made effective as of April 21, 2015 (the “**Option Agreement Date**”), by and between the **Port of Corpus Christi Authority of Nueces County, Texas**, a political subdivision of the State of Texas, pursuant to authorization by its Port Commissioners (the “**Authority**”), and **KM Liquids Terminals LLC**, a Delaware limited liability company (“**Optionee**”). Optionee and the Authority may be referred to herein individually as a “**Party**” or collectively as the “**Parties**.”

Recitals

A. The Authority owns the surface estate of a tract of land in Nueces County, Texas, containing 35.4 acres, more or less, which tract is more particularly described and depicted in **Attachment A** attached to and incorporated by reference into this Agreement (the “**Option Property**”); and

B. Optionee wishes to acquire the exclusive right and option to lease the Option Property under specified terms;

NOW, THEREFORE, for and in consideration of the covenants and agreements set forth herein, Authority and Optionee agree as follows:

1. Grant of Option. For the consideration expressed in paragraph 4, the Authority grants to Optionee for a term of eighteen (18) months, beginning on the first day of May, 2015, and ending on the last day of October, 2016 (the “**Final Date**”), the exclusive right and option to lease the Option Property at the rental and under the terms and conditions of the lease agreement (the “**Lease**”) which is attached hereto as **Attachment B** and made a part of this Agreement.

2. Exercise of Option. Optionee may exercise this option only by written notice signed and delivered by Optionee to the Authority no later than 5:00 p.m. Central Time on the Termination Date (as defined in paragraph 4). If the option is not exercised by that time, it will automatically terminate without notice. Optionee may not exercise this option until the Final Environmental Site Assessments have been issued pursuant to paragraph 9 hereof.

3. Execution of Lease; Access Easement. When Optionee exercises this option in timely fashion as provided in paragraph 2, Authority will have execution copies of the Lease prepared in duplicate as soon as practicable and the Lease will be executed and acknowledged by Authority and executed by Optionee (as Lessee) as soon as practicable thereafter. The effective date of the Lease (“**Effective Date**”), and Optionee’s right to take possession of the Option Property, will be the date on which the Lease has been executed by both Parties. Subject to the foregoing, the Parties agree to be bound by all the terms and covenants of the Lease from the date the option is exercised as if the Lease had actually been executed. If Optionee exercises this option, the Authority shall grant and Optionee shall accept a non-exclusive driveway, utility and access easement at least twenty (20) feet in width across the Authority’s adjacent land (“**Access Easement**”), which Access Easement will provide free and uninterrupted ingress and egress to

the Option Property from the Joe Fulton International Trade Corridor. The location of the Access Easement is shown on **Attachment C** attached to this Agreement, and the agreed form of the access easement agreement granting to Optionee the Access Easement (“***Access Easement Agreement***”) is attached hereto as **Attachment D**. Contemporaneously with their execution of the Lease the Authority and Optionee shall execute the Access Easement Agreement.

4. **Term and Termination Date.** The “***Term***” of this Agreement begins on the Option Agreement Date and ends at 5:00 p.m. Central Time on the Termination Date. For purposes of this Agreement, “***Termination Date***” means the first of the following to occur: (i) the Final Date provided in paragraph 1, (ii) the Automatic Termination Date provided in paragraph 5.4, or (iii) the date on which Optionee’s Termination Notice is delivered in accordance with paragraph 6.

5. **Consideration.** This option is granted in consideration of Optionee making each of the following payments to the Authority on or before 5:00 p.m. on the date such payment is due unless this option has been exercised before the payment is due:

5.1. **First Six Months.** Six monthly installments of Thirty Thousand Dollars (\$30,000) each are due on the 1st days of May, June, July, August, September and October of 2015.

5.2. **Second Six Months.** Six monthly installments of Fifty Thousand Dollars (\$50,000) each are due on the 1st days of November and December of 2015 and the 1st days of January, February, March and April of 2016.

5.3. **Third Six Months.** Six monthly installments of Seventy Thousand Dollars (\$70,000) each are due on the 1st days of May, June, July, August, September and October of 2016.

5.4. **Termination for Failure to Pay Consideration.** If Optionee does not make a payment called for above when due, the option granted herein shall automatically terminate without notice at 5:00 p.m. on the date the payment was due (“***Automatic Termination Date***”).

6. **Termination by Optionee.** Optionee may terminate the option granted herein at any time during the Term by delivering a written termination notice to the Authority (“***Optionee’s Termination Notice***”).

7. **Retaining Consideration.** The Authority will retain all sums paid by Optionee to the Authority pursuant to paragraph 5 as consideration for granting this option whether or not Optionee exercises its option hereunder.

8. Assignment. Optionee may assign its rights under this Agreement to (i) any of Optionee's Affiliates (as defined below), (ii) any corporation, limited liability company or partnership that acquires all of the ownership interests in Optionee, merges or consolidates with Optionee or acquires all or substantially all of the assets of Optionee, if the net worth of any acquiring entity or resulting entity is more than the net worth of Optionee, or (iii) any other person the Authority approves in advance in writing. For purposes of this Agreement, "**Affiliate**" shall mean, with respect to any person or entity, at the time such determination is being made, any person or entity controlling, controlled by or under common control with such first person or entity, in each case, whether directly or indirectly, and "**control**", and any derivation thereof, for the purposes of this Agreement, means (i) the ownership of greater than 20% of the voting securities of a person or entity, or (ii) the control, directly or indirectly, of the power to direct the management and policies of a person or entity (whether through the ownership of voting securities or otherwise).

9. Access to Option Property. During the Term, upon reasonable advance notice from Optionee to the Authority and subject to the Authority's then existing security requirements, the Authority shall afford Optionee and its officers, employees, agents and contractors full access, during regular business hours, to any part of the Option Property for purposes of determining the suitability of the Option Property for the use intended by Optionee. **Optionee acknowledges that Authority is making no representations as to the Option Property, except as expressly contained herein, or the suitability of the Option Property for the Optionee's purposes, and to the maximum extent permitted by applicable law, Authority hereby disclaims, and Optionee hereby waives the benefit of, any and all implied warranties, including implied warranties of habitability, fitness, or suitability of the Option Property for Optionee's purposes.** Authority has informed Optionee that the Option Property may contain some rubble fill and does contain jurisdictional wetlands and that the construction of a dock, a storage terminal, and/or processing facilities on the Option Property may require mitigation. Authority has also informed Optionee that if Optionee leases and develops the Option Property, the existing open drainage ditch on the Option Property will need to be covered or relocated to maintain existing drainage for the Option Property and the Authority's adjacent property.

9.1. Before exercising this option, Optionee must perform Phase I and Phase II environmental site assessments of the Option Property (the "**Initial Environmental Site Assessments**"). The Initial Environmental Site Assessments must be prepared by a nationally recognized environmental consultant. Optionee shall furnish Authority with copies of the Initial Environmental Site Assessments within thirty (30) days of the date on which Optionee receives final copies of the Initial Environmental Site Assessments.

9.2. Authority shall have thirty (30) days from Authority's receipt of the final copies of the Initial Environmental Site Assessments to provide written notice to Optionee of any disagreement with the recognized environmental conditions or other conclusions of the Initial Environmental Site Assessments. If Authority provides written notice of any such disagreement, Authority shall proceed to obtain, at Authority's expense, a second opinion regarding the environmental condition of the Option Property

by another nationally recognized environmental consultant (the “**Second Opinion**”). To the extent that the Second Opinion differs from the conclusions of the Initial Environmental Site Assessments regarding the Recognized Environmental Conditions on the Option Property, the Parties shall discuss the differing conclusions and attempt to resolve the issues. If the issues remain unresolved for more than thirty (30) days after the date of the Second Opinion, either Party may resort to the dispute resolution provisions herein provided.

9.3. If (i) the Authority does not provide timely written notice of any objection to the recognized environmental conditions or other conclusions of the Initial Environmental Site Assessments, (ii) the Second Opinion concurs with those recognized environmental conditions and conclusions, and/or (iii) the Authority and Optionee agree to resolution of any remaining objections, then Optionee shall direct its consultant to reissue the Initial Environmental Site Assessments with the agreed-upon changes, if any, and the reissued reports shall become the “**Final Environmental Site Assessments**.” The Final Environmental Site Assessments shall establish, for purposes of the Lease, the baseline condition of the Option Property as of the Effective Date of the Lease (the “**Agreed Environmental Baseline**”).

9.4. If more than ninety (90) days have elapsed between the delivery of the Initial Environmental Site Assessments to Authority and Optionee’s exercise of this option, then Optionee may at its discretion obtain updated or new assessments of the Option Property, as appropriate, to verify the absence of any material change in the conditions described in the Final Environmental Site Assessments. If the results of such updated or new assessments indicate that any material change has occurred, then the parties shall follow the process set forth in Sections 9.2 and 9.3 above to issue revised and updated Final Environmental Site Assessments, which shall become the “**Revised Final Environmental Site Assessments**.” Upon issuance thereof, the Revised Final Environmental Site Assessments shall establish the new Agreed Environmental Baseline.

10. Insurance. Optionee agrees at all times during the Term to carry and maintain policies of insurance (the “**Policies**”) of the types and in the minimum amounts as follows:

A. Optionee and its contractors or consultants are responsible for insuring its and their personal property situated or used on the Option Property.

B. For all Optionee’s employees engaged in performing work, workers’ compensation insurance in accordance with the laws of the State of Texas, and employer’s liability insurance with limits of at least \$500,000 for each employee accident or disease, or such similar insurance which is in accordance with state and federal law applicable to said employees.

C. Commercial General Liability (CGL) coverage with policy limits of not less than \$1,000,000 per occurrence at the Option Property and in the aggregate annually.

D. Business Auto Liability coverage for all Optionee owned and non-owned vehicles on the Option Property, with a policy limit of not less than \$500,000 per occurrence for bodily injury and property damage.

The Policies, except for worker's compensation insurance, will be endorsed to name the Port of Corpus Christi Authority of Nueces County, Texas, as additional insured on a primary, non-contributory basis but only to the extent of Optionee's indemnity obligations under this Agreement.

Authority shall be furnished, to the attention of Authority's Risk Manager, prior to Optionee or its officers, employees, agents or contractors accessing the Option Property, as proof of the insurance required of Optionee hereunder, a certificate or certificates of insurance describing the Policies, which certificates must be acceptable, in their form and content, to Authority. Optionee shall deliver to Authority certificates of renewal prior to the expiration date of each of the Policies. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A-: VI.

Notwithstanding the foregoing, Optionee expressly reserves the right, at its sole option, to comply with the insurance obligations set forth in this paragraph 10 using self-insurance programs maintained by its corporate parent. If Optionee exercises the option to self-insure, then (i) Optionee shall provide written notice of its intent to self-insure accompanied by details of its self-insurance program; (ii) such self-insurance program must be permitted by applicable law; (iii) Optionee's corporate parent must maintain a net worth (as shown by its most recent financial statements audited in accordance with generally accepted accounting principles) of not less than One Hundred Million Dollars (\$100,000,000.00); and (iv) Optionee's corporate parent must maintain an "Investment Grade" financial rating by Moody's or Standard and Poor's or an equivalent rating service. As to any of the insurance requirements in this paragraph 10 which Optionee elects to self-insure, Optionee will self-insure Authority in the same manner as an additional insured using self-insurance programs maintained by Optionee's corporate parent.

11. Notices. Notices required to be given to either Party may be given by certified first-class mail, by overnight delivery or by fax, to the appropriate Party at its address or fax number, listed below. Notice may also be given by personal service. Any notice given by mail shall be deemed to have been given one day after such notice was deposited in the United States mail, certified and postage prepaid, or on the next business day (if delivered by overnight delivery) addressed to the party to be served. In all cases, notice will be considered delivered when received at the address stated for the addressee's receipt of notice. Either Party may change the address or fax number for notice by giving the other Party written notice as provided in this paragraph. The addresses for notices are as follows:

If to Authority:
Port of Corpus Christi Authority
P.O. Box 1541
Corpus Christi, TX 78403
Attention: Executive Director
Fax: 361-882-7110

If to Optionee:

KM Liquids Terminals LLC
1001 Louisiana St., Suite 1000
Houston, Texas 77002
Fax: _____

12. Entire Agreement. This Agreement contains the entire agreement between the Parties relating to the option granted in this Agreement. Any oral representations or modifications concerning the option made by either Party before or after the execution of this Agreement have no force. This Agreement may be altered or amended in the future solely by written agreement of the Parties.

13. Attorney's Fees. In any action to enforce this Agreement, the prevailing Party is entitled to recover reasonable attorney's fees, legal expenses and costs from the other.

14. Binding Effect. This Agreement will bind and inure to the benefit of the respective successors and permitted assigns of the Parties to the Agreement.

15. Reservations and Restrictions. Notwithstanding anything to the contrary in this Agreement, this Agreement is subject to the following reservations and restrictions:

15.1. During the Term, Authority reserves the right to use any railroads, streets, roadways or drainage features on the Option Property.

15.2. During the Term, Authority shall not, without the prior written consent of Optionee, construct or permit the construction of any improvements on the Property or lay mains for gas, water or sewers on the Option Property, lay above or underground electrical or telephone lines across any part of the Option Property, or lay, or grant easements or rights of way for the laying of, underground fiber optic lines or cables across the Option Property.

15.3. The Leased Premises was patented to the Authority by the State of Texas when the Leased Premises was still submerged land. Under the terms of the patent, the State of Texas reserved the minerals in, on and under the Leased Premises.

15.4. The Leased Premises is presently subject to a Perpetual Easement granted to the United States of America by the Nueces County Navigation District No. 1 in an instrument dated May 25, 1948, and recorded in Volume 400, Pages 508-512, Deed Records, Nueces County, Texas, for the deposit of dredge material excavated in the extension of the Corpus Christi Ship Channel from the Avery Point Turning Basin to the Tule Lake Turning Basin and for the deposit of dredge material excavated in the enlargement or maintenance of this portion of the Channel.

16. Representations, Warranties and Covenants. Authority agrees not to sell, lease or otherwise encumber all or any portion of the Option Property during the Term of this Agreement without the written consent of Optionee. Subject to the rights of Optionee and the restrictions set forth in this Agreement, Authority may, during the Term of this Agreement, without Optionee's consent, make temporary use of the Option Property for any lawful purpose and the Authority may, without Optionee's consent, lease all or any portion of the Option Property for lease terms which terminate on or before the date Optionee exercises this option. Authority represents and warrants that there are no liens, leases or purchase options affecting the Option Property as of the Option Agreement Date. The Authority and Optionee each warrants to the other that its entering into this Agreement and the Lease Agreement are all within its authority, does not violate any agreement to which it is a party, and does not require the consent of any other person. This Agreement has been duly and validly executed and delivered by Authority and constitutes a legal, valid and binding obligation of Authority enforceable against Authority in accordance with its terms.

17. Texas Law to Apply. This Agreement is to be construed under Texas law, and all obligations of the Parties are performable in Nueces County, Texas.

18. Legal Construction. If any one or more of the provisions of this Agreement are held to be invalid, illegal, or unenforceable in any respect for any reason, the invalidity, illegality, or unenforceability will not affect any other provision of the Agreement, which will be construed as if the invalid, illegal, or unenforceable provision had never been included.

19. Other Terms and Conditions. At Optionee's request, the Authority will execute a memorandum of this Agreement in a form which may be recorded with the appropriate office for the recording of land titles. Additionally, the Authority hereby agrees to reasonably cooperate with requests for information and due diligence requests and other similar reasonable requests of Optionee's financing sources or potential financing sources in connection with a financing of Optionee's facilities contemplated to be constructed upon the Option Property.

20. Real Estate Commission. Neither party has entered into any arrangement for the payment of a real estate commission in connection herewith. Each party agrees to indemnify and hold the other harmless from any claims for commission made by any broker or agent which arise out of the acts or conduct of such party.

21. 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 respective 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 Paragraph 21. For purposes of this Agreement, “**Business Days**” means any day other than Saturday or Sunday or any other day on which banks in Texas are permitted or required to be closed.

22. Mediation. Authority and Optionee 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 Optionee. Authority and Optionee must agree upon a mediator within fifteen (15) Business Days after a written request for mediation by either Party, and if Authority and Optionee are unable to agree upon a mediator within such time period, either Party may request that the American Arbitration Association appoint a mediator. The mediator will schedule a mediation meeting at a time and place determined by the mediator. Authority and Optionee will each pay one-half of all 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.

23. Litigation. Authority and Optionee agree that if any controversy or claim arising out of or related to this Agreement cannot be resolved in mediation within the deadlines set forth above, then either Party may elect to resolve the controversy or claim through litigation filed and maintained in the federal or state courts located in Corpus Christi, Nueces County, Texas. Authority and Optionee each submits to the exclusive jurisdiction of said courts and waives the right to change venue. The costs and expenses of litigation (including attorneys’ fees) of the prevailing party will be borne by the other Party.

24. Headings. The headings of the several paragraphs of this Agreement and of the exhibits attached hereto are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

[Signature Page Follows this Page]

IN WITNESS WHEREOF, this Agreement is executed in duplicate originals, each of which shall be deemed to be an original, as of the dates provided below each signature, to be effective for all purposes as of the Option Agreement Date

“Authority”

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

By: _____
John P. LaRue, Executive Director

Date: April 21, 2015

“Optionee”

**KM LIQUIDS TERMINALS LLC,
a Delaware limited liability company**

By: _____
Name: _____
Title: _____

Date: _____, 2015

ATTACHMENT A

Legal Description and Plat of 35.4-acre Option Property

Field note description for a **35.4** acre tract of land out of Patent No. 84, a 2694.93 acre tract know as Survey 939 recorded in Book No. 5 Pages 257-260 of the Nueces County Surveyors office, issued to Nueces County Navigation District No. 1, said 35.4 acre tract of land being more particularly described by **metes and bounds** as follows:

Beginning at a 5/8 inch iron rod set for corner, the Northeast and beginning corner of the tract herein described; from whence the Port of Corpus Christi Authority Monument C.C.T.A., bears **South 89°-02'-58" West**, a distance of **46.76** feet;

Thence **South 12°-01'-39" East**, a distance of **219.76** feet to a 5/8 inch iron rod set for an upper Southeast corner of the tract herein described;

Thence **South 66°-02'-59" West**, with a line running 225.0 feet North of the future location of the Government Dredge Line, a distance of **515.40** feet to a 5/8 inch iron rod set for an interior corner of the tract herein described;

Thence **South 10°-18'-34" West**, with a line running 225 feet Northwest of the future location of said Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **855.01** feet to a point for a lower Southeast corner of the tract herein described;

Thence **South 63°-31'-17" West**, with a line running 230.0 feet North of the future location of the Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **1,149.53** feet to a point for the most Southerly corner of the tract herein described;

Thence **North 26°-28'-43" West**, a distance of **894.96** feet to a 5/8 inch iron rod set for the P. C. of a Circular Curve to the Right and for a corner of the tract herein described;

Thence in a Northeasterly direction with the arc of said Circular Curve to the Right, whose Chord Bearing is **North 51°-04'-17" East**, whose Central Angle is **34°-20'-10"**, whose Radius is **695.00** feet, an **Arc Distance** of **416.59** feet running 25 feet South of the centerline of a paved road to a 5/8 inch iron rod set for the PT of said circular curve and a corner of the tract herein described;

Thence **North 66°-09'-22" East**, a distance of **1658.74** feet to a set 5/8 inch iron rod for a corner of the tract herein described;

Thence **North 74°-04'-57" East**, a distance of **176.57** feet to a set 5/8 inch iron rod for a corner of the tract herein described and the **Point of Beginning**.

Containing **35.4** acres of land more or less.

Bearings are based on Texas State Plane - South Zone 4205, NAD 83.

An Exhibit of even date is to accompany this Metes and Bounds description.

State of Texas
County of Nueces

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM INFORMATION OF RECORD AND A SURVEY MADE ON THE GROUND, WITH DUE DILIGENCE CONSISTANT WITH SOUND PROFESSIONAL PRACTICE, UNDER MY DIRECTION AND SUPERVISION.

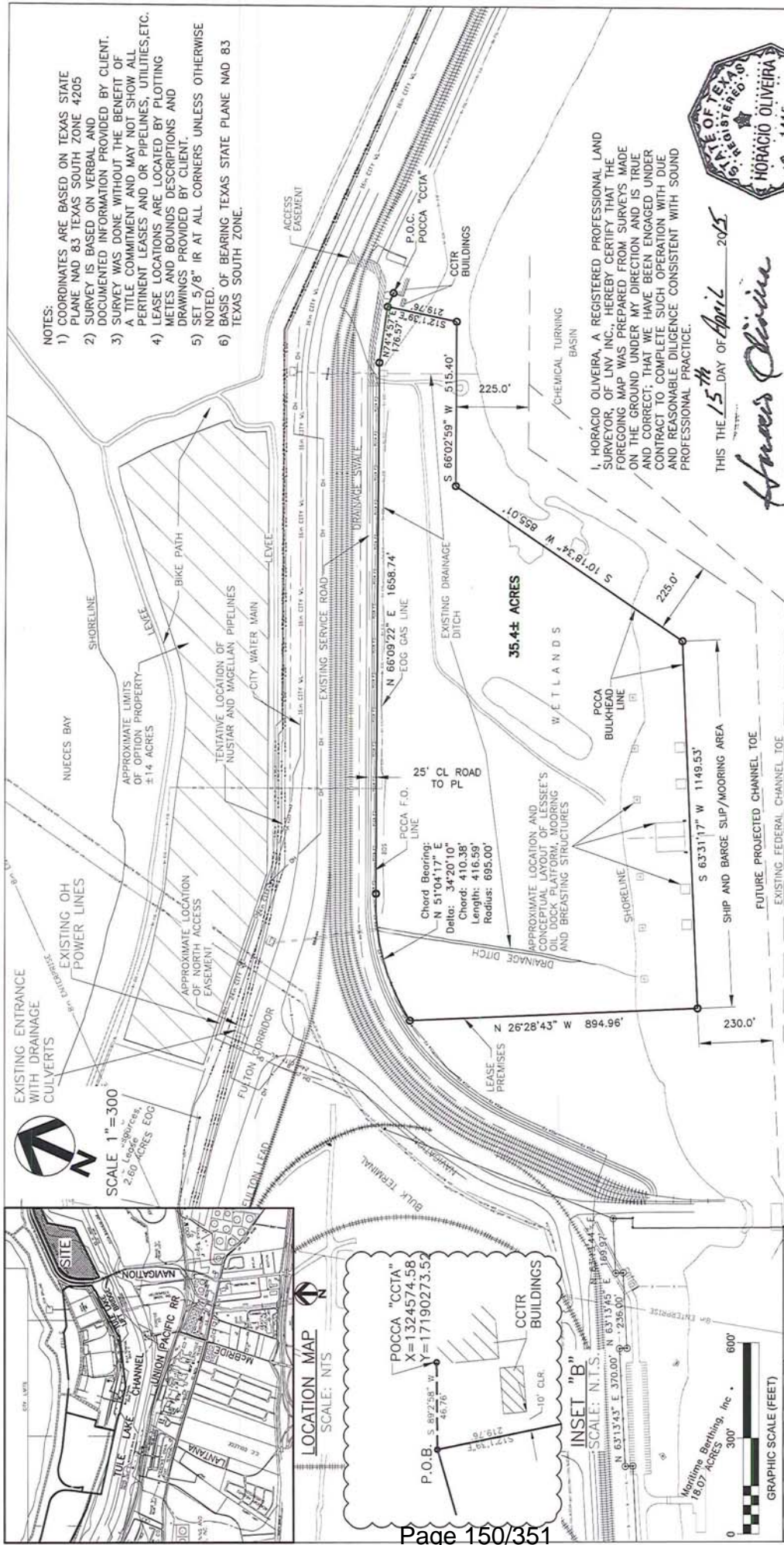
This the 15th day of April 2015.



Horacio Oliveira
State of Texas License No. 1415



PAGE 2 OF 2



NOTES:

- 1) COORDINATES ARE BASED ON TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE 4205
- 2) SURVEY IS BASED ON VERBAL AND DOCUMENTED INFORMATION PROVIDED BY CLIENT.
- 3) SURVEY WAS DONE WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL PERTINENT LEASES AND OR PIPELINES, UTILITIES, ETC.
- 4) LEASE LOCATIONS ARE LOCATED BY PLOTTING METES AND BOUNDS DESCRIPTIONS AND DRAWINGS PROVIDED BY CLIENT.
- 5) SET 5/8" IR AT ALL CORNERS UNLESS OTHERWISE NOTED.
- 6) BASIS OF BEARING TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE.

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, OF LUV INC., HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM SURVEYS MADE ON THE GROUND UNDER MY DIRECTION AND IS TRUE AND CORRECT; THAT WE HAVE BEEN ENGAGED UNDER CONTRACT TO COMPLETE SUCH OPERATION WITH DUE AND REASONABLE DILIGENCE CONSISTENT WITH SOUND PROFESSIONAL PRACTICE.



THIS THE 15th DAY OF April 2015
Horacio Oliveira
HORACIO OLIVEIRA, R.P.L.S.
STATE OF TEXAS LIC. NO. 1415

PROJECT #: H15-108

HydroEx
TBP/LS REG. NO. 10193804
802 N. Navigation Blvd., Suite 102
Corpus Christi, TX 78408
P: (361) 452-1375 F: (361) 452-1376
Survey Date: March 30, 2015
HX Job No: H15-108
© COPYRIGHT 2015 ALL RIGHTS RESERVED

ATTACHMENT A

PORT OF CORPUS CHRISTI	
A SURVEY OF 35.4± ACRES OUT OF PATENT B4 A 2694 93 ACRE TRACT OF LAND ISSUED TO NUECES COUNTY NAVIGATION DISTRICT NO.1. RECORDED IN VOLUME 719 PAGES 358-360, NUECES COUNTY DEED RECORDS	
SCALE AS NOTED	DATE 3/30/2015
FILED IN H15-108 EX	BOUNDARY SURVEY
FILED IN 1	

ATTACHMENT B

Final Draft of Lease Agreement

LEASE AGREEMENT

Between

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

And

KM LIQUIDS TERMINALS LLC,
a Delaware limited liability company
("Lessee")

_____, 201__

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ATTACHMENTS:

- Exhibit A – Legal Description of Leased Premises**
- Exhibit B – Map or Plat of Leased Premises and Option Property**
- Exhibit C – Minimum Completion Specifications for Lessee’s Oil Dock**
- Exhibit D – Form of North Access Easement Agreement**

LEASE AGREEMENT

This **LEASE AGREEMENT** is made as of _____, 201__ (the “**Effective Date**”), by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called “**Authority**”), and **KM LIQUIDS TERMINALS LLC**, a Delaware limited liability company (hereinafter called “**Lessee**”). This Lease Agreement together with all renewals, extensions, and modifications is referred to herein as the “**Lease Agreement**”, or the “**Lease**”.

RECITALS:

(a) Authority owns the surface estate of a tract of land in Nueces County, Texas, containing 35.4 acres, more or less, which tract is more particularly described in **Exhibit A** attached hereto (“**35.4-Acre Tract**”). A map or plat of the **35.4-Acre Tract** is attached hereto as **Exhibit B**.

(b) Authority and Lessee entered into a Lease Option Agreement dated _____, 2015 (“**Option Agreement**”), which gave Lessee the right to lease the **35.4-Acre Tract** on the terms and conditions stated in this Lease Agreement.

(c) Lessee has now exercised its option to lease the **35.4-Acre Tract** in accordance with the terms and conditions of this Lease Agreement.

(d) Article 18 of this Lease gives Lessee an option to lease the additional property described in that Article. If Lessee exercises this option in accordance with Section 18.02, the additional property will be added to the property covered by this Lease.

NOW, THEREFORE, for and in consideration of the covenants and agreements set forth herein, Authority and Lessee agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.01. Certain Definitions

As used in this Lease, each of the following terms shall have the meaning set forth or referred to in this Section:

“**Actual Annual Throughput**” means, with respect to any Lease Year, the sum of (1) the total number of barrels of Liquid Bulk Cargo loaded onto ships or barges during such Lease Year while berthed at the Lessee’s Oil Dock, plus (2) the total number of barrels of Liquid Bulk Cargo unloaded from ships or barges during such Lease Year while berthed at the Lessee’s Oil Dock, plus (3) the total number of barrels of Liquid Bulk Cargo transported into the Leased Premises during such Lease Year by pipelines, railcars, trucks, or other means of ground transportation, plus (4) the total number of barrels of Liquid Bulk Cargo transported out of the Leased Premises during such Lease Year by pipelines, railcars, trucks, or other means of ground transportation.

“Additional Rent for Insufficient Actual Annual Throughput” has the meaning given to such term in Section 4.05.

“Affiliate” means, with respect to Lessee, any other business entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, Lessee. 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 Person, or (2) the ability to direct the day-to-day management and long-term policies of another Person, whether by contract or otherwise.

“Agreed Completion Point” means, with respect to the Lessee’s Oil Dock, the construction or reconstruction (as applicable) of such dock to the point that it is a basic dock structure that meets the Minimum Completion Specifications for Lessee’s Oil Dock attached hereto as **Exhibit C**.

“Agreed Environmental Baseline” means the agreed recognized environmental conditions at, on, or under the Leased Premises as of the Effective Date, as determined under the Option Agreement.

“Annual Base Rent” means, with respect to any Lease Year, the annual rent for that Lease Year stated in or calculated in accordance with Section 4.02 or Section 4.03, as the case may be.

“Annual CPI Adjustment Factor” means, with respect to any Lease Year after the First Lease Year, a fraction, the numerator of which is the most current CPI available as of the first day of such Lease Year, and the denominator of which is the CPI for the same month of the prior year; provided, however, that the Annual CPI Adjustment Factor for any Lease Year shall never be less than one. By way of example, if the Lease Years are calendar years, the Annual CPI Adjustment Factor for the Lease Year beginning January 1, 2018, would be the CPI for November 2017 divided by the CPI for November 2016, unless the CPI for November 2016 is greater than the CPI for November 2017, in which case the Annual CPI Adjustment Factor would be 1.

“Applicable Environmental Laws” has the meaning given to such term in Section 5.02(a).

“Applicable Laws” means all applicable limitations, restrictions, conditions, standards, prohibitions and requirements of any law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, including but not limited to all applicable zoning ordinances and building codes, flood disaster laws and health laws and regulations.

“Authority Parties” means the Authority, its Port Commissioners, directors, managers, employees and agents.

“Authority's Interest” means Authority's fee simple title to the Fee Tract, Authority's reversionary interest in the Fee Tract and the Permanent Improvements thereon, Authority's right to receive payment of Rent and Authority's other rights under this Lease.

“Authority's Tariff” means the Authority's Tariff 100-A naming rules, rates and regulations applying to the public and private wharves in the Port of Corpus Christi, or any successor tariff published by the Authority from time to time.

“Authority's Wharfage Rate” means, as of any given day, the wharfage rate for Liquid Bulk Cargo as published in the Authority's Tariff on that day.

“Business Day” means any day other than Saturday or Sunday or any other day on which banks in Texas are permitted or required to be closed.

“Cargo” means any goods or commodities moved, shipped or transported by ship, barge, vessel, train, truck, vehicle, pipeline or other means of transportation or shipment.

“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 the first (1st) day of the calendar month immediately following the end of the Construction Period. For example, if the Construction Period ends on December 31, 2016, the Commencement Date would be January 1, 2017.

“Completion Date” means the first to occur of the following dates: (1) the date on which Commencement of Commercial Operations occurs or (2) the third (3rd) anniversary of the Effective Date.

“Commencement of Commercial Operations” means that Lessee has commenced transporting Liquid Bulk Cargo to or from the Leased Premises via Lessee's Oil Dock. Lessee will promptly give notice to Authority when the Commencement of Commercial Operations occurs.

“Construction Period” means the period beginning on the Starting Date and ending on the last day of the calendar month in which the Completion Date occurs.

“Construction Period Monthly Rent” means, with respect to any calendar month during the Construction Period, the monthly rent for that month stated in or calculated in accordance with Section 4.01.

“CPI” means the Consumer Price Index for All Urban Consumers (CPI-U), Not Seasonally Adjusted, for the U.S. City Average for All Items, 1982-84=100 (Unadjusted), published by the United States Department of Labor, Bureau of Labor Statistics. If the Bureau of Labor Statistics of the United States Department of Labor ceases to exist or to publish statistics

concerning the purchasing power of the consumer dollar during the Term of this Lease, then any successor index shall replace CPI for the remainder of the Term, however, should CPI cease to exist without a known successor, then the remaining CPI adjustments called for in this Lease will be made by using the most nearly comparable statistics published by a recognized financial authority, as shall be mutually agreed by the Parties.

“Environmental Liability” means any liability (including without limitation **STRICT LIABILITY**) for (i) the response to, or the investigation, assessment, containment, cleanup, removal, remediation, disposal or management of, any Hazardous Material, (ii) any natural resource damages or environmental restoration associated with the foregoing, (iii) any enforcement action or penalty assessments of any kind or nature, and (iv) any third party claims, in each case arising under Applicable Environmental Laws.

“Equalization Value of the Leased Premises” or ***“Equalization Value”*** has the meaning given to such term in Section 4.09(a).

“Existing Drainage Ditch” has the meaning given to it in Section 2.02(a).

“Extension Period” has the meaning given to it in Section 3.01(b).

“Fee Tract” means, until the Amendment Date (as defined in Section 18.03), the 35.4-Acre Tract described in the Recitals of this Lease. From and after the Amendment Date, ***“Fee Tract”*** shall mean the 35.4-Acre Tract and the Option Property, collectively.

“First CPI Adjustment Factor” means, with respect to the First Lease Year, a fraction, the numerator of which is the most current CPI available as of the first day of the First Lease Year, and the denominator of which is the CPI for the month in which the Effective Date occurs; provided, however, that the First CPI Adjustment Factor for the First Lease Year shall not be less than one.

“First Lease Year” means the twelve-month period beginning on the Commencement Date.

“Governmental Authority” means any municipality, county, state, the United States of America, or any other governmental body, subdivision, agency, or authority, but expressly excluding the Port of Corpus Christi Authority of Nueces County, Texas.

“Hazardous Materials” means: (i) those substances included within the statutory and/or regulatory definitions or listings of “hazardous substance,” “hazardous waste,” “extremely hazardous substance,” “toxic substances,” “special waste,” or “universal waste” under any applicable Environmental Law; or (ii) any material, waste or substance which is or contains: (A) petroleum, oil or a fraction thereof, (B) asbestos or asbestos-containing materials, (C) explosives, or (D) radioactive materials (including naturally occurring radioactive materials).

“Initial Term” has the meaning given to it in Section 3.01(a).

“Inspection Period” means the sixty (60) day period following the expiration or termination of this Lease.

“Lease Year” means the First Lease Year and each successive twelve-month period thereafter during the Term of this Lease; provided, however, that if this Lease terminates or expires during a Lease Year, the period from first day of such Lease Year to the last day of the Term shall be deemed to be a Lease Year (the ***“Last Lease Year”***).

“Leased Premises” has the meaning given to such term in Section 2.01.

“Leasehold Estate” means the leasehold estate and Lessee’s other rights created by this Lease, including Lessee’s ownership interest in the Lessee Improvements.

“Lessee Cleanup Obligations” has the meaning given to it in Section 10.04(b).

“Lessee’s Equipment” has the meaning given to it in Section 6.09.

“Lessee Improvements” means all improvements on the Leased Premises constructed or owned by Lessee, including Lessee’s Oil Dock, Lessee’s Storage Terminal and Lessee’s Processing Facilities.

“Lessee’s Oil Dock” means the private oil dock to be constructed on the Leased Premises by Lessee for purposes of loading and unloading Liquid Bulk Cargo.

“Lessee’s Processing Facilities” means any terminal-related processing facilities Lessee constructs and operates on the Leased Premises for purposes of processing Liquid Bulk Cargo, including a condensate splitter, a distillation unit, and/or a stabilizer.

“Lessee’s Storage Terminal” means the tank farm and related pipelines, equipment and facilities to be constructed on the Leased Premises by Lessee for the purpose of storing Liquid Bulk Cargo.

“Liquid Bulk Cargo” means all liquid bulk cargo, including but not limited to crude and refined petroleum, condensate, petroleum products, petrochemicals, chemicals, and other bulk liquids, but specifically excluding liquefied natural gas.

“Minimum Guaranteed Throughput” means 36,500,000 barrels of Liquid Bulk Cargo for each of the first two Lease Years and 54,750,000 barrels of Liquid Bulk Cargo for each Lease Year thereafter. If the Last Lease Year is less than 365 days, the Minimum Guaranteed Throughput for the Last Lease Year shall equal the product of 54,750,000 barrels of Liquid Bulk Cargo, multiplied by a fraction, the numerator of which is the actual number of days in the Last Lease Year, and the denominator of which 365.

“Option Agreement” has the meaning given to it in the Recitals of this Lease.

“Parties” means Authority and Lessee.

“Party” means Authority or Lessee, as the case may be.

“Permanent Improvements” means all of the following improvements on or to the Leased Premises: (i) Lessee’s Oil Dock, (ii) office buildings or warehouses, (iii) roads and railroad tracks, (iv) pipelines or conduit for non-process potable water, sewer, storm water drainage, natural gas, or electricity, and (v) other public utilities.

“Permit Issuance Date” means the date on which Lessee has received all of the Required Permits.

“Person” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other business entity.

“Qualified MAI Appraiser” means an independent appraiser who is MAI certified, has greater than ten (10) years’ experience appraising land such as the Leased Premises, and is unaffiliated with the Authority or its officers and Commissioners.

“Recovery Proceeds” has the meaning given to it in Section 10.02.

“Removable Lessee Improvements” means all Lessee Improvements on the Leased Premises other than the Permanent Improvements. For the avoidance of doubt, Lessee’s Storage Terminal and Lessee’s Processing Facilities are Removable Lessee Improvements.

“Removal Period” means the one hundred eighty (180) day period following the expiration or termination of this Lease during which Lessee will be required to remove the Removable Lessee Improvements from the Leased Premises.

“Rent” means, collectively, the Construction Period Monthly Rent, the Annual Base Rent, the Variable Monthly Rent, the Additional Rent for Insufficient Actual Annual Throughput, and any other payments called rent herein.

“Required Permits” means all of the air emissions environmental permits, dredging permits, construction permits, and any other permits which Lessee is required to obtain before commencing construction of Lessee’s Oil Dock and the Lessee’s Storage Terminal on the Leased Premises. Required Permits do not include those air emissions environmental permits, construction permits, or any other permits which Lessee may be required to obtain before commencing construction of Lessee’s Processing Facilities.

“Required Repairs” means the repairs needed to put the Permanent Improvements owned by Lessee or its Affiliates in good operating condition, reasonable wear and tear excepted.

“Starting Date” means the first day of the calendar month next following the calendar month in which the Effective Date occurs.

“Taking Date” means the Total Taking Date (as defined in Section 11.01) or the Partial Taking Date (as defined in Section 11.02(a)), as applicable.

“Term” means the period from the Effective Date until the Lease ends or is terminated in accordance with the provisions of this Lease.

“Variable Monthly Rent” means the rent payable to Authority pursuant to Section 4.04.

Section 1.02. Other Definitions

Capitalized terms in this Lease which are not defined in Section 1.01 are defined in the text of this Lease.

Section 1.03. Terminology

The terms defined in Section 1.01 or in the text of this Lease shall apply throughout this Lease. All references in this Lease to **“Section”** or **“Article”** shall refer to a section or article of this Lease, unless otherwise expressly stated. All references to **“Exhibits”** shall mean the exhibits attached to this Lease. All such Exhibits and any other attachments to this Lease are incorporated in this Lease by this reference. All references to herein, hereof, hereto, hereunder or similar terms shall be deemed to refer to this Lease in its entirety. As used in this Lease, the term **“including”** shall mean “including but not limited to.” The headings of Articles and Sections in and Exhibits to this Lease shall be for convenience only and shall not affect the interpretation hereof.

ARTICLE 2 LEASE OF PREMISES

Section 2.01. Leased Premises

Authority hereby leases to Lessee and Lessee hereby leases from Authority, upon the terms and conditions of this Lease, the surface estate of the Fee Tract, together with Authority’s right, title and interest in all rights appurtenant to the Fee Tract, including all rights held by Authority necessary for the construction and operation of Lessee’s Oil Dock (hereinafter called the **“Leased Premises”**).

Section 2.02. Condition of Leased Premises

(a) Lessee acknowledges that it is leasing the Leased Premises in its undeveloped condition as of the Effective Date, **“AS IS, WHERE IS, WITH ALL FAULTS,”** and that Authority is making no representations as to the Leased Premises, except as expressly contained herein, or the suitability of the Leased Premises for the Lessee’s purposes, and to the maximum extent permitted by applicable law, Authority hereby disclaims, and Lessee hereby waives the benefit of, any and all implied warranties, including implied warranties of habitability, fitness, or suitability of the Leased Premises for Lessee’s purposes. Authority has informed Lessee that the Leased Premises may contain some rubble fill and does contain jurisdictional wetlands and that the construction of Lessee’s Oil Dock and possibly

portions of Lessee's Storage Terminal and other Lessee Improvements may require environmental mitigation. Authority has also informed Lessee that the existing open drainage ditch on the Leased Premises ("***Existing Drainage Ditch***"), which is shown on the map or plat attached hereto as **Exhibit B**, will need to be covered or relocated as provided and for the purposes stated in Section 6.06(b).

(b) Authority shall be responsible for any Environmental Liability arising from (i) conditions or circumstances constituting the Agreed Environmental Baseline (as defined in and determined pursuant to the Option Agreement), (ii) any other conditions or circumstances first arising or occurring on, under or which migrate from the 35.4-Acre Tract prior to the Effective Date but are discovered after the Effective Date, except as otherwise provided in Section 2.02(c), and (iii) any conditions or circumstances first arising or occurring on, under or which migrate from the 35.4-Acre Tract subsequent to the Effective Date which are caused by Authority, its agents, contractors, employees or invitees. Furthermore, if Lessee exercises its option to lease the Option Property described in Article 18, Authority shall be responsible for any Environmental Liability arising from (i) conditions or circumstances constituting the Agreed Option Property Environmental Baseline (as defined in and determined pursuant to Section 18.08(d)), (ii) any other conditions or circumstances first arising or occurring on, under or which migrate from the Option Property prior to the Amendment Date which are discovered after the Amendment Date, except as otherwise provided in Section 2.02(c), and (iii) any conditions or circumstances first arising or occurring on, under or which migrate from the Option Property subsequent to the Amendment Date which are caused by Authority, its agents, contractors, employees or invitees.

(c) Lessee shall be responsible for any Environmental Liability arising from (i) conditions or circumstances first arising or occurring on, under, or which migrate from the 35.4-Acre Tract during the Term of this Lease, except as otherwise provided in Section 2.02(b), and (ii) any conditions or circumstances first arising or occurring on, under or which migrate from the 35.4-Acre Tract before the Effective Date which are caused by Lessee, its agents, contractors, employees, or invitees. Furthermore, if Lessee exercises its option to lease the Option Property described in Article 18, Lessee shall be responsible for any Environmental Liability arising from (i) conditions or circumstances first arising or occurring on, under, or which migrate from the Option Property during the Term of this Lease after the Amendment Date, except as otherwise provided in Section 2.02(b), and (ii) any conditions or circumstances first arising or occurring on, under or which migrate from the Option Property before the Amendment Date which are caused by Lessee, its agents, contractors, employees, or invitees

Section 2.03. Rights of Authority to Access the Leased Premises

Authority reserves the right, subject to Lessee's consent, not to be unreasonably withheld, to grant rights of way on the perimeter of the Leased Premises and in other locations within the Leased Premises, which do not interfere (in Lessee's sole but reasonable opinion) with Lessee's intended use of the Leased Premises, to the extent reasonably necessary to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way to other parties for the laying of fiber optics over, under and upon the Leased Premises. The locations of any such easements or rights of way shall

be subject to Lessee's prior written approval, in its sole but reasonable discretion, provided in no event shall Lessee be required to approve any location that shall or may interfere with Lessee's intended use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Section, provided Authority shall cause such third party contractors to follow all safety rules and regulations and other reasonable restrictions imposed by Lessee.

Section 2.04. Quiet Enjoyment

Lessee, on paying the Rent and all other sums called for herein and performing all of Lessee's other obligations contained herein, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the Term of this Lease Agreement, subject to the provisions of this Lease Agreement. Authority represents and warrants that there are no liens, leases or purchase options affecting the Leased Premises as of the Effective Date. Authority agrees to warrant and forever defend Lessee's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under Authority (but not otherwise) subject to (i) the provisions of this Lease Agreement, (ii) the lawful use of the Leased Premises by any mineral owner, other than Authority, of part or all of the Leased Premises or a lessee in an oil, gas or mineral lease granted by any mineral owner, other than Authority, of all or part of the Leased Premises, (iii) to the extent valid and enforceable as to the Leased Premises, those matters of record in Nueces County, Texas, as of the Effective Date, and (iv) any unrecorded easements or rights-of-way expressly consented to in writing by Lessee (all such items, the "*Permitted Encumbrances*").

Section 2.05. Reservation of Minerals

The Leased Premises was patented to the Authority by the State of Texas when the Leased Premises was still submerged land. Under the terms of the patent, the State of Texas reserved the minerals in, on and under the Leased Premises. Authority waives any rights it may have to use the surface of the Leased Premises during the Term, except as otherwise expressly provided herein.

Section 2.06. Dredge Material Disposal Easement

The Leased Premises is presently subject to a Perpetual Easement granted to the United States of America by the Nueces County Navigation District No. 1 in an instrument dated May 25, 1948, and recorded in Volume 400, Pages 508-512, Deed Records, Nueces County, Texas, for the deposit of dredge material excavated in the extension of the Corpus Christi Ship Channel from the Avery Point Turning Basin to the Tule Lake Turning Basin and for the deposit of dredge material excavated in the enlargement or maintenance of this portion of the Channel.

ARTICLE 3 TERM

Section 3.01. Term

(a) The Term of this Lease shall commence on the Effective Date and shall end on the last day of the Initial Term, unless otherwise extended or terminated in accordance with the terms hereof. The Construction Period shall begin on the Starting Date and will end on the last day of the calendar month in which the Completion Date occurs. Lessee will promptly give written notice to Authority when the Completion Date occurs, but failure to give such notice will not extend the Construction Period. The “**Initial Term**” shall begin on the Starting Date and end at 11:59 p.m., Central Time, on the last day of the twentieth (20th) Lease Year. The Initial Term includes the Construction Period and the first twenty (20) Lease Years. The First Lease Year begins on the Commencement Date, which is the first day after the end of the Construction Period.

(b) Lessee shall have the right and option to extend the Term of this Lease for two (2) additional periods of five (5) years each as provided in this Section 3.01(b) (each an “**Extension Period**”). To exercise such right, Lessee shall give written notice thereof to Authority at least one hundred eighty (180) days prior to the end of the then effective Term, irrevocably exercising its option to extend the Term for an additional five-year period. Notice of Lessee's intention to extend the Term under this Lease Agreement must, to be effective, be sent by certified mail to Authority at the address provided in Section 17.04 and must be postmarked no later than the latest date provided in this Section for Lessee's exercising the option. Notwithstanding anything to the contrary contained in this Lease, Lessee may not exercise such option if at the time of exercise an Event of Default is continuing. If Lessee affirmatively exercises its option to extend the Term, then this Lease shall continue in full force and effect under all the terms and conditions set forth herein.

(c) Authority and Lessee hereby acknowledge and agree that it is the express intent of both Parties that this Lease Agreement constitutes a lease of the Leased Premises under the laws of the State of Texas and it in no way constitutes a sale of the Leased Premises for any purpose.

Section 3.02. Required Permits

The Parties hereby acknowledge that the issuance of the Required Permits is a condition precedent to construction of the Lessee's Storage Terminal and Lessee's Oil Dock on the Leased Premises. Lessee shall undertake to obtain the Required Permits within sixty (60) days after the Starting Date, and the Authority shall fully cooperate in Lessee's efforts to obtain the Required Permits, however, neither Party shall have any liability under this Lease (other than Lessee's obligation to pay the Rent accrued under the Lease through the date of termination, if so terminated as permitted by this Section 3.02) should the Required Permits not be issued by the applicable governmental authorities, in their sole discretion. Either Party may terminate this Lease if the Required Permits are not obtained on or before the third (3rd) anniversary of the Starting Date. Notice of termination of this Lease pursuant to this Section 3.02 must be in writing and given to the other Party within one hundred eighty (180) days after the third (3rd)

anniversary of the Starting Date. The termination notice shall state that it is being delivered pursuant to this Section 3.02 and shall state the effective date of the termination.

Section 3.03. Termination on Failure to Commence Construction

(a) Lessee must commence construction of Lessee's Oil Dock within nine (9) months after the later of (i) the Effective Date or (ii) the Permit Issuance Date. Subject to the last sentence of this Section 3.03(a), if Lessee commences construction of Lessee's Oil Dock during the Term, Lessee shall complete such construction of Lessee's Oil Dock to the Agreed Completion Point. If construction of the Lessee's Oil Dock does not commence within nine (9) months after the later of (i) the Effective Date or (ii) the Permit Issuance Date, the Authority may terminate this Lease by giving the Lessee no less than thirty (30) days prior written notice, whereupon the Term of this Lease will be deemed terminated. If, however, Lessee commences construction of Lessee's Oil Dock before Lessee's receipt of the termination notice, the termination notice will be of no force and effect. For purposes of this Section 3.03(a), Lessee shall be deemed to have commenced construction of Lessee's Oil Dock once Lessee has executed a binding construction contract for construction of Lessee's Oil Dock and the contractor has actually begun installation of concrete or steel structural support piling for Lessee's Oil Dock platform, breasting structure or mooring structure. Grading or clearing activities by Lessee or the construction contractor shall not constitute commencement of construction of Lessee's Oil Dock. Notwithstanding anything to the contrary herein, if Lessee commences construction of the Lessee's Oil Dock, Lessee may elect not to complete the Lessee's Oil Dock to the Agreed Completion Point so long as Lessee demolishes and removes any partially built portion of the Lessee's Oil Dock and repairs any damage to the Leased Premises caused by such demolition and/or removal.

(b) Lessee must commence construction of the Lessee's Storage Terminal within nine (9) months after the later of (i) the Effective Date or (ii) the Permit Issuance Date. If construction of the Lessee's Storage Terminal does not commence within nine (9) months after later of (i) the Effective Date or (ii) the Permit Issuance Date, the Authority may terminate this Lease by giving the Lessee no less than thirty (30) days prior written notice, whereupon the Term of this Lease will be deemed terminated. If, however, Lessee commences construction of the Lessee's Storage Terminal before Lessee's receipt of the termination notice, the termination notice will be of no force and effect. For purposes of this Section 3.03(b), Lessee shall be deemed to have commenced construction of Lessee's Storage Terminal once Lessee has executed a binding construction contract for construction of Lessee's Storage Terminal and the contractor has actually begun installation of the foundation for one or more storage tanks. Grading or clearing activities by Lessee or the construction contractor shall not constitute commencement of construction of Lessee's Storage Terminal.

(c) For the avoidance of doubt, Lessee is not required to commence construction of the Lessee's Processing Facilities, and the Authority shall not have any right to terminate the Lease due to the Lessee's failure to commence construction of the Lessee's Processing Facilities.

Section 3.04. Termination for Failure to Commence Commercial Operations

Commencement of Commercial Operations must occur on or before the fourth (4th) anniversary of the Starting Date. If Commencement of Commercial Operations does not occur on or before the fourth (4th) anniversary of the Starting Date, the Authority may terminate this Lease by giving the Lessee no less than thirty (30) days prior written notice of such termination, whereupon the Term of this Lease will be deemed terminated. If, however, Commencement of Commercial Operations occurs before Lessee's receipt of the termination notice, the termination notice will be of no force and effect.

Section 3.05. Holding Over

If Lessee holds over beyond the Term of this Lease without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee shall pay two (2) times the Annual Base Rent being charged Lessee at the end of the Term of the Lease, and Lessee will be subject to all other terms of this Lease Agreement applicable to a tenant at sufferance.

**ARTICLE 4
RENT**

Section 4.01. Construction Period Monthly Rent

(a) The Construction Period Monthly Rent for each of the first twenty-four (24) calendar months of the Construction Period shall equal the product of the number of acres in the Leased Premises on the first day of such month, multiplied by One Thousand One Hundred Twenty-Five Dollars (\$1,125).

(b) The Construction Period Monthly Rent for each of the remaining calendar months of the Construction Period shall equal the product of the number of acres in the Leased Premises on the first day of such month, multiplied by One Thousand Four Hundred Six and 25/100 Dollars (\$1,406.25).

(c) The Construction Period Monthly Rent shall be paid in advance on the first (1st) day of each calendar month during the Construction Period, commencing on the Starting Date.

Section 4.02. Annual Base Rent During the Initial Term

(a) For the First Lease Year of the Initial Term, Lessee shall pay to Authority an Annual Base Rent equal to the product of (i) Twenty-Two Thousand Five Hundred Dollars (\$22,500), multiplied by (ii) the number of acres in the Leased Premises on the first day of the First Lease Year, multiplied by (iii) the First CPI Adjustment Factor.

(b) For each Lease Year of the Initial Term after the First Lease Year of the Initial Term, Lessee shall pay to Authority an Annual Base Rent equal to the product of (i) the Annual Base Rent for the prior Lease Year, multiplied by (ii) the Annual CPI Adjustment Factor for the

current Lease Year, provided that the Annual Base Rent shall never increase by more than three percent (3%) over the prior Lease Year.

(c) The Annual Base Rent for each Lease Year during the Initial Term shall be paid in equal monthly installments of one-twelfth of the Annual Base Rent for such Lease Year and shall be paid on the first (1st) day of each calendar month during such Lease Year, in advance, commencing on the first (1st) day of such Lease Year.

(d) Lessee understands and agrees that Lessee will not receive a credit against the Annual Base Rent (or any other Rent) payable hereunder for the option payments made by Lessee to the Authority prior to the Effective Date pursuant to the Option Agreement.

Section 4.03. Annual Base Rent During Each Extension Period

(a) The Annual Base Rent for the first Lease Year of each Extension Period shall be determined as follows:

(1) If the Authority causes the Equalization Value of the Leased Premises to be redetermined for an Extension Period in accordance with Section 4.09, the Annual Base Rent for the first Lease Year of such Extension Period will equal the product of (i) ten percent (10%) of the Equalization Value of the Leased Premises for such Extension Period as determined in accordance with Section 4.09(b), multiplied by (ii) the number of acres in the Leased Premises at the beginning of the first year of such Extension Period.

(2) If the Authority does not cause the Equalization Value of the Leased Premises to be redetermined for an Extension Period in accordance with Section 4.09, the Annual Base Rent for the first Lease Year of such Extension Period will equal the product of (i) the Annual Base Rent for the prior Lease Year, multiplied by (ii) the Annual CPI Adjustment Factor for the first Lease Year of such Extension Period; provided that the Annual Base Rent, as adjusted, shall not increase by more than three percent (3%) over the immediately preceding Lease Year.

(b) For each Lease Year of an Extension Period after the first Lease Year of such Extension Period, Lessee shall pay to Authority an Annual Base Rent equal to the product of (i) the Annual Base Rent for the prior Lease Year, multiplied by (ii) the Annual CPI Adjustment Factor for the current Lease Year, provided that the Annual Base Rent, as adjusted, shall not increase by more than three percent (3%) over the immediately preceding Lease Year.

(c) The Annual Base Rent for each Lease Year during an Extension Period shall be paid in equal monthly installments of one-twelfth of the Annual Base Rent for such Lease Year and shall be paid on the first (1st) day of each calendar month during such Lease Year, in advance, commencing on the first (1st) day of such Lease Year.

Section 4.04. Variable Monthly Rent

(a) Lessee agrees to pay to Authority a variable monthly rent (the “***Variable Monthly Rent***”) for the Leased Premises for each calendar month during the Term of the Lease following

the Commencement Date, including the calendar month that begins on the Commencement Date. The Variable Monthly Rent is in addition to the Annual Base Rent. The Variable Monthly Rent for each calendar month shall equal the sum of the following amounts (without duplication):

(1) for all Liquid Bulk Cargo loaded or unloaded at Lessee's Oil Dock during such month, the product of the (A) the sum of (i) the total number of barrels of Liquid Bulk Cargo loaded onto ships or barges during such month while berthed at the Lessee's Oil Dock, plus (ii) the total number of barrels of Liquid Bulk Cargo unloaded from ships or barges during such month while berthed at the Lessee's Oil Dock, multiplied by (B) fifty percent (50%) of the Authority's Wharfage Rate for Liquid Bulk Cargo on the first day of such month;

(2) for all Liquid Bulk Cargo transported into or out of the Leased Premises during such month by pipeline, railcar, truck, or other means of ground transportation, the product of (A) the sum of (i) the total number of barrels of Liquid Bulk Cargo transported into the Leased Premises during such month by pipelines, railcars, trucks, or other means of ground transportation, plus (ii) the total number of barrels of Liquid Bulk Cargo transported out of the Leased Premises during such month by pipelines, railcars, trucks, or other means of ground transportation, multiplied by (B) fifty percent (50%) of the Authority's Wharfage Rate for Liquid Bulk Cargo on the first day of such month;

(3) \$100.00 for each railcar loaded or unloaded by or on behalf of Lessee during such month while spotted on an Authority-owned spur track on the Leased Premises or an Authority-owned sidetrack adjacent to the Leased Premises; and

(4) \$50.00 for each railcar loaded or unloaded during such month while spotted on a Lessee-owned spur track on the Leased Premises or a Lessee-owned sidetrack adjacent to the Leased Premises.

(b) The Variable Monthly Rent for each calendar month shall be due and payable on or before the last day of the following calendar month. Lessee shall install, operate and maintain a permanently mounted ultrasonic flowmeter, turbine meter, or Coriolis meter system (inline or clamp on), having an accuracy of +/- 0.20% or better (or other comparable system with prior written approval of the Authority, such approval not to be unreasonably withheld), to enable Lessee to monitor pipeline product flow entering and exiting the Leased Premises. Such meter system and related appurtenances shall be the sole property and under the sole control of the Lessee. Lessee must report in writing monthly to Authority the number of barrels of Liquid Bulk Cargo transported into or out of the Leased Premises during the prior month by any means (including ships, barges, pipelines, railcars, and trucks). Lessee must also report in writing monthly to Authority (i) the number of railcars loaded or unloaded during the prior month while spotted on an Authority-owned spur track on the Leased Premises or an Authority-owned sidetrack adjacent to the Leased Premises, and (ii) the number of railcars loaded or unloaded during the prior month while spotted on a Lessee-owned spur track on the Leased Premises or a

Lessee-owned sidetrack adjacent to the Leased Premises. Lessee shall keep and maintain a complete and accurate set of books and records showing all of the foregoing information (in both electronic and hard copy form) in order that the Authority may ascertain therefrom what rentals are due to the Authority from Lessee hereunder, and such books and records shall be subject to the inspection of the Authority, its agents and attorneys, at any and all reasonable times during normal hours of business operations. Lessee shall also provide the Authority with copies of this information upon request and shall maintain the information for any calendar month for at least two years after the end of such month.

(c) Lessee understands and agrees that the security surcharge published in the Authority's Tariff will apply to the portion of the Variable Monthly Rent payable pursuant to Section 4.04(a)(1) as if that portion of the Variable Monthly Rent was wharfage payable under the Authority's Tariff.

(d) The covenants of this Section 4.04 are material to this Lease, and should Lessee fail to satisfy such covenants, after written notice to Lessee and thirty (30) days to cure, Authority may terminate this Lease Agreement.

Section 4.05. Additional Rent for Insufficient Actual Annual Throughput

(a) If the Actual Annual Throughput during any Lease Year is less than the Minimum Guaranteed Throughput, Lessee agrees to pay to the Authority within sixty (60) days after the end of such Lease Year, as additional rent for insufficient Actual Annual Throughput ("***Additional Rent for Insufficient Actual Annual Throughput***"), an amount equal to the product of (A) the number of barrels by which the Minimum Guaranteed Throughput exceeds the Actual Annual Throughput for such Lease Year, multiplied by (B) fifty percent (50%) of the Authority's Wharfage Rate on Liquid Bulk Cargo on the first day of such Lease Year. Lessee shall keep and maintain a complete and accurate set of books and records showing all of the foregoing information in order that the Authority may ascertain therefrom the amount of Additional Rent for Insufficient Actual Annual Throughput payable to the Authority hereunder, and such books and records shall be subject to the inspection of the Authority, its agents and attorneys, at any and all reasonable times during normal hours of business operations.

(b) The covenants of this Section 4.05 are material to this Lease, and should Lessee fail to satisfy such covenants, after written notice to Lessee and thirty (30) days to cure, Authority may terminate this Lease Agreement.

Section 4.06. Late Payment Penalties

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 ten percent (10%) per annum or the maximum rate allowed by law, whichever is less, from the date payment was due until the date payment is made. Failure to pay such interest within thirty (30) days after Lessee's receipt of written demand shall be an event of default hereunder. Following the dishonor of any check presented for payment, Authority shall have the right, at Authority's option, to require all further payments to be made by certified

check 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.

Section 4.07. Place of Payment

All payments of Rent and any other payments required to be made by Lessee to Authority hereunder shall be (i) made by electronic transfer to an account to be designated by Authority, (ii) delivered to the Authority's administrative offices at 222 Power Street, Corpus Christi, Texas, or such other physical address as Authority may designate from time to time, or (iii) mailed to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other mailing address as Authority shall designate in writing. All payments of Rent and any other payments required to be made by Lessee to Authority hereunder must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset, except as otherwise provided herein.

Section 4.08. Net Lease

Unless otherwise stated in this Lease Agreement, this is a net lease, and 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 Agreement or the financing, ownership, construction, reconstruction, maintenance, operation, or repair or replacement of the Leased Premises or the improvements thereon. It is expressly understood and agreed that, except as otherwise stated in this Lease Agreement, this is a completely net lease intended to assure Authority the rentals herein reserved on an absolute net basis.

Section 4.09. Equalization Value of the Leased Premises

(a) The "*Equalization Value of the Leased Premises*" or "*Equalization Value*" means the approximate fair market value per acre of the Fee Tract (without this Lease or any Lessee Improvements) as determined by or on behalf of the Authority and Lessee, if applicable, from time to time.

(b) Authority may determine the Equalization Value of the Leased Premises with respect to each Extension Period in accordance with the following procedures:

(1) To determine the Equalization Value of the Leased Premises with respect to an Extension Period, the Authority must give Lessee written notice of its good faith estimate of the current fair market value per acre of the Leased Premises (excluding any Lessee Improvements) at least ninety (90) days prior to the beginning of such Extension Period. Unless Lessee objects to the Authority's proposed Equalization Value of the Leased Premises with respect to an Extension Period as provided herein, the Equalization Value of the Leased Premises for such Extension Period shall be Authority's proposed Equalization Value.

(2) If Lessee is not notified of a new Equalization Value of the Leased Premises with respect to an Extension Period at least ninety (90) days before the beginning of such Extension Period, it shall be conclusively presumed that

Authority has waived its right to determine the Equalization Value of the Leased Premises with respect to that Extension Period.

(3) In the event Lessee does not agree with the Authority's proposed Equalization Value of the Leased Premises for an Extension Period, Lessee shall have the option, to be exercised in writing to Authority within thirty (30) days after the date notice is given to it of the proposed Equalization Value, to either (i) terminate this Lease Agreement and surrender the Leased Premises effective at Midnight, Central Time, on the day before the beginning of such Extension Period, or (ii) request that the Equalization Value of the Leased Premises for such Extension Period be determined by appraisal as provided in this subsection.

(4) If Lessee asks to have the Equalization Value of the Leased Premises determined by appraisal, within fifteen (15) days after such request, Authority and Lessee shall each appoint a Qualified MAI Appraiser to prepare a written appraisal establishing the Equalization Value at least forty-five (45) days before the beginning of the applicable Extension Period. If for any reason either one of the appraisals is not timely completed, then the appraisal that is timely completed shall establish the Equalization Value. If both appraisals are completed and the two appraisers cannot agree on the Equalization Value, then they shall promptly select a third appraiser to prepare a written appraisal establishing a third Equalization Value at least ten (10) days before the beginning of applicable Extension Period. The average of the two appraisals closest in value shall then become the Equalization Value. Each of Authority and Lessee shall separately pay the costs of the Qualified MAI Appraiser it selected, and the costs of the third Qualified MAI Appraiser, if engaged, shall be split equally between Authority and Lessee.

ARTICLE 5 USE OF LEASED PREMISES

Section 5.01. Permitted and Prohibited Uses

(a) The Leased Premises may be used for constructing, operating and maintaining a terminal for receiving, storing, transferring, shipping, transporting and processing Liquid Bulk Cargo. In furtherance of these purposes, Lessee may construct and operate Lessee's Oil Dock, Lessee's Storage Terminal, and Lessee's Processing Facilities on the Leased Premises. The foregoing uses of the Leased Premises are collectively referred to in this Lease Agreement as the "***Permitted Uses.***"

(b) Lessee will not use the Leased Premises for any purpose other than the Permitted Uses without the express prior written consent of the Authority, which may be given or withheld by the Authority's Port Commission in its sole discretion. Lessee understands that the Authority will not allow Lessee to ship or transport any Cargo to or from the Leased Premises other than Liquid Bulk Cargo without requiring an amendment to this Lease Agreement which would cause Lessee to pay additional variable monthly rent based on the quantity of the new Cargo shipped or transported to or from the Leased Premises. The foregoing restriction shall not prohibit the

transport to or from the Leased Premises any materials used by Lessee for the construction, operation, maintenance, and repair of any of the Lessee Improvements.

(c) Lessee will not use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner, which is or may be violative of (i) orders, injunctions, writs, statutes, rulings, rules, regulations, directives, permits, certificates or ordinances of any Governmental Authority applicable to Lessee or the Leased Premises, including zoning, environmental and utility conservation matters; (ii) Authority's Tariff; (iii) applicable insurance requirements; or (iv) the Permitted Encumbrances.

(d) The Parties agree that neither Party will voluntarily permit any portion of the Leased Premises to be used for the purpose of drilling an oil or gas well, and Authority acknowledges that the drilling of any oil or gas well on the surface of the Leased Premises would interfere with and be injurious to Lessee's proposed use or uses of the Leased Premises for industrial purposes.

(e) Lessee hereby represents and warrants to Authority that Lessee's construction, occupancy, operation or use of the Leased Premises will be and remain in compliance with Applicable Laws in all material respects.

Section 5.02. Environmental Representations and Restrictions

(a) Lessee hereby represents and warrants to Authority:

(1) That, in its construction, occupancy, operation or use of the Leased Premises, Lessee will not violate in any material respect any of the local, state or federal laws and regulations applicable or pertaining to health or the environment (hereinafter sometimes collectively called "***Applicable Environmental Laws***"), including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("***CERCLA***"), 42 U.S.C. Section 9601 et seq; the Resource Conservation and Recovery Act of 1976 ("***RCRA***"), 42 U.S.C. Section 6901 et seq; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq; the Clean Air Act and Amendments of 1990, 42 U.S.C. Section 7401 et seq; the Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq; the Toxic Substances Control Act, 15 U.S.C. Section 2606; the Texas Solid Waste Disposal Act, Chapter 361, Texas Health and Safety Code; the Texas Clean Air Act, Chapter 382, Texas Health and Safety Code; the Oil Spill Prevention Act of 1991, Chapter 40, Texas Natural Resource Code, and Chapter 26, Texas Water Code; and the Texas Water Quality Act, Chapter 26, Texas Water Code; Texas Hazard Communication Act, Chapter 502, Texas Health and Safety Code; Texas Community Right-to-Know Acts, Chapters 505 – 507 Texas Health and Safety Code and any rules, regulations, orders or permits issued in accordance with these laws.

(2) That Lessee shall follow the sections of the Authority's Tariff which relate to the environment, but if the Lessee breaches one or more sections of the Authority's Tariff relating to the environment, Authority's remedies for such breach shall not include a termination of this Lease by Authority unless such breach is also a material breach of

Applicable Environmental Laws that is not timely remedied after notice and opportunity to cure as provided in Section 14.01(2) below.

(3) That the use which Lessee intends to make of the Leased Premises will not result in any unlawful Disposal or other Release of any Hazardous Materials on, under, to or from the Leased Premises. The term “**Release**” shall have the meaning specified in CERCLA, and the term “**Disposal**” (or “**Disposed**”) shall have the meaning specified in RCRA--and, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply to such terms used in this Lease Agreement subsequent to the effective date of such amendment and, further, to the extent the laws of the state of Texas establish a meaning for “**Release**,” or “**Disposal**” which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply to such terms used in this Lease Agreement.

(b) In the event of any unlawful Release of any Hazardous Material on, under, to or from the Leased Premises during the term of this Lease (a “**Lessee Release**”), Lessee must immediately initiate actions to stop the Release and to cease any prohibited activities which may be resulting in such Release; and provide notice to any public agencies as may be required by the Applicable Environmental Laws. Lessee shall, within two (2) Business Days after any such required reporting to a public agency, also provide Authority with a copy of such notice to the public agency and a material safety data sheet for each of the said Hazardous Materials and shall keep Authority informed of any material notice or change or final resolution of a reportable Lessee Release by providing copies of such documents between Lessee and such public agency. Lessee must clean up, remove, remediate and repair any soil or ground water contamination or damage caused by the presence or Release of any Hazardous Material in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of Applicable Laws or Applicable Environmental Laws. In the event a Lessee Release results in the need for excavation or removal and off-site transportation of soils from the Leased Premises, Lessee agrees it is responsible for any and all appropriate characterization, handling, transport and disposal as may be required by Applicable Environmental Laws (together “**Regulated Waste Removal**”).

(c) Upon receipt from any local, state of Texas or federal government agency or department of any citation, notice of violation, notice of enforcement, enforcement action or penalty regarding any alleged safety or environmental violation, Lessee will furnish to Authority within two (2) days of receipt, a copy of any such citation, notice of violation, notice of enforcement, enforcement action or penalty. Lessee shall keep Authority informed of any material notice or change of which Lessee (or any of Lessee’s environmental consultants) becomes aware related to the citation, notice of violation, notice of enforcement, enforcement action or penalty, including the resolution of same, by providing copies of such documents between Lessee and such governmental agency.

(d) In the event the Final Environmental Site Assessments (as defined in the Option Agreement) reveal any Disposal or Release of any Hazardous Materials on the Leased Premises or an historical Disposal or Release of any Hazardous Materials is discovered on the Leased Premises during Lessee’s construction or operation of Lessee’s Storage Terminal or otherwise on the Leased Premises that is not a Lessee Release (a “**Pre-Existing Release**”), which results in the

need for excavation or removal and off-site transportation of soils from the Leased Premises, Lessee shall promptly notify Authority of such discovery and Authority agrees it is responsible for any and all appropriate characterization, handling, transport and disposal as may be required by Applicable Environmental Laws (together “**Regulated Authority Waste Removal**”) in compliance with all Applicable Environmental Laws. Authority shall promptly perform or cause to be performed the Regulated Authority Waste Removal so as to minimize the disruption or delay to Lessee’s operations. Authority shall keep Lessee informed regarding the Regulated Authority Waste Removal in the same manner described in Section 5.02(e) below. **Notwithstanding any other provision of this Lease to the contrary, Authority hereby waives any claim, or potential claim, it may have against Lessee to recover costs or expenses arising out of or associated with any Regulated Authority Waste Removal and any Pre-Existing Releases, and agrees to indemnify, defend and hold harmless Lessee, its directors, managers, employees, and agents from and against any and all Claims, including without limitation Environmental Liabilities, arising from, out of, or in any way related to any Regulated Authority Waste Removal, any Pre-Existing Releases, and any conditions or circumstances caused by Authority, its agents, contractors, employees or invitees subsequent to the Effective Date.**

(e) Lessee agrees to conduct any Regulated Waste Removal required in connection with any Lessee Release in compliance with all Applicable Environmental Laws, and to the extent necessary to return the Leased Premises to the Agreed Environmental Baseline condition. In no event shall Lessee be required to remediate the Leased Premises to any condition beyond the Agreed Environmental Baseline. Lessee further agrees to provide Authority final work plans for any Regulated Waste Removal at least three (3) days prior to the time it commences. Lessee will also keep Authority informed regarding the Regulated Waste Removal by providing copies of all letters, reports, and formal communications exchanged between Lessee (or Lessee’s environmental consultants) and any public agency(ies) involved in such Regulated Waste Removal. **Notwithstanding any other provision of this Lease to the contrary, Lessee hereby waives any claim, or potential claim, it may have to recover costs or expenses arising out of or associated with Regulated Waste Removal in connection with Lessee Releases, and agrees to indemnify, defend and hold harmless the Authority Parties from and against any and all Claims, including without limitation Environmental Liabilities, arising from, out of, or in any way related to such Regulated Waste Removal or Lessee Releases.**

(f) In the event of a Lessee Release, Authority accepts no liability or responsibility for ensuring that Lessee's workers, including without limitation those conducting testing, construction and maintenance activities on the Leased Premises, are satisfactorily protected from residual contaminants described in Title 29 of the Code of Federal Regulations. **Lessee hereby waives any claim, or potential claim, it may have to recover any damages, losses, costs and expenses related to worker exposure or alleged exposure to any Lessee Release, and to indemnify, defend and hold harmless Authority, from and against any and all such Claims, except to the extent of Authority’s actual negligence or willful misconduct in such matter.**

(g) In order to facilitate Lessee in satisfying some of its obligations under this Section 5.02, Lessee may install (but is not required to do so) temporary and/or permanent groundwater monitoring wells on the Leased Premises to assess groundwater conditions, including to detect and monitor the migration of contaminants from off-site locations. Authority will be informed of

the planned locations for the monitoring wells prior to installation by Lessee. Lessee may at its discretion take samples from such wells and submit such samples for laboratory analysis. Lessee will promptly provide Authority copies of all analytical data and any reports generated as a result of said sampling and analysis. At the expiration or termination of this Lease, or at such earlier time as is deemed appropriate by a regulatory agency having jurisdiction, all such wells shall be permanently closed by Lessee in accordance with the Applicable Environmental Laws in effect at the time of the closure; unless a regulatory authority having jurisdiction requests that such wells remain in use. To the extent that Authority advises Lessee in writing that it wishes to have the wells remain in use, then Authority will assume all obligations for permanently closing the wells.

(h) Authority may conduct independent reviews to determine Lessee's compliance with its obligations under this Section 5.02. The Parties agree that Authority's first such review may occur within a reasonable period of time after the beginning of on-site construction, or within a reasonable period of time after the start of commercial operation of Lessee's Storage Terminal, and not more frequently than annually thereafter unless Authority reasonably determines, in its sole discretion, that there is a breach or threatened breach of Lessee's obligations under this Section 5.02. Following each Authority review, Authority will meet with Lessee to discuss any issues or concerns, and if requested by Lessee, Authority's observations will be provided to the Lessee in writing. If Authority reasonably determines that Lessee is in violation of (i) the Applicable Environmental Laws, (ii) this Section 5.02, or (iii) the Authority's Tariff (as it relates to environmental matters), Authority will give notice to Lessee of its concerns and consult with Lessee regarding what further actions are needed, if any, to address the Authority's concerns.

(i) All of Lessee's obligations under this Section will survive the expiration or termination of this Lease Agreement.

(j) In the event of any conflict between the terms of this Section 5.02 and the terms of the Authority's Tariff pertaining to matters covered by this Section 5.02, the terms of this Section 5.02 shall take precedence and be controlling.

(k) **Lessee's indemnity obligations to the Authority Parties under this Section 5.02 shall not be limited by a limitation on the amount or type of damages, compensation or benefits owed by Lessee to any employee of Lessee under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.**

Section 5.03. Underground Storage Tanks

Lessee may not construct, install, maintain, use or otherwise operate on the Leased Premises any petroleum or chemical underground storage tank. Authority represents and warrants that no underground storage tanks are located within the Leased Premises as of the Effective Date.

Section 5.04. Mooring of Vessels

(a) Only ships, barges or other vessels (not to exceed the designed limitations of the berth for the Lessee's Oil Dock) being loaded or unloaded by Lessee or moored for lay berth purposes may be moored along the water frontage of Lessee's Oil Dock.

(b) Lessee will provide at its expense all moorings necessary, or required by Authority's Harbormaster pursuant to its published rules and regulations of general application to the Port of Corpus Christi, to moor ships, barges or other vessels at or alongside the Lessee's Oil Dock. Lessee agrees to remove, or cause to be removed, within 24 hours after notice from Authority's Harbormaster, any vessel owned or controlled by Lessee and docked at Lessee's Oil Dock, which in the sole (but reasonable and non-discriminatory) opinion of the Authority's Harbormaster, is a hazard to navigation.

ARTICLE 6
IMPROVEMENTS, ALTERATIONS, MAINTENANCE AND DREDGING

Section 6.01. Lessee Improvements

(a) All improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this Lease Agreement will be at the sole cost and expense of Lessee. Lessee must construct and install all Lessee Improvements in a good and workmanlike manner. New or additional improvements on the Leased Premises may not be constructed nearer than 8.5 feet to the centerline of any railroad track on the Leased Premises except upon the express written approval of Authority.

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

Section 6.02. Maintenance of Leased Premises

Lessee will, throughout the Lease Term, at its own expense and risk, maintain the Leased Premises and all Lessee Improvements in good order and condition, including but not limited to making all repairs and replacements necessary to keep the Leased Premises and Lessee

Improvements in that condition, reasonable wear and tear excepted. All maintenance, repairs, and replacements required by this Section must be performed promptly when required.

Section 6.03. Approval of Lessee Improvements

(a) Lessee is permitted to construct the Lessee Improvements it deems necessary or desirable in connection with the uses of the Leased Premises permitted in this Lease Agreement.

(b) Lessee must submit to Authority plans (the “***Plans***”) for any proposed buildings, drainage, water structures, or other improvements of any kind to be constructed on the Leased Premises, and they must be approved in writing by the Director of Engineering Services of Authority prior to the commencement of construction of the same, which approval shall not be unreasonably denied, delayed or conditioned. To facilitate the Authority’s review, two (2) sets of final for construction plans that clearly define the project must be submitted to Authority along with electronic files for its prior approval. The drawings must be prepared on a standard engineering format (24” x 36” drawings) and show all physical features and improvements in and around the project site and must be signed and sealed by a Professional Engineer registered in the State of Texas. In addition, a detailed site plan (minimum 1" = 50' scale) depicting the location and physical layout of the project site, and including, but not limited to, any area to be dredged within and adjacent to the Leased Premises, adjacent docking facilities, property lines, federal channels, bulkhead lines, and existing channel depth elevations must be included with the plans submitted. The site plan must clearly show the bottom of cut line and top of slope line of any planned dredging. Any approval, comments or denial of such Plans by the Authority shall be promptly made to Lessee within ten (10) Business Days after submittal. Further, Authority shall prepare detailed comments or responses to the Plans in order to direct Lessee on the action needed to have the Plans revised and approved. Time is of the essence as to approval of the Plans. Within sixty (60) days of the completion of the work depicted on the Plans, Lessee will provide Authority with one (1) set of As-Built or Record Drawings on a standard engineering format (24” x 36” drawings) and in an electronic file format acceptable to the Authority.

(c) To the extent permitted by Applicable Law, copies of all permits for work in navigable waters issued to Lessee by the Department of Army or any other federal, state or other governmental agency shall be filed with Authority.

(d) No approval by Authority of Lessee's designs, site plans, plans, specifications or other matters may ever be construed as representing or implying that Lessee's designs, site plans, plans, specifications or other matters will, if followed, result in a properly-designed building or other Improvements constructed on the Leased Premises. Such approvals shall in no event be construed as a representation or guaranty by the Authority that any Improvements will be built in a workmanlike manner, nor shall such approvals relieve Lessee of its obligation to construct the building in a workmanlike manner.

Section 6.04. Dredging Responsibilities

Lessee will be responsible for performing or causing to be performed all dredging, both new work and maintenance dredging, required for the slip for Lessee’s Oil Dock between and for access to the Corpus Christi Ship Channel from Lessee’s Oil Dock. The slip at Lessee’s Oil

Dock must be maintained by Lessee at a sufficient depth to prevent vessels berthed at the dock from striking bottom due to lowering of the water level from passing vessels. Lessee acknowledges and understands that adjustments in the Corpus Christi Ship Channel may occur in the future, resulting in a possible increase or decrease in distance between Lessee's Oil Dock and the Corpus Christi Ship Channel.

Section 6.05. Laborers and Materials

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

Section 6.06. Storm Sewers and Railroad Spur Tracks

(a) The construction of any railroad spur tracks on the Leased Premises by Lessee must be approved by Authority (which approval shall not be unreasonably denied, delayed or conditioned), and shall be at Lessee's sole cost and expense. Lessee will be responsible for maintenance of any Lessee-owned railroad trackage and bedding on the Leased Premises during the Term.

(b) Lessee, at its sole cost and expense, shall design, construct and provide underground or covered storm sewers to replace the Existing Drainage Ditch on the Leased Premises, or relocate the Existing Drainage Ditch on the Leased Premises to maintain sufficient drainage for the Leased Premises and existing drainage from the Authority's adjacent property in compliance with Applicable Laws or as required by the Authority.

Section 6.07. Building Code

All improvements constructed on the Leased Premises by Lessee must comply in all material respects with the City of Corpus Christi building codes and all other applicable building codes as the same may have been modified by the Port of Corpus Christi Authority Design and Construction Guidelines found in the current Port of Corpus Christi Authority Project Manual which may be obtained from Authority's Department of Engineering Services.

Section 6.08. Permits

Lessee must obtain and maintain in effect at all times during the Term of this Lease Agreement all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of Lessee Improvements and Lessee's use and occupancy of, and operations at, the Leased Premises. Subject to any applicable confidentiality requirements, Lessee will provide Authority's Department of Engineering Services with copies

of such permits, licenses and consents obtained by Lessee promptly after written request by Authority.

Section 6.09. Ownership of Lessee's Equipment

All machines, appliances, furniture, equipment, and other items of tangible personal property on the Leased Premises during the Term (collectively, the "*Lessee's Equipment*") will be owned or leased by Lessee.

Section 6.10. Ownership of Lessee Improvements

All Lessee Improvements will be solely the property of Lessee. After the expiration of the Term, all Permanent Improvements owned by Lessee shall be deemed to be the property of Authority.

Section 6.11. Signs

Lessee may not place any signs at or on the Leased Premises or paint any signs on any building on the Leased Premises unless first approved in writing by the Director of Engineering Services of Authority, which approval shall not be unreasonably denied, delayed or conditioned. Lessee must remove all its signs when this Lease Agreement expires or terminates and repair any damage resulting from erecting or removing the signs.

Section 6.12. Floodplain

Lessee acknowledges that Lessee has been advised by Authority that the Leased Premises is in the FEMA 100-year floodplain and that construction of Lessee Improvements must conform to Applicable Laws pertaining to construction of Lessee Improvements in a floodplain.

Section 6.13. Side Yard Limits

No Permanent Improvements other than those of Lessee's Oil Dock along the north bulkhead line of the Corpus Christi Ship Channel may be constructed within five (5) feet of the Leased Premises' boundary line except upon the express written mutual agreement of Authority and Lessee.

**ARTICLE 7
UTILITIES, SECURITY AND TAXES**

Section 7.01. Utilities, Securities and Other Services

(a) Lessee agrees to pay when due all charges it incurs for the following services to the Leased Premises: (i) water, gas, electricity, and any other utilities, (ii) garbage service, (iii) security or guard services, (iv) railroad services in connection with the Leased Premises, and (v) firefighting services provided by the Refinery Terminal Fire Company and/or the City of Corpus Christi Fire Department in response to fires at the Leased Premises or on vessels docked at Lessee's Oil Dock. Authority will not furnish any of these services to Lessee except pursuant

to a separate written agreement between the Parties. If at Lessee's request or because of Lessee's failure to pay for services to the Leased Premises Lessee has contracted for, Authority (following written notice to Lessee and an opportunity to cure for at least thirty (30) days after such notice) provides any such services to the Leased Premises or pays the cost for any such services, Lessee will pay to Authority the cost of such services as additional rent upon receiving Authority's invoice. Payment shall be made pursuant to the terms of said invoice.

(b) Lessee will provide, at its expense, its security or guard services for the Leased Premises and Lessee Improvements. Lessee and its security employees or contractor will cooperate with Authority's Port Police Department, and will comply, to the extent applicable, with the requirements of Authority's Tariff Item 669 or as Item 669 may appear in a replacement of Authority's Tariff.

Section 7.02. Taxes

(a) During the Term of this Lease, Lessee must pay or cause to be paid when due all taxes, assessments, fees or charges imposed on the Lessee Improvements on the Leased Premises by virtue of Lessee's tenancy or upon Lessee's property on the Leased Premises or upon Lessee's leasehold interest in the Leased Premises. During the Term of this Lease, Authority must pay when due all taxes, assessments, fees, or charges imposed on the Fee Tract, excluding any of the Lessee Improvements thereto or thereon.

(b) Lessee may, at its expense, contest any tax, assessment, fee or charge for which it is responsible under this Section. If a tax, assessment, fee or charge for which Lessee is responsible under this Section is imposed on Authority, Authority at Lessee's request (i) shall designate Lessee or a tax professional selected by Lessee as Authority's agent pursuant to Section 1.111 of the Texas Tax Code to receive Notices of Appraised Value with regard to the Lessee Improvements and to protest the appraised value or taxability of the Lessee Improvements, and (ii) shall take such other reasonable requested actions as under applicable law are necessary to satisfy procedural requirements to allow Lessee to contest a tax, assessment, fee or charge for which Lessee is responsible under this Section. Except as provided in the following paragraph, Lessee need not pay the tax, assessment, fee or charge while the contest is pending. Except as provided in the following paragraph, Lessee may prevent Authority from paying any tax, assessment, fee or charge that Lessee is contesting under this Section, pending resolution of the contest; provided, if such tax, assessment, fee or charge is imposed on Authority, Authority may require Lessee to deposit with Authority the full amount of the tax, assessment, fee or charge plus the amount of any penalty that is expected to be imposed for failing to make timely payment and one (1) year of interest at the rate imposed by the entity levying the tax, assessment, fee or charge (the "*Tax Protest Deposit*"). When the contest is resolved, Lessee must pay the tax, penalty and interest imposed and may use the Tax Protest Deposit to pay any tax, assessment, fee or charge, plus any penalty or interest, due under the final resolution and keep any balance of the Tax Protest Deposit. If the Tax Protest Deposit is insufficient to pay these amounts, Lessee must immediately pay the balance due to the entity imposing the tax, assessment, fee or charge. In all cases of a tax protest, the Tax Protest Deposit is the property of Lessee and the Authority shall hold the Tax Protest Deposit in escrow for the benefit of Lessee and release the monies as directed by Lessee at any time.

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

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

Section 7.03. Annexation Notice

Should Lessee receive notice from the City of Corpus Christi (“**City**”) of the City’s intent to amend its annexation plan to include all or part of the Leased Premises and Lessee gives the City notice of Lessee’s request to have all or part of the Leased Premises placed in an industrial district and be bound by the terms of an industrial district agreement with the City pursuant to Section 42.044 of the Texas Local Government Code, Authority hereby covenants to (i) fully cooperate with the process necessary to exclude all or part of the Leased Premises from any proposed amended annexation plan of the City and (ii) execute any resulting industrial district agreement as the landowner of the Leased Premises, pursuant to Section 42.044 of the Texas Local Government Code.

**ARTICLE 8
INSURANCE**

Section 8.01. Insurance

(a) Without limiting the indemnity obligations or liabilities of Lessee or its insurers provided herein, commencing on the date that any material building activity by Lessee on the Leased Premises begins, Lessee agrees to carry and maintain at its sole expense during the Term of the Lease, and during any time period following expiration or termination of the Lease in which Lessee is required to perform additional work on the Leased Premises, the following policies of insurance (sometimes collectively referred to in this Section as the “**Policies**”) and in at least the minimum amounts specified below:

(1) *Workers’ Compensation and Employer’s Liability Insurance.* For all its employees engaged in performing work on the Leased Premises, workers’ compensation insurance for at least the applicable statutory limit required by the Texas Workers’ Compensation Code; and employer’s liability insurance with at least \$500,000.00 limit for each for bodily injury by accident, and at least a \$500,000.00 limit for each employee for bodily injury by disease. Under the Worker’s Compensation policy, Lessee shall provide an alternate employer endorsement in favor of the Authority Parties on the proper endorsement form. In the event that the work of Lessee’s employees on the Leased

Premises falls within the purview of the United States Longshoremen's and Harbor Workers' Compensation Act, the Jones Act or the Federal Employer's Liability Act, the Lessee shall extend its insurance coverage to provide insurance against the liabilities imposed under the applicable Act or Acts.

(2) *Commercial General Liability Insurance.* Commercial General Liability (CGL) insurance coverage which shall cover or be endorsed to cover bodily injury, personal injury, broad form property damage, operations hazard, owner's protective coverage, contractual liability, products and completed operations liability, and time element pollution coverage, with general aggregate limits of at least \$2,000,000.00. and endorsed to name the Authority Parties as additional insureds, on a primary, non-contributory basis, but only with respect to liabilities arising out of any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property occurring on the Leased Premises or the Lessee Improvements, in each case arising out of (i) the use or occupancy of the Leased Premises by Lessee or any of the Lessee Parties (as defined in Section 9.01(a)), or (ii) the condition, use, malfunction, defect, or explosion of any of the Lessee Improvements, or (iii) the construction, alteration, repair or maintenance of the Lessee Improvements.

(3) *Automobile Liability Insurance.* When any motor vehicles (owned, non-owned or hired by Lessee) are used in connection with work being performed on the Leased Premises, the Lessee shall provide or cause to be provided Automobile Liability Insurance with limits of not less than \$500,000 per occurrence for bodily injury and property damage.

(4) *Builders Risk Insurance.* During any construction projects on the Leased Premises, builder's risk coverage in amounts appropriate for the construction work undertaken as Lessee shall determine in its sole but reasonable discretion.

(5) *Umbrella Insurance.* Excess or Umbrella liability insurance coverage limits of not less than \$5,000,000 over and above the underlying primary coverage limits stated above with respect to bodily injury or death to any number of persons in any one accident or occurrence. The policy shall be endorsed to name the Authority Parties as additional insureds, on a primary, non-contributory basis, but only with respect to liabilities arising out of any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property occurring on the Leased Premises or the Lessee Improvements, in each case arising out of (i) the use or occupancy of the Leased Premises by Lessee or any of the Lessee Parties, or (ii) the condition, use, malfunction, defect, or explosion of any of the Lessee Improvements, or (iii) the construction, alteration, repair or maintenance of the Lessee Improvements.

(6) *Pollution Liability Insurance.* Pollution Liability insurance covering bodily injury, property damage and such other losses caused by pollution conditions occurring during the Term of this Lease and arising directly from Lessee's operations at the Leased Premises, including pollution of any body of water, with limits of not less than \$5,000,000.00 per occurrence. Pollution Coverage shall include, but not be limited

to, environmental cleanup, remediation and disposal and may be included within the required General Liability and/or Umbrella Insurance.

(b) Lessee shall deliver to Authority, Attention: Real Estate Manager, prior to the commencement of any material building activity by Lessee on the Leased Premises, as proof of the insurance required of Lessee, a certificate or certificates of insurance (and any endorsements required to provide evidence of the insurance coverages required under this Lease) describing the Policies, which certificates must be in their form and content, reasonably acceptable to the Authority.

(c) In the event that a claim is filed against the Authority and governed by the terms of this Lease, Lessee shall, upon receipt of a written request, deliver to the Authority, true and correct copies of the Policies required hereunder which may be responsive to the claim. In addition, to the extent that during the Term there shall occur any material changes in any of the Policies required hereunder, Lessee shall notify the Authority of such changes.

(d) From time to time during the Term (but not more often than every five (5) years) to the extent that the Authority provides written notice to Lessee evidencing Authority's reasonable belief (in reasonable detail) that the amounts of coverage required by this Section 8.01 have become insufficient to adequately protect the interests of the Authority, then upon Lessee's receipt of such notice the Parties will commence a dialog in good faith to discuss a possible adjustment to the coverage amounts herein provided, to adequately restore the protection afforded to the interests of the Authority. In the event of a dispute regarding such coverage amounts, the Parties shall resort to the dispute resolution provisions herein provided.

(e) Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies.

(f) The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A- : VI.

(g) Notwithstanding the foregoing, Lessee expressly reserves the right, at its sole option, to comply with the insurance obligations shown in this Section 8.01 using self-insurance programs maintained by its corporate parent. If Lessee exercises the option to self-insure, then (i) Lessee shall provide written notice of its intent to self-insure accompanied with details of its self-insurance program; (ii) such self-insurance program must be permitted by applicable law; (iii) Lessee's corporate parent must maintain a net worth (as shown by its most recent financial statements audited in accordance with generally accepted accounting principles) of not less than One Hundred Million Dollars (\$100,000,000.00); and (iv) Lessee's corporate parent must maintain an "Investment Grade" financial rating by Moody's or Standard and Poor's or an equivalent rating service; and as to any of the insurance requirements in this Section 8.01 which Lessee elects to self-insure, Lessee will self-insure Authority in the same manner as an additional insured using self-insurance programs maintained by Lessee's corporate parent.

(h) If Lessee elects to self-insure or to maintain insurance required herein subject to deductibles and/or retentions exceeding \$50,000, Authority and Lessee shall maintain all rights and obligations between themselves as if Lessee maintained the insurance with a commercial

insurer including any additional insured status, primary liability, waivers of rights of recovery, other insurance clauses, and any other extensions of coverage required herein. Lessee shall pay from its assets the costs, expenses, damages, claims, losses and liabilities, including reasonable attorney's fees and necessary litigation expenses at least to the extent that an insurance company would have been obligated to pay those amounts if Lessee had maintained the insurance pursuant to this Section.

(i) Authority shall not be responsible for payment of any deductible or self-insured retention or uninsured amount.

(j) During the Option Term (as defined in Section 18.04), the Option Property (as defined in Section 18.01) shall be deemed to be part of the Leased Premises for purposes of this Article 8.

Section 8.02. Waiver of Subrogation

Lessee shall cause its insurance carriers to waive their rights of subrogation against the Authority Parties during the Term of this Lease.

ARTICLE 9 INDEMNITY

Section 9.01. Indemnification by Lessee and by Authority

(a) To the extent permitted by law, Lessee shall defend, indemnify and hold harmless the Authority Parties from and against, and Lessee shall be responsible for, any and all Claims which may be brought or instituted or asserted against the Authority Parties to the extent based on or arising out of or relating to any of the following events (each being referred to in this subsection as an "*Indemnified Event*"): (i) the failure on the part of the Lessee or any sublessee or their respective owners, officers, managers, agents, invitees, guests, contractors, subcontractors or licensees ("*Lessee Parties*") to comply with the provisions of Applicable Laws applicable to the Leased Premises or the Lessee Improvements on the Leased Premises, or (ii) any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property occurring on the Leased Premises or the Lessee Improvements, in each case arising out of (1) the use or occupancy of the Leased Premises by Lessee or any Lessee Party, or (2) the condition, use, malfunction, defect, or explosion of any of the Lessee Improvements, or (3) the construction, alteration, repair or maintenance of the Lessee Improvements. Notwithstanding anything in this Lease Agreement to the contrary, to the extent the Indemnified Event for which a Claim is made arises out of the joint, concurrent or comparative negligence, causation, responsibility or fault of the Lessee Parties and the Authority Parties, whether negligence, strict liability, breach of warranty, express or implied, or products liability, then the Lessee shall defend the Authority Parties against such Claim, but the Lessee shall be relieved of its obligation of indemnity with respect to such Claim to the extent, but only to the extent, of the percentage of responsibility attributed to the Authority Parties with respect to causing or contributing to cause the Indemnified Event for which such Claim was made. Furthermore, Lessee shall be relieved of its obligation of

indemnity (but not its obligation to defend) with respect to any Claim to the extent, but only to the extent, of the amount actually recovered from one or more insurance carriers and either paid to the Authority Parties or paid for benefit of the Authority Parties in reduction of such Claim. Lessee's indemnity obligations to under this Section 9.01 shall not be limited by a limitation on the amount or type of damages, compensation or benefits owed by Lessee to any employee of Lessee under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.

(b) To the extent permitted by law, Authority shall defend, indemnify and hold harmless the Lessee Parties from and against, and Authority shall be responsible for, any and all Claims which may be brought or instituted or asserted against the Lessee Parties based on or arising out of or relating to any of the following events (each being referred to in this subsection as an “*Indemnified Claim*”): (i) the failure on the part of any of the Authority Parties to comply with the provisions of Applicable Laws applicable to the Leased Premises or the Lessee Improvements on the Leased Premises, or (ii) any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property on the Leased Premises or the Lessee Improvements in each case arising out of the sole negligence, gross negligence or willful misconduct of Authority Parties in connection with their presence and/or operations on the Leased Premises. The Authority shall be relieved of its obligation of indemnity (but not its obligation to defend) with respect to any Indemnified Claim to the extent, but only to the extent, of the amount actually recovered from one or more insurance carriers and either paid to the Lessee Parties or paid for benefit of the Lessee Parties in reduction of such Indemnified Claim.

(c) The obligations of the Lessee and Authority under this Section 9.01 shall survive the expiration or any earlier termination of the term of this Lease.

Section 9.02. Notice of Claims

The Authority shall give the Lessee prompt and timely notice of any Claims made or instituted against it or any other Authority Party, of which it has knowledge, relating to any matter which in any way may result in indemnification pursuant to Section 9.01(a). Subject to the prior rights, if any, of insurers, the Lessee shall be entitled to control the defense and any compromise of any such Claims to the extent of any actual or potential claim for indemnification made or reserved by the Authority, but the Lessee shall give the Authority the opportunity to participate in the defense and any compromise of any such Claim to the extent of the Authority's interest therein.

ARTICLE 10 PROPERTY LOSS

Section 10.01. Notice of Damage

For informational purposes only, Lessee shall notify Authority within a reasonable period of any destruction of or damage to the facilities on the Leased Premises in excess of One Million Dollars (\$1,000,000.00).

Section 10.02. Insurance Proceeds

If all or any part of the Lessee Improvements are destroyed or damaged by any casualty during the Term of this Lease Agreement, Lessee shall proceed promptly to establish and substantiate all valid claims which may have arisen against insurers or others based upon such damage or destruction (collectively, “**Recovery Proceeds**”). Any Recovery Proceeds or any other funds collected for such casualty to the Lessee Improvements shall be used to reimburse Lessee for the funds necessary to restore the Lessee Improvements as provided in Section 10.03 or complete the Lessee Cleanup Obligations as provided in Section 10.04(b). Any excess Recovery Proceeds after Lessee completes (i) the repair or reconstruction of the Lessee Improvements or (ii) the Lessee Cleanup Obligations, as the case may be, shall be retained by Lessee.

Section 10.03. Restoration of Lessee Improvements

(a) Except as otherwise provided in Section 10.04, if all or any part of the Lessee Improvements are destroyed or damaged by any casualty during the Term of this Lease Agreement, Lessee will promptly commence and thereafter prosecute diligently to completion the restoration of the same as nearly as possible to the condition, quality and class they were in immediately prior to such casualty. The period from the date of the casualty through the date that Lessee notifies Authority that the Lessee Improvements have been repaired, restored and reconstructed is referred to in this Lease as the “**Restoration Period**.” Any restoration undertaken pursuant to this Section 10.03 shall in all respects substantially conform to the provisions of the Plans (as defined in Section 6.03(b)) for the damaged Lessee Improvements, or shall be built in accordance with such new or modified plans and specifications as may be prepared by Lessee and approved by the Authority at the time, such approval not to be unreasonably withheld, conditioned or delayed.

(b) Lessee’s obligation hereunder shall not be affected by the unavailability or insufficiency of Recovery Proceeds.

(c) So long as Lessee is diligently prosecuting its obligation to restore the Lessee Improvements in accordance with this Section, the Rent payable for the Restoration Period shall be reduced on a just and reasonable basis having due regard for the extent to which Lessee’s use of the Lessee Improvements shall have been impaired or interfered with by reason of the casualty. If Authority and Lessee are unable to agree on a just reduction in Rent, these reductions shall be submitted to arbitration as provided in Section 11.07.

Section 10.04. Decision Not to Restore the Lessee Improvements

(a) If the Lessee Improvements are heavily damaged or destroyed by a casualty and Lessee reasonably determines, in its sole discretion, that it would be uneconomical to cause the same to be restored or replaced, then, notwithstanding anything to the contrary in Section 10.03, Lessee may give written notice of such determination to Authority within one hundred and eighty (180) days after the date the casualty occurred (a “**Casualty Termination Notice**”). The Lessee Improvements will be deemed to be heavily damaged or destroyed for purposes of this Section 10.04(a) if (i) Lessee is unable to obtain any Required Permits necessary for restoration

or reconstruction within one hundred eighty (180) days after the casualty event, or (ii) an independent construction contractor selected by Lessee determines that (1) restoration or reconstruction cannot be completed within two hundred seventy (270) days after the commencement of construction or (2) the estimated cost to restore the Lessee Improvements as nearly as possible to the condition, quality and class they were in immediately prior to such casualty is (x) more than fifty percent (50%) of the original cost to construct all of the Lessee Improvements or (y) more than twenty-five percent (25%) of the original cost to construct all of the Lessee Improvements if the casualty occurs during the last three (3) Lease Years of the Initial Term or the last three (3) Lease Years of any Extension Period.

(b) If Lessee gives Authority a Casualty Termination Notice, then Lessee shall not be obligated to restore any of the Lessee Improvements as provided in Section 10.03 as long as: (i) if the Lessee's Oil Dock is damaged, Lessee either (x) repairs or restores Lessee's Oil Dock to the Agreed Completion Point or (y) demolishes and removes the Lessee's Oil Dock and repairs any damage to the Leased Premises caused by such demolition and/or removal and (ii) Lessee removes all debris and any Removable Lessee Improvements from the Leased Premises (the repair of the Lessee's Oil Dock to the Agreed Completion Point, or demolition and removal of the Lessee's Oil Dock, and the removal of the debris and Removable Lessee Improvements being collectively referred to in this Lease Agreement as the "***Lessee Cleanup Obligations***").

(c) If Lessee gives Authority a Casualty Termination Notice, this Lease Agreement shall terminate as of the date Lessee completes the Lessee Cleanup Obligations, and Lessee shall not be obligated to pay any of the Annual Base Rent or Additional Rent for Insufficient Actual Annual Throughput accrued hereunder after the date Lessee gives Authority the Casualty Termination Notice, so long as Lessee is diligently pursuing the Lessee Cleanup Obligations and with reasonable diligence prosecutes same to its conclusion.

ARTICLE 11 CONDEMNATION

Section 11.01. Total Taking

Should the entire Leased Premises (meaning all or substantially all of the Leased Premises) be ***taken*** (which term, or any variation thereof, as used in this Article 11, shall include any conveyance to any Governmental Authority or other entity with power of eminent domain, condemnation, or other similar power (a "***Condemnor***")) by any Condemnor under the right of eminent domain, condemnation, or similar right, then (1) this Lease shall terminate as of the date the Condemnor takes possession of the Leased Premises (the "***Total Taking Date***"), (2) Rent shall be apportioned and paid to the Total Taking Date, and (3) the obligations of the Lessee for unaccrued Rent shall terminate on the Total Taking Date.

Section 11.02. Partial Taking; Termination

(a) If a portion of the Leased Premises is taken by any Condemnor under the right of eminent domain, condemnation, or similar right (a "***Partial Taking***"), and if, in Lessee's reasonable judgment, so much of the Leased Premises and the Leasehold Estate is taken as to make it economically unsound to use the remainder for the uses and purposes contemplated

hereby, Lessee may terminate the Lease for this reason by delivering written notice of the termination to the Authority within sixty (60) Business Days after the date of the Partial Taking (the “***Partial Taking Date***”). This Lease will terminate as of 11:59 P.M. on the last day of the calendar month in which the notice of termination described in this Section is given to Authority (the “***Taking Termination Date***”).

(b) The Rent payable for the period beginning on the Partial Taking Date and ending on the Taking Termination Date shall be reduced on a just and proportionate basis having due regard for the relative value and acreage of the portion of the Leased Premises taken by the Condemnor as compared to the remainder thereof and taking into consideration the extent, if any, to which Lessee’s use of the remainder of the Leased Premises shall have been impaired or interfered with by reason of the Partial Taking. If Authority and Lessee are unable to agree on a just reduction in Rent, these reductions shall be submitted to arbitration as provided in Section 11.07. The obligations of the Lessee for unaccrued Rent shall terminate on the Taking Termination Date.

Section 11.03. Partial Taking; Continuation

(a) If Lessee does not terminate this Lease following the occurrence of a Partial Taking in accordance with Section 11.02, then this Lease shall remain in effect with respect to the portion of the Leased Premises not taken, and the Rent payable for the remainder of the Term after the Partial Taking Date shall be reduced on a just and proportionate basis having due regard for the relative value and acreage of the portion of the Leased Premises taken by the Condemnor as compared to the remainder thereof and taking into consideration the extent, if any, to which Lessee’s use of the remainder of the Leased Premises shall have been impaired or interfered with by reason of the Partial Taking. If Authority and Lessee are unable to agree on a just reduction in Rent, these reductions shall be submitted to arbitration as provided in Section 11.07.

(b) In the event of a Partial Taking where this Lease is not terminated, Lessee shall be responsible for the cost to restore the remaining portion of the Lessee Improvements to an economically viable unit, and such costs shall be considered in any such just and proportionate reduction of Rent.

Section 11.04. Notice of Proposed Taking; Condemnation Award

(a) Lessee and Authority shall promptly notify the other of any offer to acquire any portion of the Leased Premises by a Condemnor and of the commencement of any eminent domain, condemnation, or other similar proceedings with regard to Leased Premises. Authority and Lessee covenant and agree to fully cooperate in any condemnation, eminent domain, or similar proceeding in order to maximize the total award receivable in respect thereof.

(b) Any compensation or damages awarded or payable because of or resulting from the taking of all or a portion of the Leased Premises (the “***Condemnation Award***”) will be apportioned and distributed in accordance with Section 11.05.

Section 11.05. Allocation of Condemnation Award

(a) Any Condemnation Award shall be allocated between the Authority's Interest and the Leasehold Estate taken by the Condemnor in accordance with the allocation made by the court in the applicable eminent domain proceeding. Any portion of the Condemnation Award specifically allocated to the Authority by the court for the taking of the Authority's Interest shall be paid to and be the sole property of the Authority free and clear of any claim of Lessee or any person claiming rights to the Leased Premises through or under Lessee. Any portion of the Condemnation Award specifically allocated to Lessee by the court for the taking of the Leasehold Estate shall be paid to and be the sole property of Lessee free and clear of any claim of the Authority or any person claiming rights to the Leased Premises through or under Authority.

(b) If the court in any eminent domain proceeding does not make an allocation of the Condemnation Award between the Authority's Interest and the Leasehold Estate as provided in Section 11.05(a), or if Authority should voluntarily convey title to all or a portion of the Leased Premises pursuant to Section 11.06, then that portion of the Condemnation Award which is equal to the then fair market value of the land within the Fee Tract that is taken (the "***Land Value***") shall be deemed to be compensation or damages awarded to the Authority for the taking of the Authority's Interest and shall be allocated to the Authority, and the remainder of the Condemnation Award shall be deemed to be compensation or damages awarded to Lessee for the taking of the Leasehold Estate and shall be allocated to Lessee. The Land Value shall be determined as of the Taking Date and as though the Fee Tract were not subject to this Lease, and without regard to any Lessee Improvements. If the Authority and Lessee are unable to agree on the Land Value, then the parties will determine the Land Value using the same appraisal procedures outlined in Section 4.09(b)(4) of this Lease.

Section 11.06. Voluntary Conveyance in Lieu of Eminent Domain

Authority reserves the right in its sole discretion to voluntarily convey title to all or a portion of the Leased Premises to a public or quasi-public agency or entity in lieu of and under threat by such agency or entity to take the same by eminent domain proceedings, provided that Authority shall give Lessee prior notice of intent or willingness to voluntarily convey title. Such voluntary conveyance by Authority of title to all or a portion of the Leased Premises to a public or quasi-public agency or entity in lieu of and under threat by such agency or entity to take the same by eminent domain proceedings shall be considered a taking of title to all or such portion of the Leased Premises under the power of eminent domain subject to the provisions of this Article 11.

Section 11.07. Arbitration

(a) This Section 11.07 shall only apply where Authority and Lessee are unable to agree on (i) a just reduction in Rent pursuant to Section 10.03(a), (ii) a just reduction in Rent pursuant to Section 11.02(b), or (iii) a just reduction in Rent pursuant to Section 11.03(a). In such cases, these unresolved matters shall be resolved by binding, self-administered arbitration in accordance with the provisions of this Section 11.07 and the Commercial Arbitration Rules of

the American Arbitration Association, and all such proceedings shall be subject to the Federal Arbitration Act.

(b) Authority and Lessee may agree on an arbitrator, and in such event, such arbitrator's decision shall be final and binding on Authority and Lessee and shall be specifically enforceable in any court having jurisdiction. If Authority and Lessee are unable to agree on an arbitrator within twenty (20) days after the date on which one Party gives notice to the other of its intent to proceed with arbitration (the "**20-Day Period**"), then Authority and Lessee shall each appoint an arbitrator, who need not be neutral, within ten (10) days after the expiration of the 20-Day Period (the "**10-Day Period**"). The two arbitrators so appointed shall select a third arbitrator within fifteen (15) days after the expiration of the 10-Day Period (the "**15-Day Period**"). The decision of a majority of the three arbitrators shall be final and binding on Authority and Lessee and shall be specifically enforceable in any court having jurisdiction.

(c) If (i) either Authority or Lessee fails to appoint an arbitrator within the 10-Day Period, or (ii) the first two arbitrators fail to appoint a third arbitrator within the 15-Day Period, or (iii) any Person appointed as an arbitrator by or on behalf of either Authority or Lessee shall die, fail to act, resign or become disqualified and the Party by or on behalf of whom such arbitrator was appointed shall fail to appoint a substitute arbitrator within ten (10) days after being requested to do so by the other Party, the arbitrator in question will be appointed within fifteen (15) days or as soon as practicable thereafter in accordance with the rules of the American Arbitration Association; provided that the American Arbitration Association shall not have the power to appoint arbitrators. Each Party shall bear and pay the cost of the arbitrator appointed by (or for) it, and the cost of the third arbitrator shall be borne and paid equally by Authority and Lessee.

(d) All arbitration proceedings shall be held in Corpus Christi, Texas. If an arbitration hearing is scheduled, Authority and Lessee shall be given reasonable advance notice of the time and place of any arbitration hearing and both shall have the right to be present, heard and represented by counsel. The arbitrators shall not have the right to add to or subtract from or otherwise change the terms and provisions of this Lease, and their determination shall be consistent and in accordance with the terms and provisions of this Lease and the Laws of the State of Texas.

ARTICLE 12

OBLIGATIONS ON TERMINATION

Section 12.01. Return of Leased Premises

At the expiration or termination of the Term of this Lease, Lessee will surrender the Leased Premises to the Authority in good order and repair, except for reasonable wear and tear or except as otherwise specifically provided in this Lease.

Section 12.02. Removal of Lessee's Equipment

During the Removal Period, Lessee shall remove or cause to be removed all of the Lessee's Equipment from the Leased Premises. Any items of the Lessee's Equipment that are

not removed by Lessee during the Removal Period shall be considered abandoned and shall thereupon become the property of the Authority, without cost to the Authority and without any payment to Lessee; provided, however, that the Authority, after notice to the Lessee with reasonable opportunity to cure, may remove and/or dispose of any items of the Lessee's Equipment which Lessee fails to remove, and Lessee shall be required to reimburse the Authority for the actual costs the Authority incurs in removing and/or disposing of such items of the Lessee's Equipment.

Section 12.03. Removal of Removable Lessee Improvements

(a) During the Removal Period, Lessee shall remove or cause to be removed from the Leased Premises all of the Removable Lessee Improvements, and shall repair any damage caused by the removal of such Removable Lessee Improvements. Any items of the Removable Lessee Improvements that are not removed by Lessee within the Removal Period shall be considered abandoned and shall thereupon become the property of the Authority, without cost to the Authority and without any payment to Lessee; provided, however, that the Authority, after notice to the Lessee with reasonable opportunity to cure, may demolish, remove and/or dispose of any Removable Lessee Improvements which Lessee fails to remove, and Lessee shall be required to reimburse the Authority for the actual costs the Authority incurs in demolishing, removing and/or disposing of such Removable Lessee Improvements and repairing any damage to the Leased Premises caused by such demolition and/or removal.

(b) Trade fixtures which are installed by Lessee may be removed by Lessee, at its expense, provided Lessee removes the same and repairs any damage caused by such removal during the Removal Period. Any trade fixtures not removed by Lessee during the Removal Period shall be considered abandoned by Lessee, and will automatically become Authority's property.

(c) Lessee shall not be obligated to pay the Annual Base Rent or Additional Rent for Insufficient Actual Annual Throughput that accrues during the Removal Period so long as Lessee is diligently prosecuting the removal of the Removable Lessee Improvements and Lessee's Equipment. Lessee shall not be obligated to pay Variable Monthly Rent for the Removal Period so long as Lessee does not transport any Liquid Bulk Cargo to or from the Leased Premises during the Removal Period; provided, however, that Lessee must pay the Variable Monthly Rent that accrued under Section 4.04 before the expiration or termination of this Lease.

Section 12.04. Repair of Permanent Improvements

(a) Subject to Section 10.04(b), upon expiration or termination of this Lease Agreement, all of the Permanent Improvements owned by Lessee or its Affiliates shall be in good operating condition, reasonable wear and tear excepted, and shall remain on and be surrendered with the Leased Premises as a part thereof. If during the Inspection Period the Authority should determine that any of the Permanent Improvements owned by Lessee or its Affiliates are not in good operating condition (taking into account reasonable wear and tear), the Authority may give Lessee written notice of a list of the Required Repairs on or before the tenth (10th) day after the last day of the Inspection Period and Lessee shall promptly commence and thereafter diligently prosecute to completion the Required Repairs at its own expense. In the

event of a dispute regarding the Required Repairs, the Parties shall resort to the dispute resolution provisions herein provided.

(b) The Authority, after notice to the Lessee with reasonable opportunity to cure, may make any of the Required Repairs which Lessee fails to make, and Lessee shall be required to reimburse the Authority for the actual costs the Authority incurs in making the Required Repairs.

ARTICLE 13

ASSIGNMENTS, SUBLEASES AND TRANSFERS

Section 13.01. Restrictions on Assignments, Subleases and Transfers

Except as expressly permitted by this Lease Agreement, Lessee may not assign this Lease Agreement in whole or in part nor any interest therein nor sublease the Leased Premises nor any part thereof, nor grant any license, concession or other right of occupancy of any portion of the Leased Premises, nor permit the transfer of this Lease by operation of law or otherwise without the prior written consent of Authority, which approval shall not be unreasonably denied, delayed or conditioned. Consent of Authority to one or more assignments or subleases does not operate as a waiver of Authority's rights concerning any subsequent assignments or subleases. If this Lease Agreement is assigned, or if any of the Leased Premises, or any part thereof, is subleased or occupied by anyone other than the Lessee, then Authority may, after default by the Lessee, collect rent from the assignee, subtenant or occupant and apply the net amount collected, after the deduction of any costs of collection, including, but not limited to, reasonable and necessary attorneys' fees or other costs incurred by Authority, to Lessee's Rent provided for in this Lease Agreement. No assignment, sublease, or occupancy by a third party, or collection of Rent by Authority waives the obligations of Lessee under this Lease Agreement except as provided in Section 13.02 below.

Section 13.02. Assignment or Sublease to Permitted Assignee

Notwithstanding anything to the contrary contained in Section 13.01, Authority hereby consents to the assignment or sublease of this Lease to a Permitted Assignee. As used herein, the term "***Permitted Assignee***" shall mean any of the following: (i) Lessee's parent or any subsidiary or Affiliate of Lessee, (ii) a successor to Lessee by way of merger, consolidation, corporate reorganization, or (iii) the purchaser of all or substantially all of Lessee's assets. Authority agrees to release Lessee of its obligations under this Lease Agreement arising after the date of any assignment of this Lease to a Permitted Assignee or any assignment consented to by Authority if the net worth of the assignee immediately before the assignment is at least One Hundred Million Dollars (\$100,000,000).

Section 13.03. Conditions of Assignment

The following conditions automatically apply to each assignment of this Lease to a Permitted Assignee:

(a) Lessee must execute, have acknowledged and deliver to Authority and cause the Permitted Assignee to execute, have acknowledged and deliver to Authority, an instrument in form and substance reasonably acceptable to Authority in which:

(1) The Permitted Assignee adopts this Lease Agreement and assumes and agrees to perform all of the obligations of Lessee hereunder;

(2) The Permitted Assignee agrees to use and occupy the Leased Premises solely for the Permitted Uses under Section 5.01 and otherwise in strict accordance with this Lease Agreement.

(b) Lessee must deliver to Authority a copy of all instruments executed by Lessee and the Permitted Assignee in connection with the assignment; and

(c) Lessee shall pay or cause to be paid to Authority, at the time of the execution and delivery of the documents described in Section 13.03(b), Authority's actual out of pocket reasonable legal costs incurred in connection with the assignment.

ARTICLE 14 DEFAULT

Section 14.01. Event of Default

An "*Event of Default*" by the Lessee shall occur:

(1) if the Lessee fails to pay when due the Rent payable under this Lease, and any such default shall continue for thirty (30) days after the receipt of written notice thereof by the Lessee; or

(2) if the Lessee fails in any material respect to keep, perform, or observe any material covenant, condition, agreement, or obligation under this Lease (other than the payment of Rent) that is to be kept, performed or observed by Lessee, and shall fail to cure, correct or remedy such failure within sixty (60) days after Lessee has received written notice specifying such failure, unless such failure cannot be cured using commercially reasonable efforts within such period of sixty (60) days, in which case such failure shall not be deemed to continue if the Lessee proceeds with due diligence to cure the failure and diligently completes the curing thereof; or

(3) if the Lessee 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 Lessee 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 Lessee or of any substantial portion of the Lessee'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 Lessee pursuant to any Bankruptcy Law; or

(4) if an order for relief against the Lessee shall be entered in any involuntary case under the Federal Bankruptcy Code or any similar order against the Lessee shall be entered pursuant to any other Bankruptcy Law, or if a petition commencing an involuntary case against the Lessee or proposing the reorganization of the Lessee 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 Lessee, (ii) the appointment of a receiver, custodian, trustee, or liquidator (or other similar official under Bankruptcy Laws) of the Lessee or of any substantial portion of the Lessee's property, or (iii) any similar relief as to the Lessee 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 14.02. Rights and Remedies of Authority

(a) Upon the occurrence of any Event of Default, Authority may, subject to any judicial process and notice to the extent required by Title 4, Chapter 24 of the Texas Property Code, as may be amended, in addition to all other rights and remedies afforded Authority hereunder or by law or equity, take any of the following actions:

(1) Terminate this Lease by giving Lessee written notice thereof, in which event, Lessee shall pay to Authority the sum of (i) all Rent accrued hereunder through the date of termination, (ii) all amounts due under Section 14.03, and (iii) an amount equal to (A) the total Rent (including the Additional Rent for Insufficient Actual Annual Throughput) that Lessee would have been required to pay for the remainder of the term of this Lease discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal, Southwest Edition, in its listing of "Money Rates", minus (B) the then present fair rental value of the Leased Premises for such period, similarly discounted; or

(2) Terminate Lessee's right to possession of the Leased Premises without terminating this Lease by giving written notice thereof to Lessee, in which event Lessee shall pay to Authority (i) all Rent and other amounts accrued hereunder to the date of termination of possession, (ii) all amounts due from time to time under Section 14.03, and (iii) on the applicable due date all Rent and other sums required hereunder to be paid by Lessee during the remainder of the term of this Lease, reduced by any net sums thereafter received by Authority through reletting the Leased Premises during such period. Authority shall use reasonable efforts to relet the Leased Premises on such terms and conditions as Authority in its sole discretion may determine (including a term different from the term of this Lease, rental concessions, and alterations to, and improvement of the Leased Premises); however, Authority shall not be obligated to relet

the Leased Premises before leasing other portions of the Authority's real estate. Authority shall not be liable for, nor shall Lessee's obligations hereunder be diminished because of, Authority's failure to relet the Leased Premises or to collect rent due for such reletting. Lessee shall not be entitled to the excess of any consideration obtained by reletting over the Rent due hereunder. Re-entry by Authority in the Leased Premises shall not affect Lessee's obligations hereunder for the unexpired term of the Lease; rather, Authority may, from time to time, bring action against Lessee to collect amounts due by Lessee, without the necessity of Authority's waiting until the expiration of the term of the Lease. Unless Authority delivers written notice to Lessee expressly stating that it has elected to terminate this Lease, all actions taken by Authority to exclude or dispossess Lessee of the Leased Premises shall be deemed to be taken under this Section 14.02(a)(2). If Authority elects to proceed under this Section 14.02(a)(2), it may at any time thereafter, upon written notice to Lessee, terminate this Lease and, in such event, neither Authority nor Lessee shall have any further rights, obligations or liabilities hereunder after the date of termination, except to the extent that any covenants of this Lease are expressly said to survive termination of this Lease.

(b) Notwithstanding anything to the contrary contained in this Section 14.02, Lessee shall not be deemed to have waived any requirements of Authority to mitigate damages upon an Event of Default as required by law.

Section 14.03. Payments on Default

Upon the occurrence of any Event of Default, Lessee shall pay to Authority all reasonable costs incurred by Authority (including court costs and reasonable attorneys' fees and expenses) in (i) obtaining possession of the Leased Premises, (ii) removing and storing Lessee's or any other occupant's property, (iii) reasonably repairing, restoring or otherwise putting the Leased Premises into a reasonably marketable condition, (iv) if Lessee is dispossessed of the Leased Premises and this Lease is not terminated, reletting all or any part of the Leased Premises (including brokerage commissions, cost of tenant finish work, and other costs incidental to such reletting), (v) performing Lessee's obligations which Lessee failed to perform, and (vi) enforcing, or advising the Authority of, its rights, remedies, and recourses arising out of the Event of Default.

Section 14.04. Default by Authority

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 correct any such default within thirty (30) days (or such additional time as is reasonably required to correct any such default) following delivery of written notice from Lessee to Authority 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 Lease that are to be kept, performed or observed by Authority, and if Authority fails to remedy the same within thirty (30) days after the Authority has been given a written notice specifying such default, then in such event Lessee may pursue any and all rights and remedies available to Lessee at law or in equity, including, without limitation, enforcement of the performance of this Lease by any method and one or more claims for damages.

Section 14.05. No Waiver

Any waiver, expressed or implied, by either Authority or Lessee to any breach of any agreement, covenant or obligation contained in this Lease Agreement shall operate as such only in the specific instance, and shall not be construed as waiver to any subsequent breach of such agreement, covenant or obligation.

ARTICLE 15
WAIVER OF LANDLORD'S LIEN; MORTGAGEE PROTECTIONS

Section 15.01 Lessee's Right to Encumber

It is contemplated that Lessee may borrow funds for construction of improvements on the Leased Premises from time to time during the Term of this Lease Agreement, and it may be desirable or convenient for Lessee to borrow additional funds for additional improvements, alterations, repairs or for other purposes to benefit the Leased Premises. Accordingly, it is agreed that Lessee shall at all times during the Term of this Lease, without the consent of Authority (but provided written notice and a copy of the security instruments are delivered to Authority), have the right to mortgage or convey by deed of trust or any other security instrument the leasehold rights of Lessee created by this Lease Agreement ("***Leasehold Mortgage***"), together with all of Lessee's rights, titles, and interest in Lessee's Oil Dock, the Lessee's Storage Terminal and other improvements then or thereafter to be placed on the Leased Premises; provided, however, that the Leasehold Mortgage will at all times be subject to and shall recognize the superior right, title and interest of Authority to the fee interest underlying the Leased Premises and to Authority's rights hereunder to require Lessee's payment of all Rent due hereunder and Lessee's full and faithful performance of all covenants and conditions of this Lease Agreement due Authority.

Section 15.02. Waiver of Landlord's Lien

Authority hereby waives any contractual or statutory landlord's lien Authority has or may have on the Lessee Improvements and the personal property Lessee places on the Leased Premises.

Section 15.03. Holder of Leasehold Mortgage

(a) In the event at any time during the Term of this Lease Agreement Lessee or anyone holding under Lessee shall be in default of any of the covenants or any of the conditions of this Lease Agreement, then and in such event the holder of the Leasehold Mortgage may, before forfeiture or termination is invoked by Authority, make any and all payments and do and perform any and all acts or things which may be necessary or required to prevent a forfeiture or termination of this Lease Agreement; and the party making such payments or performing such acts or things shall thereby and thereupon be subrogated to all the rights of Lessee under this Lease Agreement. Authority agrees that, if requested in writing by the holder of any Leasehold Mortgage, it will send to the said holder, at the address specified in the written request, copies of

all written notices of demand which Authority may serve upon Lessee, or anyone holding under Lessee, under and pursuant to the Terms of this Lease Agreement.

(b) It is understood, however, that the holder of the Leasehold Mortgage shall in no way be liable to Authority for the payment of any Rent or for the performance of any other covenants and conditions under this Lease Agreement until such time as it shall acquire by conveyance from Lessee, or by foreclosure or other proceedings provided by law or by the terms of the Leasehold Mortgage, all the right, title and interest of Lessee under this Lease Agreement; provided, however, that any party who shall acquire said right, title and interest of Lessee as above provided shall thereupon and thereby become liable for the full performance and all payments theretofore and thereafter required to be made by Lessee under the covenants and conditions of this Lease Agreement, as fully and completely and to the same extent as Lessee itself would have been if it still had retained its right, title and interest under this Lease Agreement.

(c) If this Lease is terminated or rejected in connection with the bankruptcy or insolvency of Lessee, then the Leasehold Mortgagee shall have the right and option, exercisable by delivering written notice to Authority not later than thirty (30) days after receipt from Authority of written notice of such termination or rejection (which notice Landlord agrees to give) to elect to receive, in its own name or in the name of its Affiliate, a new lease of the Leased Premises for the unexpired balance of the Term on the same terms and conditions as herein set forth, and Authority agrees to execute such new lease if the Leasehold Mortgagee cures any then uncured Event of Default reasonably susceptible by its nature of being remedied by such Leasehold Mortgagee, including the payment of any amount of accrued but unpaid Rent due hereunder.

(d) Authority agrees to execute an estoppel certificate and such other reasonable agreements as may be requested by the holder of a Leasehold Mortgage.

(e) Authority agrees that any pledge of the landlord's interest in the Fee Tract shall be subject and subordinate to this Lease and the rights of Lessee, and Authority's mortgagee shall be required to enter into a non-disturbance agreement with Lessee and Lessee's mortgagee.

ARTICLE 16 DISPUTE RESOLUTION AND MEDIATION

Section 16.01. Dispute Resolution

In the event a dispute arises between the Parties regarding the application or interpretation of, or in any way relating to, this Lease, 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 16.02.

Section 16.02. 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) Business Days after a written request for mediation by either Party, and if Authority and Lessee are unable to agree upon a mediator within such time period either Party may request that the American Arbitration Association appoint a mediator. 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. 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.

**ARTICLE 17
GENERAL PROVISIONS**

Section 17.01. Compliance with Authority's Tariff

Lessee must materially comply with all Authority's Tariff and Bulk Terminal Tariff 1-A, to the extent applicable to Lessee's tenancy or operations on the Leased Premises. Lessee must comply with the requirements of Item 669 of Authority's Tariff to the extent the same apply to Lessee, its agents, servants and employees.

Section 17.02. Inspection

Lessee will permit Authority and Authority's agents, representatives or employees to enter on the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this Lease Agreement, so long as any such inspection does not interfere with the operations of Lessee's Storage Terminal and is done in compliance with Lessee's safety requirements.

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

Section 17.03. No Partnership or Third Party Beneficiaries

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

Section 17.04. Payments and Notices

(a) 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 fax number (361) 882-7110 at such other address or fax number as Authority shall request in writing.

(b) All payments, notices, demands or requests from Authority to Lessee shall be given to Lessee, Attention: _____ at 1001 Louisiana St., Suite 1000, Houston, Texas 77002, or fax number _____ or at such other address or fax number as Lessee shall request in writing.

(c) Notices required to be given to either Party may be given by certified first-class mail, by overnight delivery or by fax, to the appropriate Party at its address or fax number listed above. Notice may also be given by personal service. Any notice given by mail shall be deemed to have been given one day after such notice was deposited in the United States mail, certified and postage prepaid, or on the next Business Day (if delivered by overnight delivery) addressed to the Party to be served. In all cases, notice will be considered delivered when received at the address stated for the addressee's receipt of notice. Either Party may change the address or fax number for notice by giving the other Party written notice as provided in this paragraph.

Section 17.05. Estoppel Certificate

On request, Lessee will execute an estoppel certificate that states the Effective Date and termination date of the Lease, describes any rights to extend the Term of the Lease, lists any defaults by Authority, and provides any other information regarding the terms of this Lease reasonably requested by the Authority.

Section 17.06. Abatement

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

**ARTICLE 18
OPTION TO LEASE ADDITIONAL PROPERTY**

Section 18.01. Grant of Option

(a) For the consideration expressed in Section 18.05, the Authority grants to Lessee for a term of twenty-four (24) months, beginning on the Starting Date and ending on the day

before the second anniversary of the Starting Date (the “**Final Date**”), the exclusive right and option to lease all, but not less than all, the Option Property described in Section 18.01(b) at the rental and under the terms and conditions of this Lease Agreement.

(b) For purposes of this Lease Agreement, the “**Option Property**” means the surface estate of a tract of land in Nueces County, Texas, containing between 10 and 14 acres, more or less, the general location of which is shown on the map or plat attached hereto as **Exhibit B**. Within twenty (20) Business Days after the Effective Date, the Authority and Lessee shall agree on the exact boundaries of and number of acres in the Option Property and shall execute an amendment to this Lease Agreement which includes a metes and bounds description of the Option Property.

Section 18.02. Exercise of Option

(a) Lessee may exercise this option only by written notice signed and delivered by Lessee to the Authority no later than 5:00 p.m. Central Time on the Option Termination Date (as defined in Section 18.04). If the option is not exercised by that time, it will automatically terminate without notice. Lessee may not exercise this option until the Final Option Property Environmental Site Assessments have been issued pursuant to Section 18.08.

(b) Notwithstanding anything to the contrary contained in Section 18.02(a), Lessee may not exercise the option at a time when an Event of Default is continuing or after the Authority has received an offer to acquire any portion of the Option Property from a Condemnor.

Section 18.03. Addition to the Leased Premises

(a) Should Lessee exercise this option in timely fashion as provided in Section 18.02, Authority and Lessee will execute an amendment to this Lease Agreement (“**Amendment**”) as soon as practicable adding the Option Property to the Fee Tract. The effective date of the Amendment and Lessee’s right to take possession of the Option Property will be the day on which the Amendment is executed (“**Amendment Date**”).

(b) If the Amendment Date occurs during the Construction Period on a day other than the first day of a calendar month, the Construction Period Monthly Rent shall be increased in accordance with Section 4.01 effective as of the first day of the following calendar month. If the Amendment Date occurs after the Commencement Date, the Annual Base Rent shall be increased to reflect the increase in the number of acres in the Leased Premises in accordance with this Section 18.03(b). Specifically, effective as of the Amendment Date, the Annual Base Rent shall equal the product of “X” multiplied by “Y”; where “X” equals a fraction, the numerator of which is the current Annual Base Rent for the Leased Premises and the denominator of which is the number of acres in the Leased Premises before the Amendment Date; and “Y” equals the number of acres in the Leased Premises on the Amendment Date. The increased Annual Base Rent for the Lease Year in which the Amendment Date occurs shall be prorated based on the number of months remaining in the current Lease Year and the number of days remaining in the calendar month in which the Amendment Date occurs, if any. For example, if the current Annual Base Rent before the Amendment Date is \$840,000 and the Annual Base Rent after the amendment is \$960,000 and there are 6 months and 15 days remaining in the Lease Year in which the Amendment Date occurs, the Lessee would pay the

Authority \$5,000 on the Amendment Date for the remaining 15 days of the current calendar month and \$80,000 per month for the remaining 6 months of the Lease Year.

(c) If Lessee exercises this option, the Authority shall grant and Lessee shall accept a non-exclusive driveway, utility and access easement at least twenty (20) feet in width across the Authority's adjacent land ("***North Access Easement***"), which North Access Easement will provide free and uninterrupted ingress and egress to the Option Property from the Joe Fulton International Trade Corridor. The location of the North Access Easement is shown on the map or plat attached hereto as **Exhibit B**, and the agreed form of the access easement agreement granting to Lessee the North Access Easement ("***North Access Easement Agreement***") is attached hereto as **Exhibit D**. Contemporaneously with their execution of the Amendment, the Authority and Lessee shall execute the North Access Easement Agreement.

Section 18.04. Option Term and Option Termination Date

The "***Option Term***" of this option begins on the Starting Date and ends at 5:00 p.m. Central Time on the Option Termination Date. The "***Option Termination Date***" means the first of the following to occur: (i) the Final Date provided in Section 18.01, (ii) the Automatic Termination Date provided in Section 18.05, (iii) the date on which the Option Termination Notice is delivered in accordance with Section 18.06, or (iv) the date on which the option is exercised.

Section 18.05. Option Payments

This option is granted in consideration of Lessee making monthly option payments to the Authority in the amount of Twenty Thousand Dollars (\$20,000) per month on the first day of each month during the Option Term beginning on the Starting Date. If Lessee fails to make an option payment when due, the option granted herein shall automatically terminate without notice at 5:00 p.m. on the date the payment was due ("***Automatic Termination Date***").

Section 18.06. Termination by Lessee

Lessee may terminate the option granted herein at any time during the Term by delivering a written termination notice to the Authority ("***Option Termination Notice***").

Section 18.07. Retaining Consideration

The Authority will retain all sums paid by Lessee to the Authority pursuant to Section 18.05 as consideration for granting this option whether or not Lessee exercises its option hereunder.

Section 18.08. Access to Option Property

(a) During the Option Term, upon reasonable advance notice from Lessee to the Authority and subject to the Authority's then existing security requirements, the Authority shall afford Lessee and its officers, employees, agents and contractors full access, during regular business hours, to any part of the Option Property for purposes of determining the suitability of

the Option Property for the use intended by Lessee. **Lessee acknowledges that Authority is making no representations as to the Option Property, except as expressly contained herein, or the suitability of the Option Property for the Lessee's purposes, and to the maximum extent permitted by applicable law, Authority hereby disclaims, and Lessee hereby waives the benefit of, any and all implied warranties, including implied warranties of habitability, fitness, or suitability of the Option Property for Lessee's purposes.** Authority has informed Lessee that the Option Property may contain some rubble fill and does contain jurisdictional wetlands and that the construction of a storage terminal or other facilities on the Option Property may require mitigation.

(b) Before exercising this option, Lessee must perform Phase I and Phase II environmental site assessments of the Option Property (the “**Initial Option Property Environmental Site Assessments**”). The Initial Option Property Environmental Site Assessments must be prepared by a nationally recognized environmental consultant. Lessee shall furnish Authority with copies of the Initial Option Property Environmental Site Assessments within thirty (30) days of the date on which Lessee receives final copies of the Initial Option Property Environmental Site Assessments.

(c) Authority shall have thirty (30) days from Authority's receipt of the final copies of the Initial Option Property Environmental Site Assessments to provide written notice to Lessee of any disagreement with the recognized environmental conditions or other conclusions of the Initial Option Property Environmental Site Assessments. If Authority provides written notice of any such disagreement, Authority shall proceed to obtain, at Authority's expense, a second opinion regarding the environmental condition of the Option Property by another nationally recognized environmental consultant (the “**Second Opinion**”). To the extent that the Second Opinion differs from the conclusions of the Initial Option Property Environmental Site Assessments regarding the recognized environmental conditions on the Option Property, the Parties shall discuss the differing conclusions and attempt to resolve the issues. If the issues remain unresolved for more than thirty (30) days after the date of the Second Opinion, either Party may resort to the dispute resolution provisions herein provided.

(d) If (i) the Authority does not provide timely written notice of any objection to the recognized environmental conditions or other conclusions of the Initial Option Property Environmental Site Assessments, (ii) the Second Opinion concurs with those recognized environmental conditions and conclusions, and/or (iii) the Authority and Lessee agree to resolution of any remaining objections, then Lessee shall direct its consultant to reissue the Initial Option Property Environmental Site Assessments with the agreed-upon changes, if any, and the reissued reports shall become the “**Final Option Property Environmental Site Assessments**.” The Final Option Property Environmental Site Assessments shall establish, for purposes of the Lease, the baseline condition of the Option Property as of the Amendment Date (the “**Agreed Option Property Environmental Baseline**”).

(e) If more than ninety (90) days have elapsed between the delivery of the Initial Option Property Environmental Site Assessments to Authority and Lessee's exercise of this option, then Lessee may at its discretion obtain updated or new assessments of the Option Property, as appropriate, to verify the absence of any material change in the conditions described in the Final Option Property Environmental Site Assessments. If the results of such updated or

new assessments indicate that any material change has occurred, then the parties shall follow the process set forth in Sections 18.08(c) and 18.08(d) above to issue revised and updated Final Option Property Environmental Site Assessments, which shall become the “***Revised Final Option Property Environmental Site Assessments***.” Upon issuance thereof, the Revised Final Option Property Environmental Site Assessments shall establish the new Agreed Option Property Environmental Baseline.

Section 18.09. Regulated Option Property Waste Removal

In the event the Final Option Property Environmental Site Assessments reveal any Disposal or Release of any Hazardous Materials on the Option Property or an historical Disposal or Release of any Hazardous Materials is discovered on the Option Property after it becomes part of the Leased Premises during Lessee’s construction or operations on the Option Property that is not a Lessee Release (a “***Pre-Existing Option Property Release***”), which results in the need for excavation or removal and off-site transportation of soils from the Leased Premises, Lessee shall promptly notify Authority of such discovery and Authority agrees it is responsible for any and all appropriate characterization, handling, transport and disposal as may be required by Applicable Environmental Laws (together “***Regulated Option Property Waste Removal***”) in compliance with all Applicable Environmental Laws. Authority shall promptly perform or cause to be performed the Regulated Option Property Waste Removal so as to minimize the disruption or delay to Lessee’s operations. Authority shall keep Lessee informed regarding the Regulated Option Property Waste Removal in the same manner described in Section 5.02(e). **Notwithstanding any other provision of this Lease to the contrary, Authority hereby waives any claim, or potential claim, it may have against Lessee to recover costs or expenses arising out of or associated with any Regulated Option Property Waste Removal and any Pre-Existing Option Property Releases, and agrees to indemnify, defend and hold harmless Lessee, its directors, managers, employees, and agents from and against any and all Claims, including without limitation Environmental Liabilities, arising from, out of, or in any way related to any Regulated Option Property Waste Removal, any Pre-Existing Option Property Releases, and any conditions or circumstances caused by Authority, its agents, contractors, employees or invitees subsequent to the Amendment Date.**

Section 18.10. Reservations and Restrictions

Notwithstanding anything to the contrary in this Lease Agreement, this Lease Agreement is subject to the following reservations and restrictions:

(a) During the Option Term, Authority reserves the right to use any railroads, streets, roadways or drainage features on the Option Property.

(b) During the Option Term, Authority shall not, without the prior written consent of Lessee, construct or permit the construction of any improvements on the Option Property or lay mains for gas, water or sewers on the Option Property, lay above or underground electrical or telephone lines across any part of the Option Property, or lay, or grant easements or rights of way for the laying of, underground fiber optic lines or cables across the Option Property.

(c) The Option Property was patented to the Authority by the State of Texas when the Option Property was still submerged land. Under the terms of the patent, the State of Texas reserved the minerals in, on and under the Option Property.

(d) The Option Property is presently subject to a Perpetual Easement granted to the United States of America by the Nueces County Navigation District No. 1 in an instrument dated May 25, 1948, and recorded in Volume 400, Pages 508-512, Deed Records, Nueces County, Texas, for the deposit of dredge material excavated in the extension of the Corpus Christi Ship Channel from the Avery Point Turning Basin to the Tule Lake Turning Basin and for the deposit of dredge material excavated in the enlargement or maintenance of this portion of the Channel.

Section 18.11. Authority's Representations, Warranties and Covenants

Authority agrees not to sell, lease or otherwise encumber all or any portion of the Option Property during the Option Term without the written consent of Lessee. Subject to the rights of Lessee and the restrictions set forth in this Article, Authority may, during the Option Term, without Lessee's consent, make temporary use of the Option Property for any lawful purpose and the Authority may, without Lessee's consent, lease all or any portion of the Option Property for lease terms which terminate on or before the date Lessee exercises this option. Authority represents and warrants that there are no liens, leases or purchase options affecting the Option Property as of the Effective Date.

**ARTICLE 19
MISCELLANEOUS**

Section 19.01. Parties Bound

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

Section 19.02. Applicable Law

THIS LEASE AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS LEASE AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. Authority and Lessee agree that if any controversy or claim arising out of or related to this Lease Agreement cannot be resolved pursuant to and in accordance with the deadlines set forth in Sections 16.01 and 16.02, then either Party may elect to resolve the controversy or claim through litigation filed and maintained in the federal or state courts located in Corpus Christi, Nueces County, Texas. Authority and Lessee each submits to the exclusive jurisdiction of said courts and waives the right to change venue.

Section 19.03. Severability

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

Section 19.04. Time of Essence

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

Section 19.05. Rights and Remedies Cumulative

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

Section 19.06. Attorneys' Fees

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

Section 19.07. Captions

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

Section 19.08. Public Disclosure

(a) 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 to the extent 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. Authority agrees to keep confidential the business terms of this Lease to the extent permitted by law. Authority shall provide immediate notice to Lessee of any open records request and allow Lessee to seek protective order within the statutory time limits.

(b) In the event that Authority is requested to disclose any information regarding Lessee or the transactions contemplated hereby which can be withheld under the Texas Public

Information Act, Authority will provide the Lessee with prompt prior notice so that the Lessee may seek a protective order or other appropriate remedy and/or waive the right to have the information withheld.

Section 19.09. Brokers

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

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

Section 19.10. Authority

Each of Lessee and Authority warrants and represents unto the other Party that (a) (if applicable) it is a duly organized and existing legal entity, in good standing in the state of Texas, (b) it has full right and authority to execute, deliver and perform this Lease Agreement, (c) the person executing this Lease Agreement on behalf of Lessee and Authority was authorized to do so, and (d) upon request, it will deliver to the other Party reasonable evidence of its authority to execute this Lease Agreement. This Lease Agreement has been duly and validly executed and delivered by Authority, does not violate any agreement to which Authority is a party, and constitutes a legal, valid and binding obligation of Authority enforceable against Authority in accordance with its terms.

Section 19.11. Recording

Upon the request of either Party to this Lease, Authority and Lessee shall execute a Memorandum of Lease, in the form agreed upon by the Parties, and either Party may record the Memorandum of Lease in the appropriate Real Property Records. Neither Party to this Lease may record this Lease without the express written consent of the other Party.

Section 19.12. Interpretation

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

Section 19.13. Force Majeure

(a) 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 (herein “*force majeure*”), such Party shall be excused for the period of time equivalent to the delay caused by such *force majeure*.

(b) 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 fifteen (15) Business Days of the event causing the *force majeure*. The maximum period of time which a Party may delay any act or performance of work due to *force majeure* shall be sixty (60) days unless repairs cannot reasonably be completed or commenced within such 60 days, then such time shall be extended as reasonably necessary to complete the repairs due to the force majeure event.

Section 19.14. Contractual Relationship

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

Section 19.15. Entire Agreement

This Lease Agreement, including any exhibits hereto, constitutes the Parties’ final and mutual agreement with respect to the subject matter hereof. There are no written or oral representations or understandings regarding the subject matter of this Lease Agreement that are not fully expressed in this Lease Agreement. No change, waiver or discharge is valid unless in a writing that is signed by the Party against whom it is sought to be enforced.

[Signature page follows this page]

SIGNATURE PAGE TO LEASE AGREEMENT
(Port of Corpus Christi Authority to KM Liquids Terminals LLC)

IN WITNESS WHEREOF, this Lease Agreement is executed in duplicate originals, each of which shall be deemed to be an original, as of the dates provided below each signature, to be effective for all purposes as of the Effective Date

“Authority”

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

By: _____
John P. LaRue, Executive Director

Date: _____, 201__

“Lessee”

**KM LIQUIDS TERMINALS LLC,
a Delaware limited liability company**

By: _____
Name: _____
Title: _____

Date: _____, 201__

STATE OF TEXAS §
 §
COUNTY OF NUECES §

 This instrument was acknowledged before me on the ____ day of _____,
201__, 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 _____,
201__, by _____, _____ of KM LIQUIDS TERMINALS
LLC, a Delaware limited liability company, on behalf of said company.

Notary Public, State Of _____

EXHIBIT A

Legal Description of Leased Premises



Field note description for a **35.4** acre tract of land out of Patent No. 84, a 2694.93 acre tract know as Survey 939 recorded in Book No. 5 Pages 257-260 of the Nueces County Surveyors office, issued to Nueces County Navigation District No. 1, said 35.4 acre tract of land being more particularly described by **metes and bounds** as follows:

Beginning at a 5/8 inch iron rod set for corner, the Northeast and beginning corner of the tract herein described; from whence the Port of Corpus Christi Authority Monument C.C.T.A., bears **South 89°-02'-58" West**, a distance of **46.76** feet;

Thence **South 12°-01'-39" East**, a distance of **219.76** feet to a 5/8 inch iron rod set for an upper Southeast corner of the tract herein described;

Thence **South 66°-02'-59" West**, with a line running 225.0 feet North of the future location of the Government Dredge Line, a distance of **515.40** feet to a 5/8 inch iron rod set for an interior corner of the tract herein described;

Thence **South 10°-18'-34" West**, with a line running 225 feet Northwest of the future location of said Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **855.01** feet to a point for a lower Southeast corner of the tract herein described;

Thence **South 63°-31'-17" West**, with a line running 230.0 feet North of the future location of the Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **1,149.53** feet to a point for the most Southerly corner of the tract herein described;

Thence **North 26°-28'-43" West**, a distance of **894.96** feet to a 5/8 inch iron rod set for the P. C. of a Circular Curve to the Right and for a corner of the tract herein described;

Thence in a Northeasterly direction with the arc of said Circular Curve to the Right, whose Chord Bearing is **North 51°-04'-17" East**, whose Central Angle is **34°-20'-10"**, whose Radius is **695.00** feet, an **Arc Distance** of **416.59** feet running 25 feet South of the centerline of a paved road to a 5/8 inch iron rod set for the PT of said circular curve and a corner of the tract herein described;

Thence **North 66°-09'-22" East**, a distance of **1658.74** feet to a set 5/8 inch iron rod for a corner of the tract herein described;

Thence **North 74°-04'-57" East**, a distance of **176.57** feet to a set 5/8 inch iron rod for a corner of the tract herein described and the **Point of Beginning**.

Containing **35.4** acres of land more or less.

Bearings are based on Texas State Plane - South Zone 4205, NAD 83.

An Exhibit of even date is to accompany this Metes and Bounds description.

State of Texas
County of Nueces

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM INFORMATION OF RECORD AND A SURVEY MADE ON THE GROUND, WITH DUE DILIGENCE CONSISTANT WITH SOUND PROFESSIONAL PRACTICE, UNDER MY DIRECTION AND SUPERVISION.

This the 15th day of April 2015.



Horacio Oliveira
State of Texas License No. 1415



PAGE 2 OF 2

EXHIBIT B

**Map or Plat of Leased Premises and Option Property
(including Location of Existing Drainage Ditch)**



EXHIBIT C**Minimum Completion Specifications for Lessee's Oil Dock**

Lessee's Oil Dock must be at least a basic ship oil dock. The purpose of these specifications is to establish the minimum amount of construction or reconstruction necessary for a basic ship oil dock. The basic dock structure must include the dock's operating platform connected to the shore, breasting structures, mooring structures, and the dredged slip, but does not need to include ancillary equipment, added superstructures, and other such items. The basic dock structure shall, at a minimum, be in a usable condition, to be used as a ship lay-berth and there will be no elements that are left in a stage that would result in an advance rate of deterioration, leave the element or dock subject to damage (ordinary wear and tear and casualty by Force Majeure excepted), present an unreasonable risk to safety, or have structural or functional damage. All work performed to achieve the Minimum Completion Specifications shall be done in accordance with Plans approved in accordance with Section 6.03(b) or plans and specifications approved in accordance with 10.03(a) of the Agreement.

Specific items that are required for a basic dock structure are:

- All piles supporting the dock platform, mooring structures and breasting structures shall be installed.
- All substructure components, such as concrete or steel caps and beams, and superstructure components such as a concrete operating deck of the dock platform necessary for basic function shall be in place.
- All mooring structures and breasting structure shall be complete with mooring bollards/kevels and ship fender elements and accessories.
- All shore protection systems installed.
- All slip dredging complete. (Original construction only.)
- Access ramps, catwalks, between shore, dock platform, breasting structures, and mooring structures shall be in place.
- Electrical items required for any designed cathodic protection and any imbedded conduits for electrical or communications equipment shall be in place.
- Hand rails, safety ladders, and access platforms shall be in place.

EXHIBIT D

Form of North Access Easement Agreement

ACCESS AND UTILITY EASEMENT

This Access and Utility Easement (this “Agreement”) dated as of _____, 201__ (the “Effective Date”), is executed by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, a navigation district and political subdivision of the State of Texas (“Authority”), and **KM LIQUIDS TERMINALS LLC**, a Delaware limited liability company (“KM”). Authority and KM are sometimes hereinafter referred to individually as “Party” and collectively as “Parties.”

RECITALS:

A. Contemporaneously with the execution of this Agreement, the Parties have entered into an amendment to a lease agreement (as amended, restated, modified or replaced from time to time, the “KM Lease”) between the Parties dated _____, 201__; and

B. Under the terms of the amendment to the KM Lease described in Recital A, KM is now leasing from Authority an additional _____-acre tract of land in Nueces County, Texas, which tract is more particularly described and depicted in Exhibit A attached hereto (the “KM North Tract”); and

C. Authority has agreed to grant and convey to KM a non-exclusive driveway, utility and access easement, twenty (20) feet in width across the land owned by Authority located between the KM North Tract and the Joe Fulton International Trade Corridor road (“Authority’s Property”), for the purpose of providing the KM North Tract with ingress and egress to the Joe Fulton International Trade Corridor road (“Fulton Road”), all as provided under the terms of this Agreement, during the term of the KM Lease.

AGREEMENTS:

NOW, THEREFORE, for and in consideration of the premises set forth above and incorporated herein by this reference, the sum of \$10.00 in hand paid, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged and confessed, and intending to be legally bound, Authority and KM agree as follows:

Section 1. Grant of Access and Utility Easement.

(a) Easement and Easement Area. Authority hereby grants and conveys to KM and its successors and assigns, as an appurtenance to the KM North Tract, a non-exclusive access and utility easement twenty feet (20’) in width on, in, over, under, through, and across the Authority’s Property (the “Easement”). The Easement is described by metes and bounds in Exhibit B attached hereto (the “Easement Area”), and the Easement Area is shown on the drawing or survey plat attached hereto as Exhibit C.

(b) Easement Purposes. The Easement is granted for the following purposes, subject in all cases to the terms, reservations and limitations of this Agreement (the “Permitted Purposes”):

(i) to provide unrestricted vehicle and large truck access to the KM North Tract from Fulton Road over the Easement Area;

(ii) to lay, install, construct, inspect, maintain, replace, remove, and repair any waterlines, wastewater lines, storm sewer lines, electrical power poles, cable, fiber optic, pipelines, or any other surface or sub-surface utility lines as may, from time to time, be required to provide any utilities or other services to all or any portion of the KM North Tract (collectively, the “Utilities”); and

(iii) to install, construct, inspect, maintain, replace, remove, and repair an access road in the Easement Area from the Fulton Road to the KM North Tract (the “Access Road”).

(c) Access Road. The Authority constructed an all-weather road in the Easement Area prior to the Effective Date (the “Current Road”). If the Current Road does not connect the KM North Tract to the Fulton Road, then KM shall construct an all-weather road in the Easement Area (the “KM North Road”), which connects the Current Road to the KM North Tract. The KM North Road shall be capable of withstanding normal semi-tractor trailer highway loads. The KM North Road shall also meet all reasonable design standards and specifications of the Authority. Before the commencement of any construction in the Easement Area by KM, KM shall submit a set of design plans stamped by a registered professional engineer of the State of Texas detailing the proposed roadway improvements for approval by Authority’s Director of Engineering Services. Upon completion of the KM North Road or any modifications thereto, KM shall furnish Authority with an as-built survey thereof. The Current Road and the KM North Road, if needed, constitute the Access Road. KM will place stop signs at the intersection of the Access Road and the Fulton Road and will install such other traffic control devices on the Access Road as may reasonably be required by the Authority. Except as may be reasonably necessary for the construction of the KM North Road and Utilities, KM may not use the Easement Area for the Permitted Purposes until such time as construction of the Access Road has been completed.

(d) Maintenance of Access Road and Easement Area. KM shall have the right, but not the obligation, to maintain the Access Road, at its own expense. The Authority shall also have the right, but not the obligation, to maintain the Access Road, at its own expense.

(e) Security Requirements. KM shall comply with the Authority’s reasonable, non-discriminatory security measures applicable to the Access Road provided by the Authority to KM in writing.

(f) Reservations and Exceptions. Authority reserves the right to grant easements for pipeline and utility purposes across the Easement Area so long as (i) such uses do not unreasonably interfere with KM’s use of the Access Road and Easement, (ii) the easement holder agrees to repair at its expense any damage to the Access Road caused by its activities in the

Easement Area, and (iii) all such pipelines and utilities will be buried at a depth reasonably required by KM (and least to the depth required by the Pipeline, Utility & Miscellaneous Structure Accommodation Policy in the Authority's Engineering Department Project Manual).

(g) Utilities. All Utilities installed by or at the direction of KM shall be installed at the minimum depths, heights, and clearances as outlined in the Pipeline, Utility & Miscellaneous Structure Accommodation Policy in the Authority's Engineering Department Project Manual.

(h) Additional Rights. Authority further grants to KM and its successors and assigns the additional right to enter onto the Authority's land adjacent to the Easement Area as reasonably necessary from time to time, at reasonable times, for purposes of constructing, maintaining, repairing, and replacing the Access Road and/or Utilities. Such right of entry shall only be exercised after five (5) days advance written notice to Authority unless in the event of an emergency. Entry by KM onto the Authority's Property shall not unreasonably interfere with the Authority's use of the Authority's Property.

Section 2. Term of Easement; Survival. The term of the Easement ("Term") shall be coterminous with the term of the KM Lease. Upon the expiration or earlier termination of the KM Lease, provided no replacement of the KM Lease is entered into as contemplated by Article XV of the KM Lease, this Agreement will automatically terminate without any further action by either Party, but Authority and KM (or its successor) shall enter into a written agreement confirming the termination of this Agreement at the request of either Party. The termination of this Agreement will not release either Party from any liability or obligation under this Agreement, whether indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination.

Section 3. Insurance.

(a) Required Insurance. Without limiting the indemnity obligations or liabilities of KM provided under this Agreement, KM shall maintain in full force and effect throughout the Term of this Agreement, at its sole cost and expense, the following policies of insurance (sometimes collectively referred to in this Section as the "Policies") and in at least the minimum amounts specified below:

(1) For all its employees engaged in performing work in the Easement Area, workers' compensation insurance for at least the applicable statutory limit required by the Texas Workers' Compensation Code, and employer's liability insurance with limits of at least \$500,000 limit for each for bodily injury by accident, and at least a \$500,000 limit for each employee for bodily injury by disease.. Under the worker's compensation policy, KM shall provide an alternate employer endorsement in favor of the Authority on the proper endorsement form.

(2) Commercial general liability (CGL) insurance coverage which shall cover or be endorsed to cover bodily injury, personal injury, broad form property damage, operations hazard, owner's protective coverage, contractual liability, products and completed operations liability, with general aggregate limits of at least \$2,000,000, and

endorsed to name the Authority as an additional insured, on a primary, non-contributory basis, with respect to liabilities arising out of the use of the Easement Area by any of the KM Parties (as defined in Section 4(A) of this Agreement) pursuant to this Agreement, the construction of the KM North Road pursuant to this Agreement, or the maintenance of the Access Road by any of the KM Parties pursuant to this Agreement.

(3) Excess or umbrella liability insurance coverage having limits of not less than \$5,000,000 over and above the underlying primary coverage limits stated above with respect to property damage and bodily injury or death to any number of persons in any one accident or occurrence. The policy shall be endorsed to name the Authority as an additional insured, on a primary, non-contributory basis, with respect to liabilities arising out of the use of the Easement Area by any of the KM Parties pursuant to this Agreement, the construction of the KM North Road pursuant to this Agreement, or the maintenance of the Access Road by any of the KM Parties pursuant to this Agreement.

(b) Certificates of Insurance. KM shall deliver to Authority, Attention: Real Estate Manager, prior to the commencement of any material building activity by KM on the Easement Area, as proof of the insurance required of KM, a certificate or certificates of insurance (and any endorsements required to provide evidence of the insurance coverages required under this Agreement) describing the Policies, which certificates must be in their form and content, reasonably acceptable to the Authority. In the event that a claim is filed against the Authority and governed by the terms of this Agreement, KM shall, upon receipt of a written request, deliver to the Authority, true and correct copies of the Policies required hereunder which may be responsive to the claim. In addition, to the extent that during the Term there shall occur any material changes in any of the insurance coverage required in this Section 3, KM shall notify the Authority of such changes.

(c) Rating Requirements. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A- : VI.

(d) Self-Insurance Program. Notwithstanding the foregoing, KM expressly reserves the right, at its sole option, to comply with the insurance obligations shown in this Section 3 using self-insurance programs maintained by its corporate parent. If KM exercises the option to self-insure, then (i) KM shall provide written notice of its intent to self-insure accompanied with details of its self-insurance program; (ii) such self-insurance program must be permitted by applicable law; (iii) KM's corporate parent must maintain a net worth (as shown by its most recent financial statements audited in accordance with generally accepted accounting principles) of not less than One Hundred Million Dollars (\$100,000,000.00); and (iv) KM's corporate parent must maintain an "Investment Grade" financial rating by Moody's or Standard and Poor's or an equivalent rating service; and as to any of the insurance requirements in this Section 3 which KM elects to self-insure, KM will self-insure Authority in the same manner as an additional insured using self-insurance programs maintained by KM's corporate parent.

(e) Self-Insurance Payments. If KM elects to self-insure or to maintain insurance required herein subject to deductibles and/or retentions exceeding \$50,000, Authority and KM shall maintain all rights and obligations between themselves as if KM maintained the insurance

with a commercial insurer including any additional insured status, primary liability, waivers of rights of recovery, other insurance clauses, and any other extensions of coverage required herein. KM shall pay from its assets the costs, expenses, damages, claims, losses and liabilities, including reasonable attorney's fees and necessary litigation expenses at least to the extent that an insurance company would have been obligated to pay those amounts if KM had maintained the insurance pursuant to this Section.

(f) Waiver of Subrogation. KM shall cause its insurance carriers to waive their rights of subrogation against the Authority during the Term of this Agreement.

Section 4. INDEMNITY AGREEMENT. To the extent permitted by law, KM SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS AUTHORITY AND AUTHORITY'S PORT COMMISSIONERS, DIRECTORS, MANAGERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "AUTHORITY PARTIES"), FROM AND AGAINST ANY AND ALL LIABILITIES, CLAIMS, DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, FINES, JUDGMENTS AND OTHER EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES AND EXPENSES AND COSTS OF INVESTIGATION), OF ANY KIND, NATURE OR DESCRIPTION (INCLUDING CLAIMS FOR PERSONAL INJURY, BODILY INJURY, EMOTIONAL DISTRESS, REAL AND PERSONAL PROPERTY DAMAGE AND ECONOMIC LOSS) (ALL OF WHICH ARE COLLECTIVELY REFERRED TO HEREIN AS "CLAIMS") WHICH MAY BE BROUGHT, INSTITUTED OR ASSERTED AGAINST THE AUTHORITY PARTIES TO THE EXTENT BASED ON, RELATING TO, OR ARISING OUT OF ANY OF THE FOLLOWING EVENTS (EACH BEING REFERRED TO IN THIS SUBSECTION AS AN "INDEMNIFIED EVENT"):

(A) THE FAILURE ON THE PART OF KM OR ITS OFFICERS, AGENTS, CONTRACTORS, OR EMPLOYEES (COLLECTIVELY, THE "KM PARTIES") TO COMPLY WITH THIS AGREEMENT OR ANY LAWS OR REGULATIONS APPLICABLE TO THE INSTALLATION, OPERATION, MAINTENANCE, USE OR REMOVAL OF THE ACCESS ROAD BY THE KM PARTIES; OR

(B) ANY INJURY TO OR DEATH OF OR CLAIM OF INJURY TO OR DEATH OF ANY PERSON (INCLUDING THE EMPLOYEES OF THE KM PARTIES) OR ANY DAMAGE TO OR LOSS OF OR CLAIM OF DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF THE INSTALLATION, OPERATION, MAINTENANCE, USE OR REMOVAL OF THE ACCESS ROAD BY THE KM PARTIES.

Notwithstanding anything in this Agreement to the contrary, to the extent the Indemnified Event for which a Claim is made arises out of the joint, concurrent or comparative negligence, causation, responsibility or fault of the KM Parties and the Authority Parties, whether negligence, strict liability, breach of warranty, express or implied, or products liability, then KM shall defend the Authority Parties against such Claim, but KM shall be relieved of its obligation of indemnity with respect to such Claim to the extent, but only to the extent, of the percentage of responsibility attributed to the Authority Parties with respect to causing or contributing to cause the Indemnified Event for which such Claim was made. Furthermore, KM shall be relieved of its obligation of indemnity (but not its obligation to defend) with respect to any Claim to the extent, but only to the extent, of the amount actually recovered from one or more insurance carriers and either paid to the Authority Parties or paid for benefit of the Authority Parties in reduction of such Claim. The indemnities contained in Section 4 will not be limited by a limitation on the amount or type

of damages owed by KM to any employee of KM under the Workers' Compensation Act or similar employee benefit acts.

Section 5. No Public Dedication. In no event and under no circumstances of any kind or nature whatsoever shall the Easement granted be deemed to be a gift or dedication of any portion of the Authority's Property for the benefit of the general public or to any governmental entity.

Section 6. Title Exceptions. The Easement is further made subject to any restrictions, covenants, easements, rights-of-way, encumbrances, and mineral or royalty reservations or interests affecting the Easement Area and appearing of record as of the Effective Date in the real property records of Nueces County, Texas, to the extent that said items and matters are in effect and validly enforceable against the Easement. The Easement Area is presently subject to a Perpetual Easement granted to the United States of America by the Nueces County Navigation District No. 1 in an instrument dated May 25, 1948, and recorded in Volume 400, Pages 508-512, Deed Records, Nueces County, Texas, for the deposit of dredge material excavated in the extension of the Corpus Christi Ship Channel from the Avery Point Turning Basin to the Tule Lake Turning Basin and for the deposit of dredge material excavated in the enlargement or maintenance of this portion of the Channel.

Section 7. Warranty of Title. Subject to the matters set forth in Section 6, Authority warrants that it has good and indefeasible fee simple title to the Authority's Property, that it has lawful right and authority to grant to KM the Easement, and that it will forever warrant and defend the Easement unto KM and its successors and assigns against the claims of all persons claiming by, through, or under the Authority. Authority represents and warrants that there are no liens, leases or purchase options affecting the Easement Area as of the Effective Date

Section 8. Notices. Any notice required or permitted under this Agreement shall be in writing with a statement therein to the effect that notice is given pursuant to this Agreement and the same shall be served (i) by hand delivery, (ii) by overnight courier service guaranteeing next business day delivery, (iii) via facsimile transmission to the facsimile number listed below, or (iv) by depositing same in the United States mail, registered or certified mail, return receipt requested, postage prepaid. Notice shall be deemed given and received if and when actually received (if not by mail), or on the date of delivery as shown on the return receipt (if by mail). Notices to the Authority and to KM shall be sent to the following address (unless and until change of address information is sent to the other Party):

If to KM:

KM Liquids Terminals, LLC

Attn.: _____

Fax: _____

If to Authority: Port of Corpus Christi Authority
Attn: Executive Director
222 Power Street
P.O. Box 1541
Corpus Christi, Texas 78403
Fax: 361-881-5155

Either Party may designate by Notice given to the other Party a new address, facsimile number or person to which Notices hereunder shall thereafter be sent.

Section 9. Exhibits. All Exhibits attached hereto are hereby incorporated herein by this reference and made a part hereof for all purposes.

Section 10. Amendment. The provisions of this Agreement may be amended, modified, enlarged, or otherwise changed in whole or in part only by a written agreement executed by the Authority and KM (or its successor).

Section 11. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

Section 12. Successors; Assignment. This Agreement shall bind, and shall inure to the benefit of, each party and their respective grantees, successors and assigns. KM may assign this Agreement and the Easement granted hereunder to the lessee under the KM Lease at the time of the assignment without the Authority's consent. Except as provided in the preceding sentence, KM shall not assign any of the rights herein granted, in whole or in part, without the prior written consent of the Authority, which may be granted or withheld by the Authority in its reasonable discretion.

Section 13. Severability/Interpretation. In case any one or more of the provisions contained in this Agreement shall for any reason be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender, and vice versa.

Section 14. Counterparts. This Agreement may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to physically form one document, which may be recorded.

[Signature page is the next page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

Authority:

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

By: _____
JOHN P. LARUE, Executive Director

KM:

KM LIQUIDS TERMINALS LLC,
a Delaware limited liability company

By: _____

ATTACHMENTS:

- Exhibit A – Legal Description of KM’s North Tract
- Exhibit B -- Metes and Bounds Legal Description of Easement Area
- Exhibit C – Drawing or Survey Plat of Easement Area

ACKNOWLEDGMENTS

THE STATE OF TEXAS §
 §
 COUNTY OF NUECES §

This instrument was acknowledged before me on this _____ day of _____, 201__, by John P. Larue, as Executive Director of PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, a navigation district and political subdivision of the State of Texas, on behalf of said navigational district.

 Notary Public, State of Texas

My commission expires: _____

 Print or Type Name of Notary

THE STATE OF TEXAS §
 §
 COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 201__, by _____, _____ of KM LIQUIDS TERMINALS LLC, a Delaware limited liability company, on behalf of such company.

 Notary Public, State of _____

My commission expires: _____

 Print or Type Name of Notary

AFTER RECORDING RETURN TO:

EXHIBIT A

Legal Description of KM's North Tract

EXHIBIT B

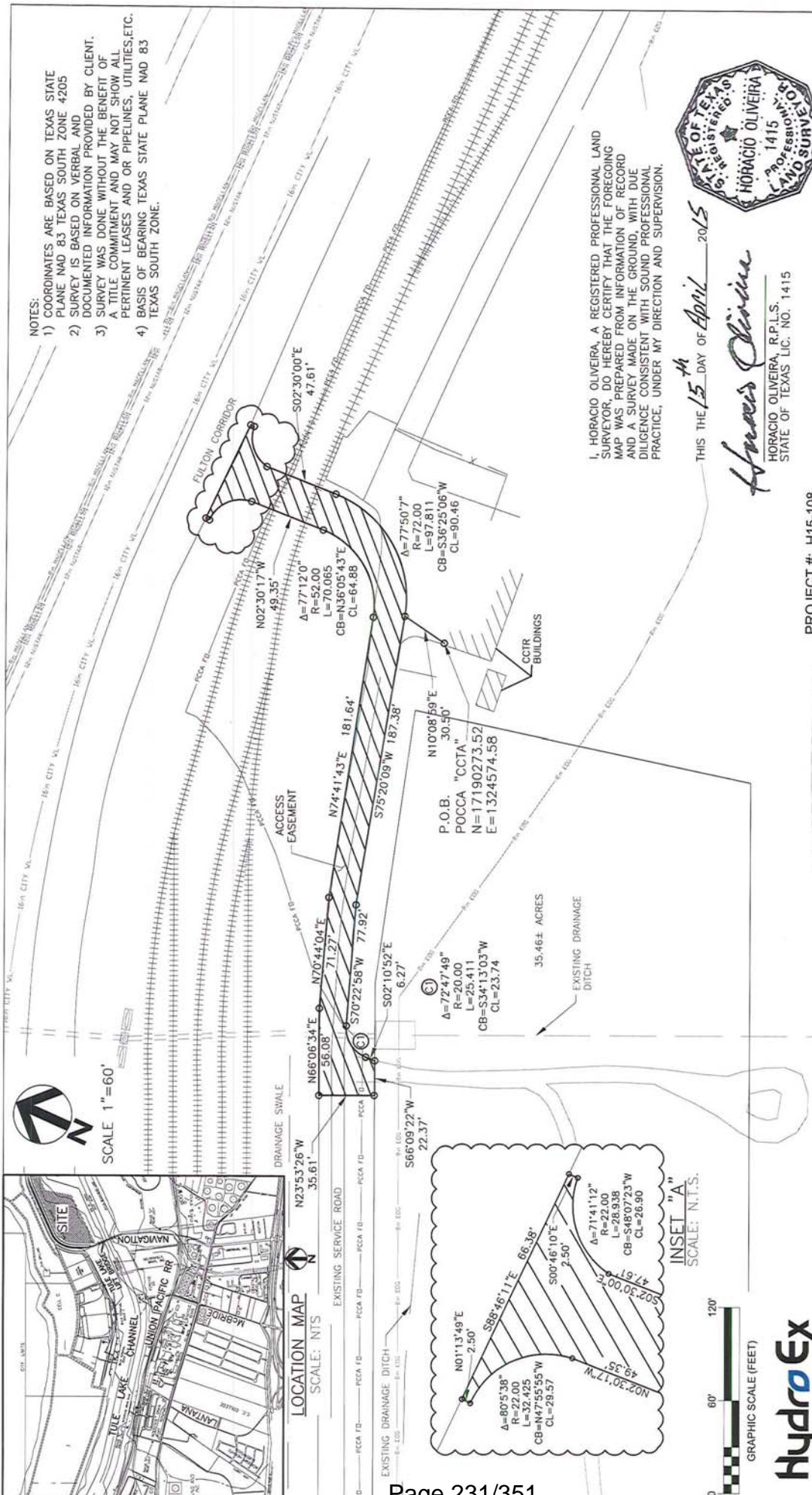
Metes and Bounds Legal Description of Easement Area

EXHIBIT C

Drawing or Survey Plat of Easement Area

ATTACHMENT C

Plat showing the Access Easement to the 35.4-acre Option Property



NOTES:

- 1) COORDINATES ARE BASED ON TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE 4205
- 2) SURVEY IS BASED ON VERBAL AND DOCUMENTED INFORMATION PROVIDED BY CLIENT.
- 3) SURVEY WAS DONE WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL PERTINENT LEASES AND OR PIPELINES, UTILITIES, ETC.
- 4) BASIS OF BEARING TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE.

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM INFORMATION OF RECORD AND A SURVEY MADE ON THE GROUND, WITH DUE DILIGENCE CONSISTENT WITH SOUND PROFESSIONAL PRACTICE, UNDER MY DIRECTION AND SUPERVISION.

THIS THE 15th DAY OF April 2015



Horacio Oliveira
HORACIO OLIVEIRA, R.P.L.S.
STATE OF TEXAS LIC. NO. 1415

PROJECT #: H15-108

PORT OF CORPUS CHRISTI AUTHORITY	
EXHIBIT OF 0.232± ACRES (10.097 SF) ACCESS AND UTILITY EASEMENT OUT OF PATENT 64, A 2694.93 ACRE TRACT OF LAND ISSUED TO NUECES COUNTY NAVIGATION DISTRICT NO.1, RECORDED IN VOLUME 719 PAGES 358-360, NUECES COUNTY DEED RECORDS	
SCALE: AS NOTED	DATE: 4/7/2015
FILED BY: HYDRO EX	ACCESS: EASEMENT



PORT CORPUS CHRISTI

ATTACHMENT C

TBPLS REG NO. 10103804
802 N. Navigation Blvd., Suite 102
Corpus Christi, TX 78408
P: (361) 452-1375 F: (361) 452-1376
Survey Date: April 7, 2015
HX Job No.: H15-108
© COPYRIGHT 2013 ALL RIGHTS RESERVED

HydroEx



ATTACHMENT D

Final Draft of South Access Easement Agreement to the 35.4-acre Option Property

ACCESS AND UTILITY EASEMENT

This Access and Utility Easement (this “Agreement”) dated as of _____, 201__ (the “Effective Date”), is executed by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, a navigation district and political subdivision of the State of Texas (“Authority”), and **KM LIQUIDS TERMINALS LLC**, a Delaware limited liability company (“KM”). Authority and KM are sometimes hereinafter referred to individually as “Party” and collectively as “Parties.”

RECITALS:

A. Contemporaneously with the execution of this Agreement, the Parties have entered into a lease agreement (as amended, restated, modified or replaced from time to time, the “KM Lease”) pursuant to which KM is leasing from Authority an approximately 35.4-acre tract of land in Nueces County, Texas, which tract is more particularly described and depicted in **Exhibit A** attached hereto (the “KM Property”); and

B. Authority has agreed to grant and convey to KM a non-exclusive driveway, utility and access easement, twenty (20) feet in width across the land owned by Authority located between the KM Property and the Joe Fulton International Trade Corridor road (“Authority’s Property”), for the purpose of providing the KM Property with ingress and egress to the Joe Fulton International Trade Corridor road (“Fulton Road”), all as provided under the terms of this Agreement, during the term of the KM Lease; and

C. The easement described herein (the “Easement”) will cross the Fulton Corridor Lead Track (“Fulton Track”).

AGREEMENTS:

NOW, THEREFORE, for and in consideration of the premises set forth above and incorporated herein by this reference, the sum of \$10.00 in hand paid, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged and confessed, and intending to be legally bound, Authority and KM agree as follows:

Section 1. **Grant of Access and Utility Easement.**

(a) **Easement and Easement Area.** Authority hereby grants and conveys to KM and its successors and assigns, as an appurtenance to the KM Property, a non-exclusive access and utility easement twenty feet (20’) in width on, in, over, under, through, and across the Authority’s Property. The Easement is described by metes and bounds in **Exhibit B** attached hereto (the “Easement Area”), and the Easement Area is shown on the drawing or survey plat attached hereto as **Exhibit C**.

(b) Easement Purposes. The Easement is granted for the following purposes, subject in all cases to the terms, reservations and limitations of this Agreement (the “Permitted Purposes”):

(i) to provide unrestricted vehicle and large truck access to the KM Property from Fulton Road over the Easement Area, except during the period of time a train is passing the Easement Area on the Fulton Track;

(ii) to lay, install, construct, inspect, maintain, replace, remove, and repair any waterlines, wastewater lines, storm sewer lines, electrical power poles, cable, fiber optic, pipelines, or any other surface or sub-surface utility lines as may, from time to time, be required to provide any utilities or other services to all or any portion of the KM Property (collectively, the “Utilities”); and

(iii) to install, construct, inspect, maintain, replace, remove, and repair an access road in the Easement Area from the Fulton Road to the KM Property (the “Access Road”).

(c) Access Road. The Authority constructed an all-weather road in the Easement Area prior to the Effective Date (the “Current Road”). If the Current Road does not connect the KM Property to the Fulton Road, then KM shall construct an all-weather road extension in the Easement Area (the “KM Road”), which connects the Current Road to the KM Property. The KM Road shall be capable of withstanding normal semi-tractor trailer highway loads. The KM Road shall also meet all reasonable design standards and specifications of the Authority. Before the commencement of any construction on the Easement Area by KM, KM shall submit a set of design plans stamped by a registered professional engineer of the State of Texas detailing the proposed roadway improvements for approval by Authority’s Director of Engineering Services. Upon completion of the KM Road or any modifications thereto, KM shall furnish Authority with an as-built survey thereof. The Current Road and the KM Road, if needed, constitute the Access Road. KM will place stop signs at the intersection of the Access Road and the Fulton Track and will install such other traffic control devices on the Access Road as may reasonably be required by the Authority. Except as may be reasonably necessary for the construction of the KM Road and Utilities, KM may not use the Easement Area for the Permitted Purposes until such time as construction of the Access Road has been completed.

(d) Maintenance of Access Road and Easement Area. KM shall have the right, but not the obligation, to maintain the Access Road, at its own expense. The Authority shall also have the right, but not the obligation, to maintain the Access Road, at its own expense.

(e) Security Requirements. KM shall comply with the Authority’s reasonable, non-discriminatory security measures applicable to the Access Road provided by the Authority to KM in writing.

(f) Reservations and Exceptions. Authority reserves the right to maintain the Fulton Track where it crosses the Easement Area and Access Road and to install additional railroad tracks and related safety equipment over and across the Easement Area and Access Road without the consent or approval of KM provided that access to KM Property is maintained during such

maintenance or construction. Authority will at its expense repair any damage to the Access Road caused by the installation and maintenance of Authority railroad tracks within the Easement Area.

(g) Utilities. All Utilities installed by or at the direction of KM shall be installed at the minimum depths, heights, and clearances as outlined in the Pipeline, Utility & Miscellaneous Structure Accommodation Policy in the Authority's Engineering Department Project Manual.

(h) Additional Rights. Authority further grants to KM and its successors and assigns the additional right to enter onto the Authority's land adjacent to the Easement Area as reasonably necessary from time to time, at reasonable times, for purposes of constructing, maintaining, repairing, and replacing the Access Road and/or Utilities. Such right of entry shall only be exercised after five (5) days advance written notice to Authority unless in the event of an emergency. Entry by KM onto the Authority's Property shall not unreasonably interfere with the Authority's use of the Authority's Property.

Section 2. Term of Easement; Survival. The term of the Easement ("Term") shall be coterminous with the term of the KM Lease. Upon the expiration or earlier termination of the KM Lease, provided no replacement of the KM Lease is entered into as contemplated by Article XV of the KM Lease, this Agreement will automatically terminate without any further action by either Party, but Authority and KM (or its successor) shall enter into a written agreement confirming the termination of this Agreement at the request of either Party. The termination of this Agreement will not release either Party from any liability or obligation under this Agreement, whether indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination.

Section 3. Insurance.

(a) Required Insurance. Without limiting the indemnity obligations or liabilities of KM provided under this Agreement, KM shall maintain in full force and effect throughout the Term of this Agreement, at its sole cost and expense, the following policies of insurance (sometimes collectively referred to in this Section as the "Policies") and in at least the minimum amounts specified below:

(1) For all its employees engaged in performing work in the Easement Area, workers' compensation insurance for at least the applicable statutory limit required by the Texas Workers' Compensation Code, and employer's liability insurance with limits of at least \$500,000 limit for each for bodily injury by accident, and at least a \$500,000 limit for each employee for bodily injury by disease.. Under the worker's compensation policy, KM shall provide an alternate employer endorsement in favor of the Authority on the proper endorsement form.

(2) Commercial general liability (CGL) insurance coverage which shall cover or be endorsed to cover bodily injury, personal injury, broad form property damage, operations hazard, owner's protective coverage, contractual liability, products and completed operations liability, with general aggregate limits of at least \$2,000,000, and

endorsed to name the Authority as an additional insured, on a primary, non-contributory basis, with respect to liabilities arising out of the use of the Easement Area by any of the KM Parties (as defined in Section 4(A) of this Agreement) pursuant to this Agreement, the construction of the KM Road pursuant to this Agreement, or the maintenance of the Access Road by any of the KM Parties pursuant to this Agreement.

(3) Excess or umbrella liability insurance coverage having limits of not less than \$5,000,000 over and above the underlying primary coverage limits stated above with respect to property damage and bodily injury or death to any number of persons in any one accident or occurrence. The policy shall be endorsed to name the Authority as an additional insured, on a primary, non-contributory basis, with respect to liabilities arising out of the use of the Easement Area by any of the KM Parties pursuant to this Agreement, the construction of the KM Road pursuant to this Agreement, or the maintenance of the Access Road by any of the KM Parties pursuant to this Agreement.

(b) Certificates of Insurance. KM shall deliver to Authority, Attention: Real Estate Manager, prior to the commencement of any material building activity by KM on the Easement Area, as proof of the insurance required of KM, a certificate or certificates of insurance (and any endorsements required to provide evidence of the insurance coverages required under this Agreement) describing the Policies, which certificates must be in their form and content, reasonably acceptable to the Authority. In the event that a claim is filed against the Authority and governed by the terms of this Agreement, KM shall, upon receipt of a written request, deliver to the Authority, true and correct copies of the Policies required hereunder which may be responsive to the claim. In addition, to the extent that during the Term there shall occur any material changes in any of the insurance coverage required in this Section 3, KM shall notify the Authority of such changes.

(c) Rating Requirements. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A- : VI.

(d) Self-Insurance Program. Notwithstanding the foregoing, KM expressly reserves the right, at its sole option, to comply with the insurance obligations shown in this Section 3 using self-insurance programs maintained by its corporate parent. If KM exercises the option to self-insure, then (i) KM shall provide written notice of its intent to self-insure accompanied with details of its self-insurance program; (ii) such self-insurance program must be permitted by applicable law; (iii) KM's corporate parent must maintain a net worth (as shown by its most recent financial statements audited in accordance with generally accepted accounting principles) of not less than One Hundred Million Dollars (\$100,000,000.00); and (iv) KM's corporate parent must maintain an "Investment Grade" financial rating by Moody's or Standard and Poor's or an equivalent rating service; and as to any of the insurance requirements in this Section 3 which KM elects to self-insure, KM will self-insure Authority in the same manner as an additional insured using self-insurance programs maintained by KM's corporate parent.

(e) Self-Insurance Payments. If KM elects to self-insure or to maintain insurance required herein subject to deductibles and/or retentions exceeding \$50,000, Authority and KM shall maintain all rights and obligations between themselves as if KM maintained the insurance

with a commercial insurer including any additional insured status, primary liability, waivers of rights of recovery, other insurance clauses, and any other extensions of coverage required herein. KM shall pay from its assets the costs, expenses, damages, claims, losses and liabilities, including reasonable attorney's fees and necessary litigation expenses at least to the extent that an insurance company would have been obligated to pay those amounts if KM had maintained the insurance pursuant to this Section.

(f) Waiver of Subrogation. KM shall cause its insurance carriers to waive their rights of subrogation against the Authority during the Term of this Agreement.

Section 4. INDEMNITY AGREEMENT. To the extent permitted by law, KM SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS AUTHORITY AND AUTHORITY'S PORT COMMISSIONERS, DIRECTORS, MANAGERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "AUTHORITY PARTIES"), FROM AND AGAINST ANY AND ALL LIABILITIES, CLAIMS, DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, FINES, JUDGMENTS AND OTHER EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES AND EXPENSES AND COSTS OF INVESTIGATION), OF ANY KIND, NATURE OR DESCRIPTION (INCLUDING CLAIMS FOR PERSONAL INJURY, BODILY INJURY, EMOTIONAL DISTRESS, REAL AND PERSONAL PROPERTY DAMAGE AND ECONOMIC LOSS) (ALL OF WHICH ARE COLLECTIVELY REFERRED TO HEREIN AS "CLAIMS") WHICH MAY BE BROUGHT, INSTITUTED OR ASSERTED AGAINST THE AUTHORITY PARTIES TO THE EXTENT BASED ON, RELATING TO, OR ARISING OUT OF ANY OF THE FOLLOWING EVENTS (EACH BEING REFERRED TO IN THIS SUBSECTION AS AN "INDEMNIFIED EVENT"):

(A) THE FAILURE ON THE PART OF KM OR ITS OFFICERS, AGENTS, CONTRACTORS, OR EMPLOYEES (COLLECTIVELY, THE "KM PARTIES") TO COMPLY WITH THIS AGREEMENT OR ANY LAWS OR REGULATIONS APPLICABLE TO THE INSTALLATION, OPERATION, MAINTENANCE, USE OR REMOVAL OF THE ACCESS ROAD BY THE KM PARTIES; OR

(B) ANY INJURY TO OR DEATH OF OR CLAIM OF INJURY TO OR DEATH OF ANY PERSON (INCLUDING THE EMPLOYEES OF THE KM PARTIES) OR ANY DAMAGE TO OR LOSS OF OR CLAIM OF DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF THE INSTALLATION, OPERATION, MAINTENANCE, USE OR REMOVAL OF THE ACCESS ROAD BY THE KM PARTIES.

Notwithstanding anything in this Agreement to the contrary, to the extent the Indemnified Event for which a Claim is made arises out of the joint, concurrent or comparative negligence, causation, responsibility or fault of the KM Parties and the Authority Parties, whether negligence, strict liability, breach of warranty, express or implied, or products liability, then KM shall defend the Authority Parties against such Claim, but KM shall be relieved of its obligation of indemnity with respect to such Claim to the extent, but only to the extent, of the percentage of responsibility attributed to the Authority Parties with respect to causing or contributing to cause the Indemnified Event for which such Claim was made. Furthermore, KM shall be relieved of its obligation of indemnity (but not its obligation to defend) with respect to any Claim to the extent, but only to the extent, of the amount actually recovered from one or more insurance carriers and either paid to the Authority Parties or paid for benefit of the Authority Parties in reduction of such Claim. The indemnities contained in Section 4 will not be limited by a limitation on the amount or type

of damages owed by KM to any employee of KM under the Workers' Compensation Act or similar employee benefit acts.

Section 5. No Public Dedication. In no event and under no circumstances of any kind or nature whatsoever shall the Easement granted be deemed to be a gift or dedication of any portion of the Authority's Property for the benefit of the general public or to any governmental entity.

Section 6. Title Exceptions. The Easement is further made subject to any restrictions, covenants, easements, rights-of-way, encumbrances, and mineral or royalty reservations or interests affecting the Easement Area and appearing of record as of the Effective Date in the real property records of Nueces County, Texas, to the extent that said items and matters are in effect and validly enforceable against the Easement. The Easement Area is presently subject to a Perpetual Easement granted to the United States of America by the Nueces County Navigation District No. 1 in an instrument dated May 25, 1948, and recorded in Volume 400, Pages 508-512, Deed Records, Nueces County, Texas, for the deposit of dredge material excavated in the extension of the Corpus Christi Ship Channel from the Avery Point Turning Basin to the Tule Lake Turning Basin and for the deposit of dredge material excavated in the enlargement or maintenance of this portion of the Channel.

Section 7. Warranty of Title. Subject to the matters set forth in Section 6, Authority warrants that it has good and indefeasible fee simple title to the Authority's Property, that it has lawful right and authority to grant to KM the Easement, and that it will forever warrant and defend the Easement unto KM and its successors and assigns against the claims of all persons claiming by, through, or under the Authority. Authority represents and warrants that there are no liens, leases or purchase options affecting the Easement Area as of the Effective Date

Section 8. Notices. Any notice required or permitted under this Agreement shall be in writing with a statement therein to the effect that notice is given pursuant to this Agreement and the same shall be served (i) by hand delivery, (ii) by overnight courier service guaranteeing next business day delivery, (iii) via facsimile transmission to the facsimile number listed below, or (iv) by depositing same in the United States mail, registered or certified mail, return receipt requested, postage prepaid. Notice shall be deemed given and received if and when actually received (if not by mail), or on the date of delivery as shown on the return receipt (if by mail). Notices to the Authority and to KM shall be sent to the following address (unless and until change of address information is sent to the other Party):

If to KM:

KM Liquids Terminals, LLC

Attn.: _____

Fax: _____

If to Authority: Port of Corpus Christi Authority
Attn: Executive Director
222 Power Street
P.O. Box 1541
Corpus Christi, Texas 78403
Fax: 361-881-5155

Either Party may designate by Notice given to the other Party a new address, facsimile number or person to which Notices hereunder shall thereafter be sent.

Section 9. Exhibits. All Exhibits attached hereto are hereby incorporated herein by this reference and made a part hereof for all purposes.

Section 10. Amendment. The provisions of this Agreement may be amended, modified, enlarged, or otherwise changed in whole or in part only by a written agreement executed by the Authority and KM (or its successor).

Section 11. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

Section 12. Successors; Assignment. This Agreement shall bind, and shall inure to the benefit of, each party and their respective grantees, successors and assigns. KM may assign this Agreement and the Easement granted hereunder to the lessee under the KM Lease at the time of the assignment without the Authority's consent. Except as provided in the preceding sentence, KM shall not assign any of the rights herein granted, in whole or in part, without the prior written consent of the Authority, which may be granted or withheld by the Authority in its reasonable discretion.

Section 13. Severability/Interpretation. In case any one or more of the provisions contained in this Agreement shall for any reason be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender, and vice versa.

Section 14. Counterparts. This Agreement may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to physically form one document, which may be recorded.

[Signature page is the next page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by its duly authorized representative as of the Effective Date.

Authority:

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

By: _____
JOHN P. LARUE, Executive Director

KM:

KM LIQUIDS TERMINALS LLC,
a Delaware limited liability company

By: _____

ATTACHMENTS:

- Exhibit A – Legal Description of KM’s Property
- Exhibit B -- Metes and Bounds Legal Description of Easement Area
- Exhibit C – Drawing or Survey Plat of Easement Area

ACKNOWLEDGMENTS

THE STATE OF TEXAS §
 §
 COUNTY OF NUECES §

This instrument was acknowledged before me on this _____ day of _____, 201__, by John P. Larue, as Executive Director of PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, a navigation district and political subdivision of the State of Texas, on behalf of said navigational district.

 Notary Public, State of Texas

My commission expires: _____

 Print or Type Name of Notary

THE STATE OF TEXAS §
 §
 COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, 201__, by _____, _____ of KM LIQUIDS TERMINALS LLC, a Delaware limited liability company, on behalf of such company.

 Notary Public, State of _____

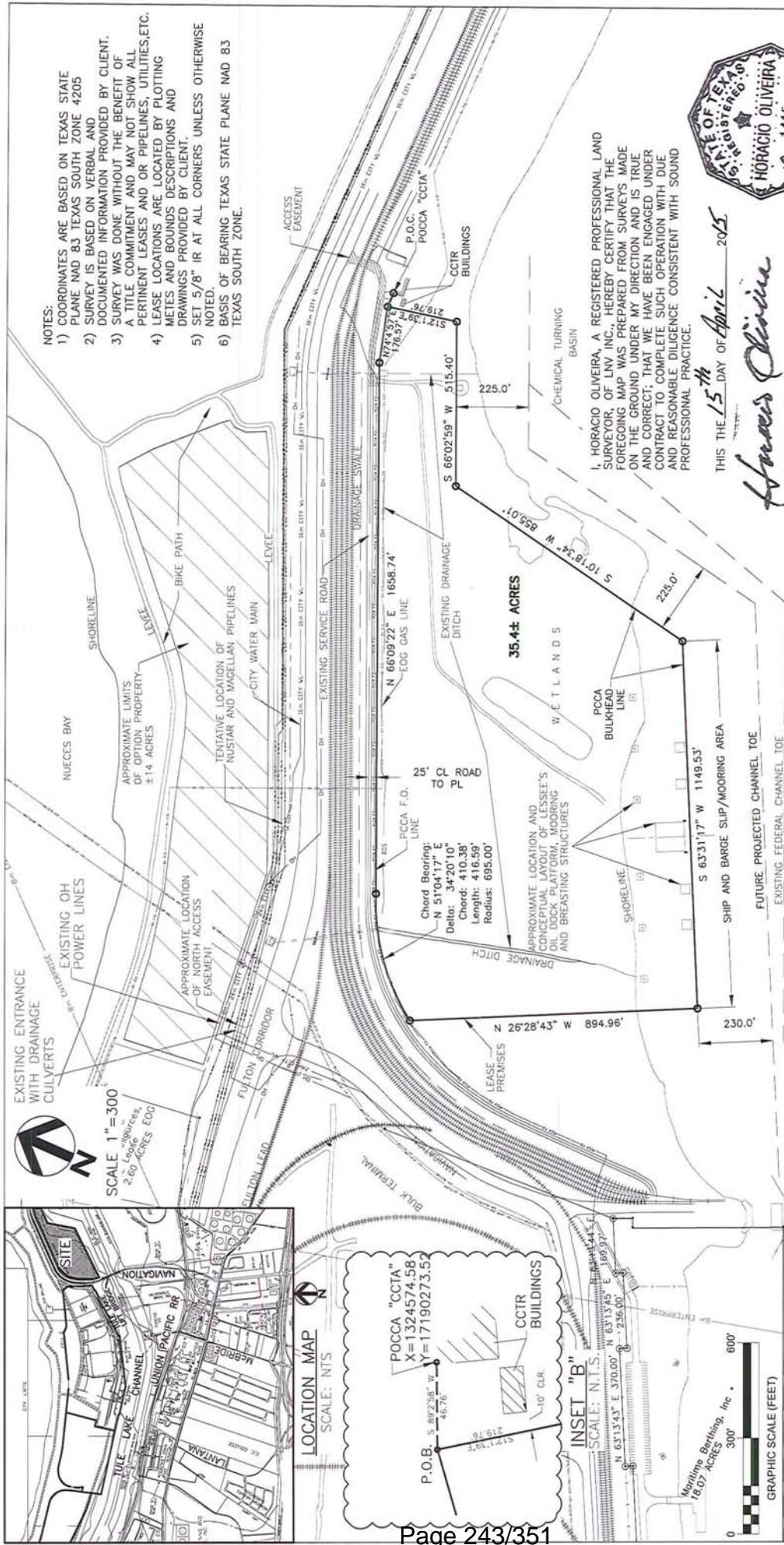
My commission expires: _____

 Print or Type Name of Notary

AFTER RECORDING RETURN TO:

EXHIBIT A

Legal Description of KM's Property



- NOTES:
- 1) COORDINATES ARE BASED ON TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE 4205
 - 2) SURVEY IS BASED ON VERBAL AND DOCUMENTED INFORMATION PROVIDED BY CLIENT.
 - 3) SURVEY WAS DONE WITHOUT THE BENEFIT OF A TITLE COMMITMENT AND MAY NOT SHOW ALL PERTINENT LEASES AND OR PIPELINES, UTILITIES, ETC.
 - 4) LEASE LOCATIONS ARE LOCATED BY PLOTTING METES AND BOUNDS DESCRIPTIONS AND DRAWINGS PROVIDED BY CLIENT.
 - 5) SET 5/8" IR AT ALL CORNERS UNLESS OTHERWISE NOTED.
 - 6) BASIS OF BEARING TEXAS STATE PLANE NAD 83 TEXAS SOUTH ZONE.

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, OF LUV INC., HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM SURVEYS MADE ON THE GROUND UNDER MY DIRECTION AND IS TRUE AND CORRECT; THAT WE HAVE BEEN ENGAGED UNDER CONTRACT TO COMPLETE SUCH OPERATION WITH DUE AND REASONABLE DILIGENCE CONSISTENT WITH SOUND PROFESSIONAL PRACTICE.



THIS THE 15th DAY OF April 2015

Horacio Oliveira

HORACIO OLIVEIRA, R.P.L.S.
STATE OF TEXAS LIC. NO. 1415

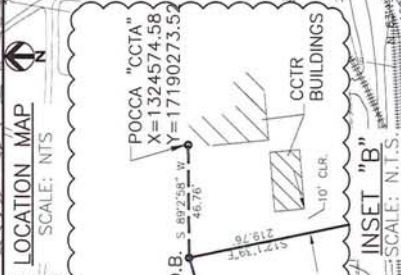
PROJECT #: H15-108

PORT OF CORPUS CHRISTI AUTHORITY
A SURVEY OF 35.4± ACRES OUT OF PATENT B4, A 2694.93
ACRE TRACT OF LAND ISSUED TO NUECES COUNTY
NAVIGATION DISTRICT NO.1,
RECORDED IN VOLUME 719 PAGES 358-360,
NUECES COUNTY DEED RECORDS

PORT CORPUS CHRISTI	
DATE AS NOTED	DATE AS NOTED
FILE NO. H15-108 EX	FILE NO. 1
BOUNDARY SURVEY	

TBPLS REG. NO. 10193804
802 N. Navigation Blvd., Suite 102
Corpus Christi, TX 78408
P: (361) 452-1375 F: (361) 452-1376
Survey Date: March 30, 2015
HX Job No: H15-108
© COPYRIGHT 2013 ALL RIGHTS RESERVED

EXHIBIT A





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EXHIBIT A

Field note description for a **35.4** acre tract of land out of Patent No. 84, a 2694.93 acre tract know as Survey 939 recorded in Book No. 5 Pages 257-260 of the Nueces County Surveyors office, issued to Nueces County Navigation District No. 1, said 35.4 acre tract of land being more particularly described by **metes and bounds** as follows:

Beginning at a 5/8 inch iron rod set for corner, the Northeast and beginning corner of the tract herein described; from whence the Port of Corpus Christi Authority Monument C.C.T.A., bears **South 89°-02'-58" West**, a distance of **46.76** feet;

Thence **South 12°-01'-39" East**, a distance of **219.76** feet to a 5/8 inch iron rod set for an upper Southeast corner of the tract herein described;

Thence **South 66°-02'-59" West**, with a line running 225.0 feet North of the future location of the Government Dredge Line, a distance of **515.40** feet to a 5/8 inch iron rod set for an interior corner of the tract herein described;

Thence **South 10°-18'-34" West**, with a line running 225 feet Northwest of the future location of said Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **855.01** feet to a point for a lower Southeast corner of the tract herein described;

Thence **South 63°-31'-17" West**, with a line running 230.0 feet North of the future location of the Government Dredge Line and running along the Port of Corpus Christi Bulkhead Line, a distance of **1,149.53** feet to a point for the most Southerly corner of the tract herein described;

Thence **North 26°-28'-43" West**, a distance of **894.96** feet to a 5/8 inch iron rod set for the P. C. of a Circular Curve to the Right and for a corner of the tract herein described;

Thence in a Northeasterly direction with the arc of said Circular Curve to the Right, whose Chord Bearing is **North 51°-04'-17" East**, whose Central Angle is **34°-20'-10"**, whose Radius is **695.00** feet, an **Arc Distance** of **416.59** feet running 25 feet South of the centerline of a paved road to a 5/8 inch iron rod set for the PT of said circular curve and a corner of the tract herein described;

Thence **North 66°-09'-22" East**, a distance of **1658.74** feet to a set 5/8 inch iron rod for a corner of the tract herein described;

Thence **North 74°-04'-57" East**, a distance of **176.57** feet to a set 5/8 inch iron rod for a corner of the tract herein described and the **Point of Beginning**.

Containing **35.4** acres of land more or less.

Bearings are based on Texas State Plane - South Zone 4205, NAD 83.
An Exhibit of even date is to accompany this Metes and Bounds description.

State of Texas
County of Nueces

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO
HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM
INFORMATION OF RECORD AND A SURVEY MADE ON THE GROUND, WITH DUE
DILIGENCE CONSISTANT WITH SOUND PROFESSIONAL PRACTICE, UNDER MY
DIRECTION AND SUPERVISION.

This the 15th day of April 2015.



Horacio Oliveira
State of Texas License No. 1415



PAGE 2 OF 2

EXHIBIT B

Metes and Bounds Legal Description of Easement Area



WWW.HYDROEXLLC.COM

EXHIBIT B

Field note description for a 0.232 acre "Access and Utility Easement" out of Patent No. 84, a 2694.93 acre tract know as Survey 939 recorded in Book No. 5 Pages 257-260 of the Nueces County Surveyors office, issued to Nueces County Navigation District No. 1, said 0.232 acre "Access Easement" being more particularly described by **metes and bounds** as follows:

Beginning at a point for a corner of the tract herein described; from whence the Port of Corpus Christi Authority Monument C.C.T.A., bears **South 10°-08'-59" West**, a distance of **30.50** feet;

Thence **South 75°-20'-09" West** a distance of **187.38** feet to a point for a corner of the tract herein described;

Thence **South 70°-22'-58" West** a distance of **77.92** feet to a point, for the PC of a circular curve to the left and for a corner of the tract herein described;

Thence in a Southwesterly direction with the arc of said Circular Curve to the left, whose Chord Bearing is **South 34°-13'-03" West**, whose Central Angle is **72°-47'-49"**, whose Radius is **20.00** feet, an **Arc Distance** of **25.41** feet to a point for the PT of said circular curve and a corner of the tract herein described;

Thence **South 02°-10'-52" East** a distance of **6.27** feet to a point, for a corner of the tract herein described;

Thence **South 66°-09'-22" West** a distance of **22.37** feet to a point, for a corner of the tract herein described;

Thence **North 23°-53'-26" West** a distance of **35.61** feet to a point, for a corner of the tract herein described;

Thence **North 66°-06'-34" East** a distance of **56.08** feet to a point, for a corner of the tract herein described;

Thence **North 70°-44'-04" East** a distance of **71.27** feet to a point, for a corner of the tract herein described;

PAGE 1 OF 3



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EXHIBIT B

Thence **North 74°-41'-43" East** a distance of **181.64** feet to a point, for the PC of a circular curve to the left and for a corner of the tract herein described;

Thence in a Northeasterly direction with the arc of said Circular Curve to the left, whose Chord Bearing is **North 36°-05'-43" East**, whose Central Angle is **77°-12'-00"**, whose Radius is **52.00** feet, an **Arc Distance** of **70.07** feet to a point for the PT of said circular curve and a corner of the tract herein described;

Thence **North 02°-30'-17" West** a distance of **49.35** feet to a point, for the PC of a circular curve to the left and for a corner of the tract herein described;

Thence in a Northwesterly direction with the arc of said Circular Curve to the left, whose Chord Bearing is **North 47°-55'-55" West**, whose Central Angle is **80°-05'-38"**, whose Radius is **22.00** feet, an **Arc Distance** of **32.43** feet to a point for the PT of said circular curve and a corner of the tract herein described;

Thence **North 01°-13'-49" East** a distance of **2.50** feet to a point, for a corner of the tract herein described;

Thence **South 88°-46'-11" East** a distance of **66.38** feet to a point, for a corner of the tract herein described;

Thence **South 00°-48'-10" East** a distance of **2.50** feet to a point, for the PC of a circular curve to the left and for a corner of the tract herein described;

Thence in a Southwesterly direction with the arc of said Circular Curve to the left, whose Chord Bearing is **South 48°-07'-23" West**, whose Central Angle is **71°-41'-12"**, whose Radius is **22.00** feet, an **Arc Distance** of **28.94** feet to a point for the PT of said circular curve and a corner of the tract herein described;

Thence **South 02°-30'-00" East** a distance of **47.61** feet to a point, for the PC of a circular curve to the right, a corner of the tract herein described;

Thence in a Southwesterly direction with the arc of said Circular Curve to the left, whose Chord Bearing is **South 36°-25'-06" West**, whose Central Angle is **77°-50'-07"**, whose Radius is **72.00** feet, an **Arc Distance** of **97.81** feet to a point for the PT of said circular curve and a corner of the tract herein described and the **POINT OF BEGINNING**;

Containing **0.232** acres of land more or less.

Bearings are based on Texas State Plane - South Zone 4205, NAD 83.
An Exhibit of even date is to accompany this Metes and Bounds description.

State of Texas
County of Nueces

I, HORACIO OLIVEIRA, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE FOREGOING MAP WAS PREPARED FROM INFORMATION OF RECORD AND A SURVEY MADE ON THE GROUND, WITH DUE DILIGENCE CONSISTANT WITH SOUND PROFESSIONAL PRACTICE, UNDER MY DIRECTION AND SUPERVISION.

This the 15th day of April 2015.



Horacio Oliveira
State of Texas License No. 1415



EXHIBIT C

Drawing or Survey Plat of Easement Area

M. E. Allison & Co., Inc.
INVESTMENT BANKERS
950 East Basse Road, Second Floor
San Antonio, Texas 78209-1831

April 13, 2015

Mr. David Krams
Director of Engineering Services
Port of Corpus Christi Authority

Re: KM Liquids Terminals LLC

Mr. Krams

At your request I have examined the financial capability of KM Liquids Terminals LLC in regards to a potential lease agreement with The Port of Corpus Christi Authority. KM Liquids Terminals LLC is a subsidiary of Kinder Morgan Inc. I have reviewed unaudited Balance Sheet and Income Statements for the subsidiary, KM Liquids Terminals LLC. I have also reviewed supporting documents that have been provided to me by the company.

My review is based solely on the financial capability KM Liquids Terminals LLC. I have not relied on the financial capability of the Parent company Kinder Morgan Inc.

Based upon my review of the financial statements and supporting documents I believe that KM Liquids Terminals LLC has the financial capability of meeting all financial terms in the contemplated lease agreement.

Sincerely



Christopher R. Allison, C.P.A.
President

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 15

**Award a Contract to Apollo Environmental Strategies, the
Lowest and Best Bidder Based on Bids Received on April 7, 2015
for La Quinta Aquatic Habitat Mitigation Project**

Impacts to aquatic habitats associated with the construction of the PCCA's La Quinta Gateway Terminal (Terminal) project require mitigation. Per the Terminal permit, the final aquatic habitat mitigation includes the creation of 6.6 acres of smooth cordgrass (*Spartina alterniflora*) emergent wetland habitat and 19.2 acres of shoalgrass (*Halodule wrightii*) submerged aquatic vegetation habitat within Beneficial Use Site 6 (BUS 6). BUS 6 was constructed just south of the La Quinta Channel extension as part of the federal dredging project completed by the United States Army Corps of Engineers in late 2013 and, in early 2014, the PCCA placed a portion of the dredged material from the La Quinta Channel extension deepening project into BUS 6 to advance and support the mitigation construction. Please see the attached exhibit.

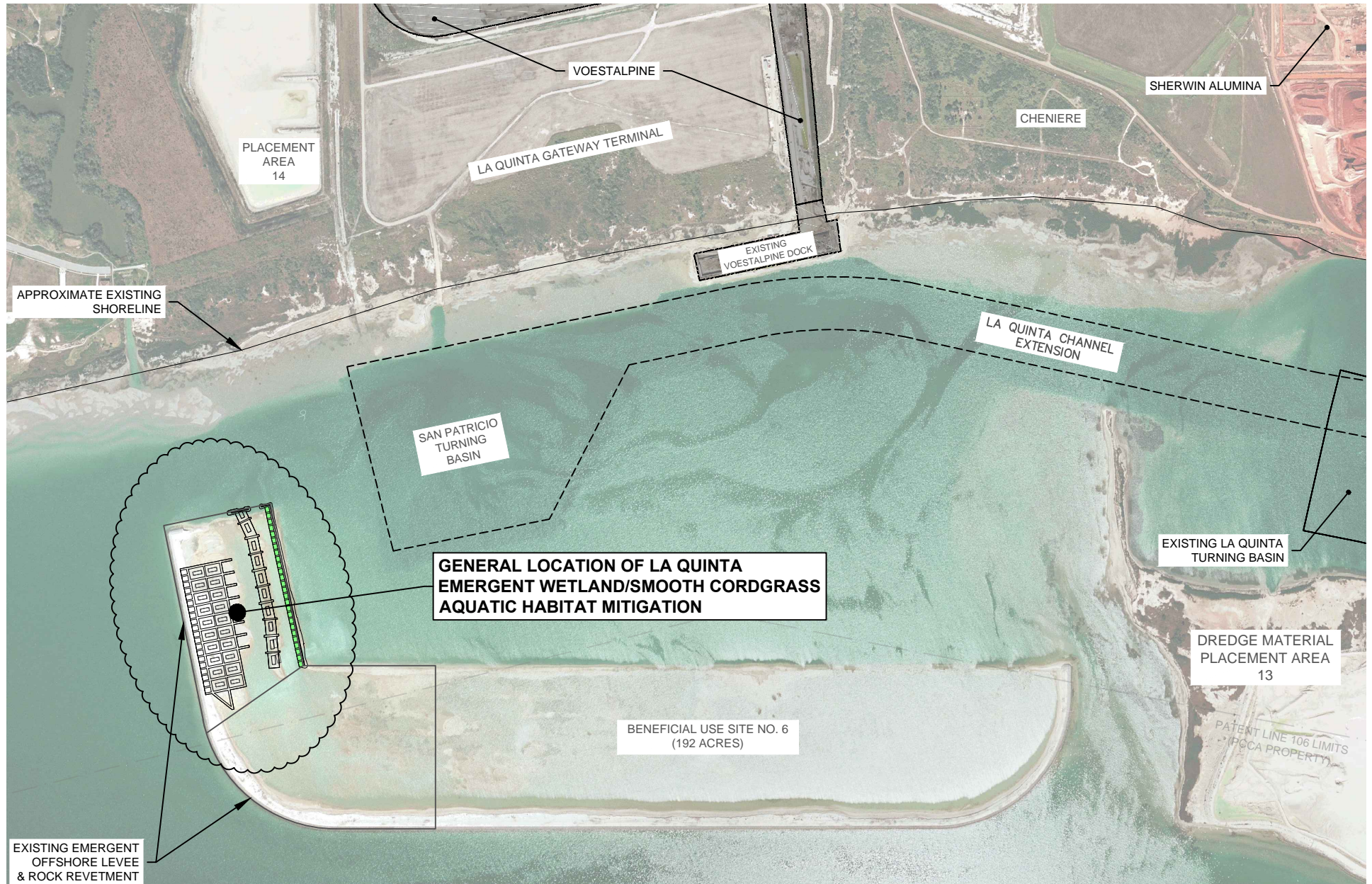
In general, the mitigation will be implemented in two phases with the first involving the creation of the emergent vegetated habitat and the second phase involving the creation of the submerged aquatic vegetated habitat. This agenda item is for the construction of the emergent habitat phase (phase one). The work consists of excavating, filling and reshaping of an approximate 10-acre site using existing material within BUS 6 to provide elevations and grades suitable for propagating emergent salt-marsh wetland vegetation, to place protection berms to shelter the created wetland areas from wind generated waves, and to plant and conduct post-plant monitoring of the sea grass. The 2015 Budget included \$2,333,700 for this project this year.

This project was posted on the PCCA's procurement website where forty-three potential bidders and suppliers signed in to view the contract documents, and seven hard copy sets of documents were also distributed. Ten separate potential bidders attended the pre-bid conference, and more than the state-mandated two-week minimum bid period was allowed for the project. Despite those factors, on April 7, 2015, we received only one responsive bid to our Notice to Bidders. Apollo Environmental Strategies was the apparent low bidder with a Base Bid amount of \$1,423,368.00. See attached bid tabulation. Apollo Environmental Strategies is a marine contractor from Beaumont, Texas, with 23 years of experience. Apollo has previously performed satisfactory marine construction work for the PCCA on the west Harbor Island shoreline stabilization project and also on several marine construction, wetland, and habitat creation projects on the Texas coast for entities such as Cheniere Energy, the U. S. Army Corps of Engineers, and the Texas General Land Office.

Staff recommends that a contract be awarded to Apollo Environmental Strategies in the amount of \$1,423,368.00 for the Base Bid. Staff also recommends that the Director of Engineering Services be authorized a 6% contingency in accordance with the standard contingency guidelines for marine and rehabilitation projects. Costs will be shared with voestalpine Texas Holding, LLC, per the mitigation cost-sharing agreement approved on June 10, 2014.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

AGENDA ITEM NO. 15

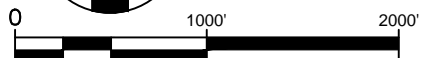


NOTE:

- FINAL MITIGATION ACREAGE REQUIRED WILL INCLUDE
- PLACEMENT AND GRADING OF DREDGE MATERIAL
 - CREATION OF 6.6 ACRES OF SMOOTH CORDGRASS (SPARTINA ALTERNIFLORA) PHASE I
 - CREATION OF 19.2 ACRES OF SHOAL GRASS (HALOPHYS) PHASE II (FUTURE)

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h:\ben vasquez\drawings & exhibits\la quinta\la quinta mitigation\la quinta terminal emergent wetland aquatic habitat mitigation.dwg



PORT **CORPUS CHRISTI**

PORT OF CORPUS CHRISTI AUTHORITY

LA QUINTA TERMINAL EMERGENT WETLAND
AQUATIC HABITAT MITIGATION

SCALE: 1:1000
OWN. BY: BEN V

EXHIBIT "A"

DATE: 2015/04/13
TIME: 09:13:26

AGENDA ITEM NO. 15

**LA QUINTA TERMINAL AQUATIC HABITAT MITIGATION
PROJECT NO. 12-031A
Bid Opening: April 7, 2015 at 2:00 pm**

Company Name	Bid Bond or Check	Base Bid ^A	Addendum No. 1
Apollo Environmental Strategies	5% Bid Bond	\$1,423,368.00	X

^A BASE BID: Includes excavating and filling of the existing material available in Cell E and Cell F at BUS6 site to create the mitigation and protection berms within the specified template; planting of *Spartina alterniflora*, *Spartina patens*, and *Borrchia frutescens*; post-plant monitoring of the planted vegetation including preparation of monitoring reports and replanting, if necessary; protection of the environment; erosion control; construction surveying; and cleanup. This is a Lump Sum bid item.

NOTE: Time of completion is by November 30, 2015, including the initial planting, as stated in the Bid.

Read By: David L. Krams, P.E. _____

Tabulated By: Paul Carangelo _____

Checked & Prepared By: Melinda Maldonado _____

Date: April 7, 2015 _____

DATE: April 21, 2015
FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 16

**Approve a Service Order with Coast & Harbor Engineering Inc.
for Engineering and Inspection Services for the
La Quinta Terminal Aquatic Habitat Mitigation Project**

The 2015 Budget included \$2.78 million for the construction of the La Quinta Terminal aquatic habitat mitigation project, which will redress impacts to the aquatic environment related to the permitted development of the La Quinta Terminal docks and berthing area. The mitigation required by the permit includes the creation of 6.6 acres of smooth cordgrass emergent wetland and 19.2 acres of submerged seagrass vegetation on the western portion of Beneficial Use Site 6, as shown on the attached exhibit. The mitigation will be conducted in two phases. The first phase involves the construction and planting of the emergent wetland/smooth cordgrass aquatic habitat, the award for which is the subject of a separate item on today's agenda. The second phase will be for the planting of the submerged seagrass aquatic habitat that will be planned and contracted following the determination that bay bottom conditions are suitable for seagrass planting.

Coast & Harbor Engineering (CHE), a division of Hatch Mott MacDonald, previously provided the designs and prepared the contract documents for construction of the emergent wetland aquatic habitat mitigation, and staff is seeking approval to continue utilizing CHE's services to perform engineering and inspection services and construction administration support as needed during construction. CHE is an engineering firm based in Austin, Texas, with offices in Corpus Christi; Edmonds, Washington; Delray Beach, Florida; and San Francisco, California.

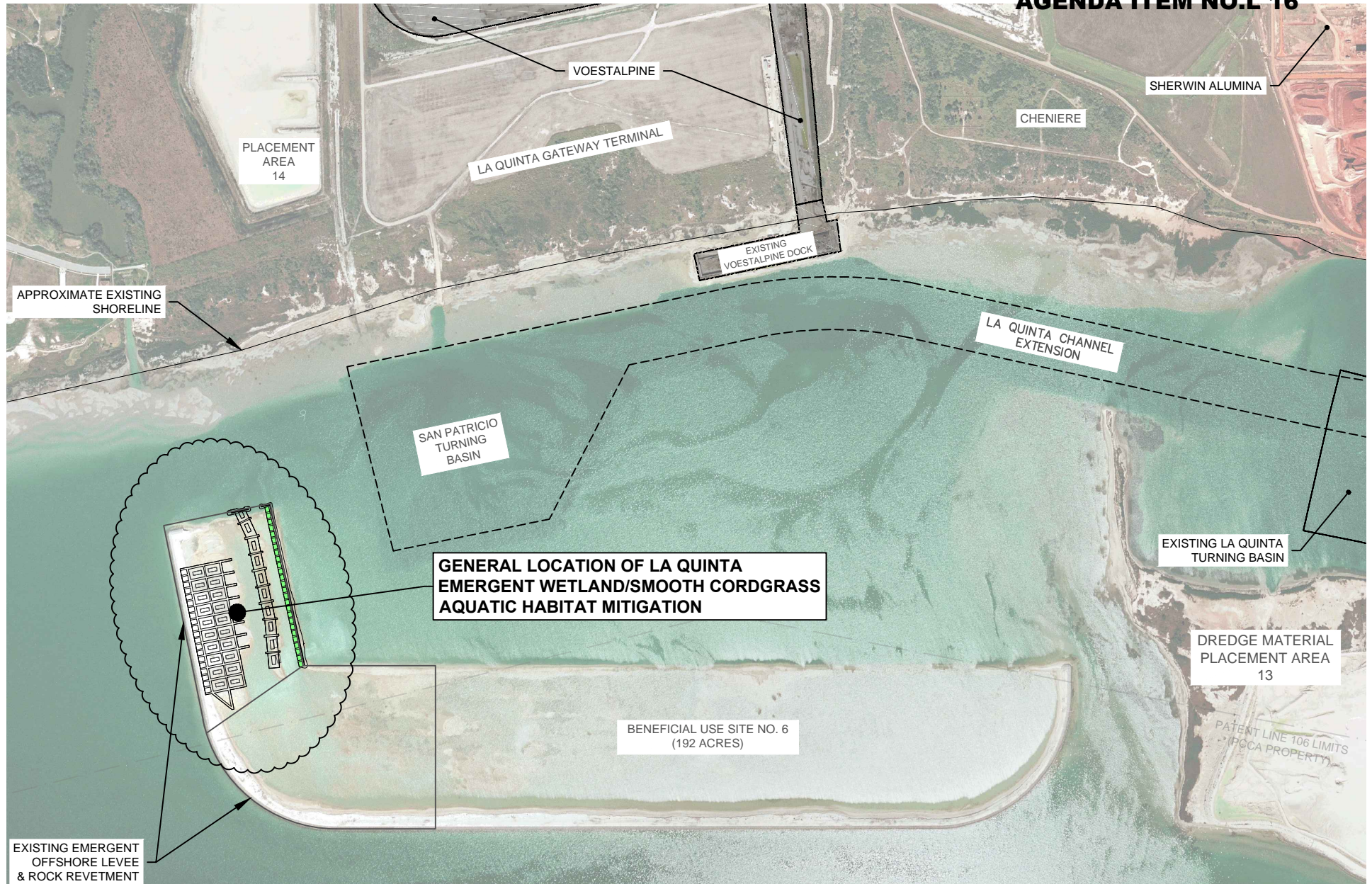
Given the nature and remote location of the project, costs for these services are greater than if the site was readily accessible by land. Staff has negotiated a service order with CHE, the scope of which generally includes daily construction inspections, review of contractor submittals, and attendance at various coordination meetings for a cost not to exceed \$107,931.

Staff recommends approval of a service order with Coast & Harbor Engineering Inc., under an existing Professional Services Master Agreement, for engineering and inspection services related to the first phase construction of the La Quinta Terminal aquatic habitat mitigation in an amount not-to-exceed \$107,931. Staff further recommends that a 10% contingency be granted should it be required during the performance of the project. Costs will be shared with voestalpine Texas Holding, LLC, per the mitigation cost-sharing agreement approved on June 10, 2014.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

16 - Coast-Harbor Service Order - AT-1 - Map.pdf

AGENDA ITEM NO. L 16



NOTE:

- FINAL MITIGATION ACREAGE REQUIRED WILL INCLUDE
- PLACEMENT AND GRADING OF DREDGE MATERIAL
 - CREATION OF 6.6 ACRES OF SMOOTH CORDGRASS (SPARTINA ALTERNIFLORA) PHASE I
 - CREATION OF 19.2 ACRES OF SHOAL GRASS (HALODENDRON AERIOIDES) PHASE II (FUTURE)

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PORT **CORPUS CHRISTI**

PORT OF CORPUS CHRISTI AUTHORITY

LA QUINTA TERMINAL EMERGENT WETLAND
AQUATIC HABITAT MITIGATION

SCALE: 1:1000
OWN. BY: BEN V

EXHIBIT "A"

DATE: 2015/04/13
TIME: 09:13:26

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-A

**Approve 2015 Agreement and Third Amendment of NuStar Logistics, L.P.'s
31.35-Acre Lease Located along the Joe Fulton International Trade Corridor**

In July 2014, Port Commission amended a lease with NuStar Logistics, L.P., to increase the size of its terminal from 5.21 acres to 9.36 acres and to amend the permitted use to include the handling of crude oil and condensate in addition to refined products. The terminal is located on the south side of the Joe Fulton International Trade Corridor east of Sigmor Road. NuStar's plans for the 9.36-acre site included the construction of up to six new 150,000-barrel tanks for the storage of Eagle Ford crude oil and condensate. NuStar also owns and operates a 31.35-acre crude oil terminal located on the west side of Sigmor Road on land that the company leases separately from the PCCA.

Construction at the 9.36-acre site is rapidly progressing, and NuStar has requested permission to connect the newly constructed tankage on the 9.36-acre site to the 31.15-acre crude oil terminal. In addition, NuStar has requested the consent of the PCCA to construct an overhead truss to support two pipelines crossing the PCCA rail facilities located on the 31.35-acre terminal site. Please see attached exhibit. Sigmor Road, which is located between the two terminal sites, is a county road that was closed at the request of the PCCA by the Nueces County Commissioners Court by a Resolution and Order of the County Commissioners on April 2, 2008, as part of the Security Grant 7 project. NuStar has requested that the PCCA consent to the crossing of the closed Sigmor Road with three new pipelines and two electrical conduits.

The attached 2015 Agreement and Third Amendment of NuStar's 31.35-Acre Lease was prepared by staff and PCCA counsel, and it has been approved as to legal form by NuStar's counsel. The amendment authorizes the installation of the pipe truss and two pipelines across the PCCA railroad facilities located on the 31.35-acre terminal site and includes the PCCA's consent for installation of three pipelines and two electrical conduits crossing the closed Sigmor Road.

Due to the minimal length of the road and railroad track crossings and staff's anticipation that the additional pipeline capacity authorized under this amendment will significantly increase the volume of bulk liquids being moved across Public Oil Dock Nos. 1 and 2 and NuStar Dock 16, no additional rent provisions will be added to the lease under this amendment.

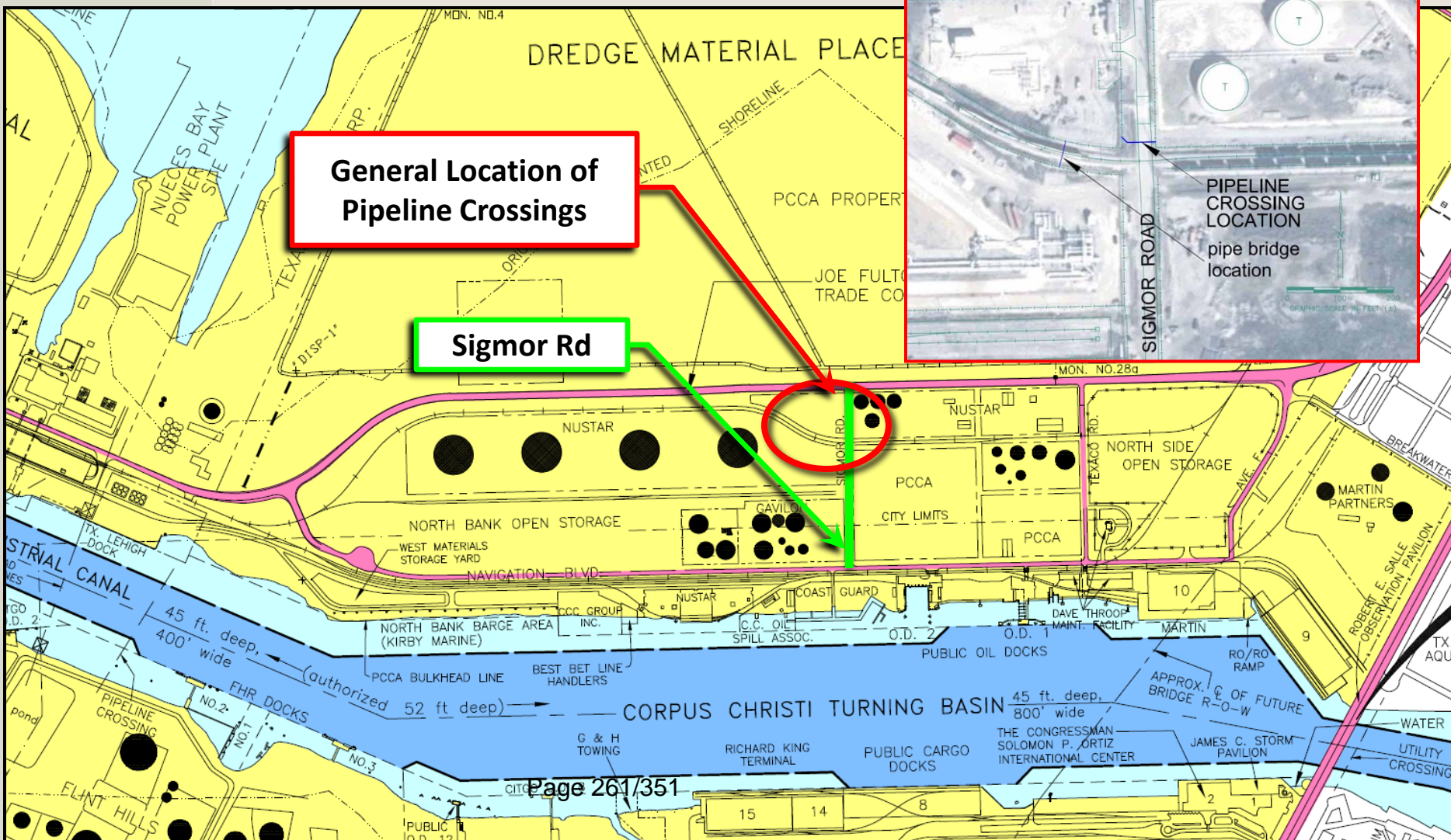
Staff recommends approval of the 2015 Agreement and Third Amendment to NuStar's 31.35-acre lease.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com



NuStar Logistics, LP Lease Amendment

**AGENDA ITEM
NO. 17-A**



2015 AGREEMENT AND THIRD AMENDMENT
OF
NuStar's 31.35-ACRE LEASE

This 2015 Agreement and Third Amendment of NuStar's 31.35-Acre Lease ("Amendment") is made effective as of the 21st day of April, 2015 ("Amendment Date"), by and between the Port of Corpus Christi Authority of Nueces County, Texas (hereinafter called "Authority"), a navigation district operating under Article XVI, Section 59 of the Texas Constitution, and NuStar Logistics, L.P. (hereinafter called "Lessee"), a Delaware limited partnership (individually a "Party," and collectively the "Parties").

WHEREAS, by a lease agreement (the "Original Lease Agreement") dated May 3, 1994, the Authority leased to Diamond Shamrock Refining Company, L.P., two tracts of land totaling 24.59 acres in Nueces County, Texas, which are more particularly described in the Original Lease Agreement as Tracts I & II on Exhibit B and further described by plat shown on Exhibit A attached to the Original Lease Agreement; and

WHEREAS, the Original Lease Agreement also included an option to lease additional tracts of land being designated as Optional Tract III and Optional Tract IV, adjoining Tracts I & II and being more particularly described by metes and bounds in Exhibit C and further described by plat shown on Exhibit A attached to the Original Lease Agreement, at any time during the first three (3) years of the initial term of the Original Lease Agreement; and

WHEREAS, by Amendment of Lease dated effective as of April 11, 1995, the boundaries of Tracts I & II and Optional Tracts III & IV were adjusted and the undated original Exhibits A,B, & C attached to the Original Lease Agreement were deleted and replaced with new Exhibits A, B, & C dated February 21, 1995, and

WHEREAS, by Agreement and Second Amendment of Lease dated effective as of June 1, 1995, the Original Lease Agreement was amended to add Optional Tract IV and Exhibit A and Exhibit C dated February 21, 1995 were deleted in their entirety and replaced with a new Exhibit A and Exhibit C, each dated June 7, 1995; and

WHEREAS, as of June 1, 1995, the real property covered by the Original Lease Agreement, as amended, totals 31.35 acres and consists of Tract I (22.25 acres), Tract II (2.34 acres), and Optional Tract IV (6.76 acres) as completely described on Lease Exhibit A and Lease Exhibit C, each dated June 7, 1995, and Lease Exhibit B dated February 21, 1995; and

WHEREAS, the Original Lease Agreement was assigned to Shamrock Logistics Operations, L.P. ("Shamrock"), by an Assignment, Assumption, and Consent Agreement dated March 14, 2000; and

WHEREAS, Shamrock changed its name to Valero Logistics Operations, L.P. ("Valero"), effective January 8, 2002; and

WHEREAS, Valero changed its name to NuStar Logistics, L.P., effective April 1, 2007; and

WHEREAS, the Original Lease Agreement, as amended, is referred to herein as the "Lease"; and

WHEREAS, capitalized terms in this Amendment shall have the meanings ascribed to those terms under the provisions of the Lease; and

WHEREAS, the Parties have mutually agreed that Lessee may construct an overhead pipeline truss (the "Truss") that will cross the Authority railroad right of way that runs between Tract I and Tract II described in Exhibit A of the Original Lease Agreement, as amended, for the purpose of Lessee using the Truss to run two (2) pipelines on the Truss across the Authority railroad right of way between Tract I and Tract II which pipelines will move crude oil, gas oil residual fuel oil, and other feed stocks (collectively referred to as ("crude oil") as described in Section 4.01 of the Lease, as amended; and

WHEREAS, on December 19, 2007 the Authority requested the closure of portions of three county roads known as Avenue F, Texaco Road and Sigmor Road; and

WHEREAS, by Resolution dated April 2, 2008 the Nueces County Commissioners Court resolved that Sigmor Road, Texaco Road and that Portion of Avenue F maintained by Nueces County be closed from the Joe Fulton International Trade Corridor, south to the Corpus Christi City Limits; and

WHEREAS, Lessee may install Three (3) pipelines and two (2) electrical conduits across Sigmor Road as depicted on the drawing attached hereto and labeled SIGMOR ROAD (320' South of Market Street), and Authority agrees that Lessee may install any part of the same on the Lease as reasonably necessary; and

WHEREAS, the Parties have agreed that the monthly rent payable under the Lease, as amended, for the remainder of the term of the Lease will not be affected by the construction or operation of the Truss or the pipelines and electric conduits crossing Sigmor Road, including the remaining option period(s) under the Lease;

NOW THEREFORE, for and in consideration of the agreements set forth herein and the sum of ten dollars (\$10) in hand paid, the receipt and sufficiency of which are hereby acknowledged by both Parties, Authority and Lessee do hereby agree as follows:

1. Effective as of the Amendment Date, (i) Exhibits A-1 and B-1 to this Amendment (being a set of drawings prepared Ganem & Kelly Surveying, Inc. labeled PCC Railroad) shall be added as exhibits to the Lease, (ii) Lessee shall have the right to construct a Truss that will cross the Authority railroad right of way that runs between Tract I and Tract II at the location shown on Exhibit B-1, (iii) the Truss shall be constructed with at least the clearances shown in Exhibit B-1, (iv) two (2) pipelines may be constructed on the Truss in accordance with

the specifications in Exhibit B-1, (v) Exhibits A-2 and B-2 to this Amendment (being a set of drawings prepared by Ganem & Kelly Surveying, Inc. labeled Sigmor Road) shall be added as exhibits to the Lease, (vi) Lessee may install three (3) pipelines and two (2) electrical conduits across Sigmor Road at the location shown on Exhibit B-2 (the "Sigmor Pipelines and Conduits"), (vii) if installed, the Sigmor Pipelines and Conduits shall be installed in accordance with the specifications in Exhibit B-2, and (viii) all of the rights and permissions granted in this Amendment shall terminate contemporaneously with the termination of the Lease.

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

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

4. This Amendment may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to physically form one document. The Parties may provide signatures and acknowledgments to this Amendment by facsimile or Adobe ".pdf" file and such facsimile or Adobe ".pdf" file signatures and acknowledgments shall be deemed to be the same as original signatures and acknowledgments.

(Signatures are on the next page)

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized offices as of the dates provided below each signature, to be effective, however, for all purposes, as of the Amendment Date.

AUTHORITY:

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

By: _____
John P. LaRue
Executive Director

Date: April ___, 2015

LESSEE:

**NuSTAR LOGISTICS L.P.,
By NuSTAR GP, INC., General Partner**

By: _____

Printed Name: _____

Title: _____

Date: April ___, 2015

(Acknowledgements are on the next page)

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the ____ day of April, 2015, by John P. LaRue, the Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Authority.

NOTARY PUBLIC, STATE OF TEXAS

(Seal)

STATE OF _____ §
 §
COUNTY OF _____ §

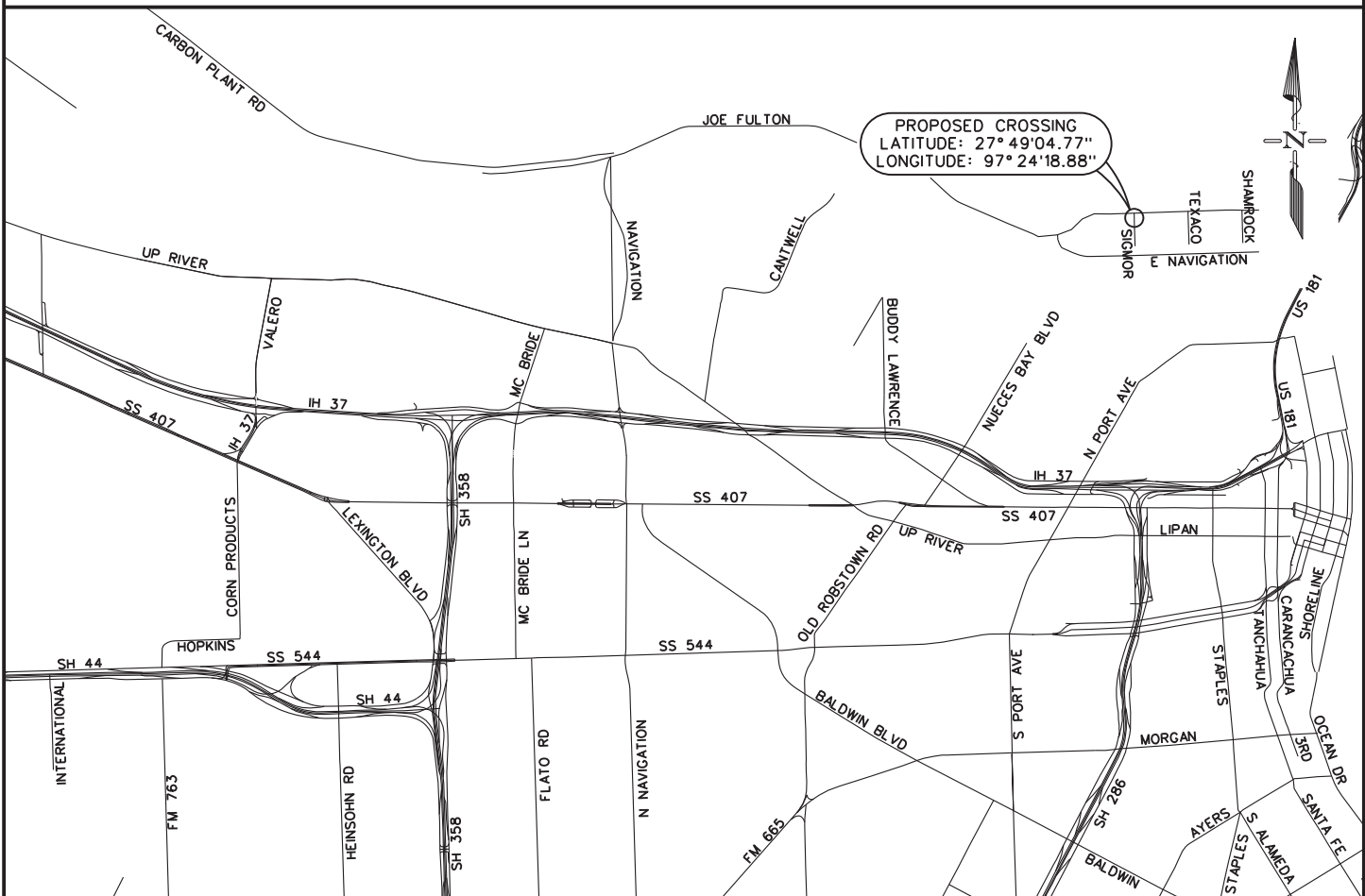
This instrument was acknowledged before me on the _____ day of April, 2015, by _____, the _____ of NuStar GP, Inc., the general partner of NuStar Logistics, L.P., a Delaware limited partnership, on behalf of the partnership.

NOTARY PUBLIC, STATE OF TEXAS

(Seal)

EXHIBIT A-1

VICINITY MAP



GENERAL NOTES

1. CONTRACTOR TO "HORIZONTAL BORE" PIPELINE CROSSING OF PAVED ROADS WITH A PROCEDURE SUBMITTED BY CONTRACTOR AND APPROVED BY THE COMPANY.
2. AUGER SHALL NOT EXCEED O.D. OF CARRIER PIPE BY MORE THAN 1 INCH.
3. COMPACTION OF BACK FILL WITHIN ROAD RIGHT OF WAY SHALL BE EQUAL TO THE PERCENT OF COMPACTION OF SURROUNDING SOIL.
4. APPROPRIATE WARNING SIGNS MUST BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH "TEXAS MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES", LATEST EDITION.
5. OPEN PITS ARE ALLOWED A MAXIMUM OF 72 HOURS WITH PROPER BARRICADES FOR SAFETY OF THE TRAVELLING PUBLIC.
6. CONTRACTOR TO VERIFY IN THE FIELD THE LOCATION OF ALL UTILITIES ABOVE AND BELOW GROUND, BEFORE CONSTRUCTION.
7. IN ORDER TO ENSURE THE SAFETY OF ALL PARTIES, THE PERMITTEE SHALL CONTACT THE TEXAS ONE CALL SYSTEM (1-800-545-6005) A MINIMUM OF 48 HOURS PRIOR TO THE COMMENCEMENT OF ANY EXCAVATION (DIGGING, DREDGING, JETTING, etc.) OR DEMOLITION ACTIVITY.
8. AN ATTEMPT HAS BEEN MADE TO LOCATE EXISTING PIPELINES ADJACENT TO AND CROSSING THE PROPOSED PIPELINE ROUTE BUT THERE IS NO GUARANTEE THAT ALL LINES HAVE BEEN LOCATED. THE CONTRACTOR SHALL DETERMINE THE EXACT LOCATION OF ALL EXISTING PIPELINES AND FOREIGN UNDERGROUND OBSTRUCTIONS BEFORE COMMENCING WORK. THE CONTRACTOR AGREES TO BE FULLY RESPONSIBLE FOR ANY AND ALL DAMAGES WHICH MIGHT OCCUR DUE TO CONTRACTORS FAILURE TO ACCURATELY LOCATE AND PRESERVE THESE UNDERGROUND UTILITIES. CONTRACTOR IS TO NOTIFY ALL FOREIGN LINE OWNERS ADJACENT TO OR CROSSING THEIR LINES BEFORE CONSTRUCTION.

2/26/2015



Victor E. Frederickson

DRAWN BY G&K/GKS 02-24-15

SCALE: N.T.S.

JOB NO: PC15-026

REVISION:

PREPARED BY:

GANEM & KELLY SURVEYING, INC.



LAMAR STREET, SUITE 5
POINT COMFORT, TEXAS 77978
(361) 987-2011



PREPARED FOR:



19003 IH-10 West
San Antonio, Texas 78257
Tel: (210) 918-2000
1-800-531-7911

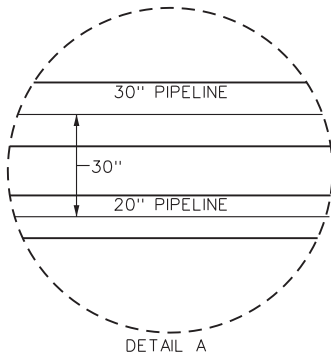
PROPOSED ROAD CROSSING

PCC RAILROAD

NUECES COUNTY, TEXAS

FIRM NO. F-9183 SHEET NO. 1 OF 2

EXHIBIT B-1



DETAIL A

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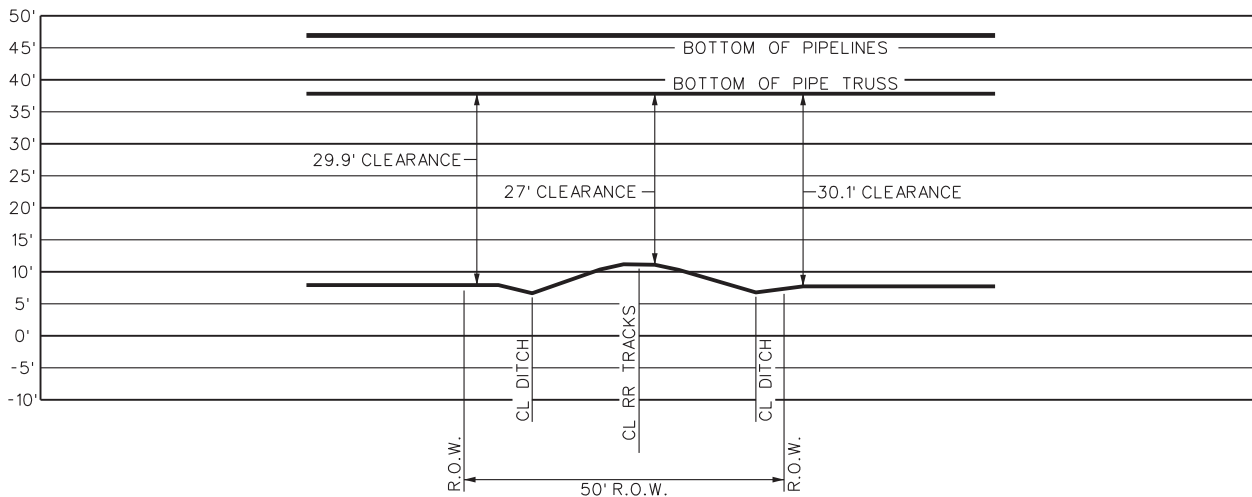
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DETAIL A

89° 21'52"

PORT OF CORPUS CHRISTI AUTHORITY
AND DIAMOND SHAMROCK
REFINING COMPANY, L.P.

PORT OF CORPUS CHRISTI AUTHORITY
AND DIAMOND SHAMROCK
REFINING COMPANY, L.P.



SCALE:
VERTICAL: 1" = 30'
HORIZONTAL: 1" = 30'

PIPE DATA:
30.00 X .500 X-62 w/FBE + ARO COATING
20.00 X .500 X-62 w/FBE + ARO COATING

2/26/2015

DRAWN BY G&K/GKS 02-24-15

PREPARED FOR:

SCALE: NOTED

JOB NO: PC15-026

REVISION:

PREPARED BY:

GANEM & KELLY SURVEYING, INC.



19003 IH-10 West
San Antonio, Texas 78257
Tel: (210) 918-2000
1-800-531-7911

PROPOSED ROAD CROSSING

PCC RAILROAD

NUECES COUNTY, TEXAS

FIRM NO. F-9183 SHEET NO. 2 OF 2



Victor E. Fredericksen

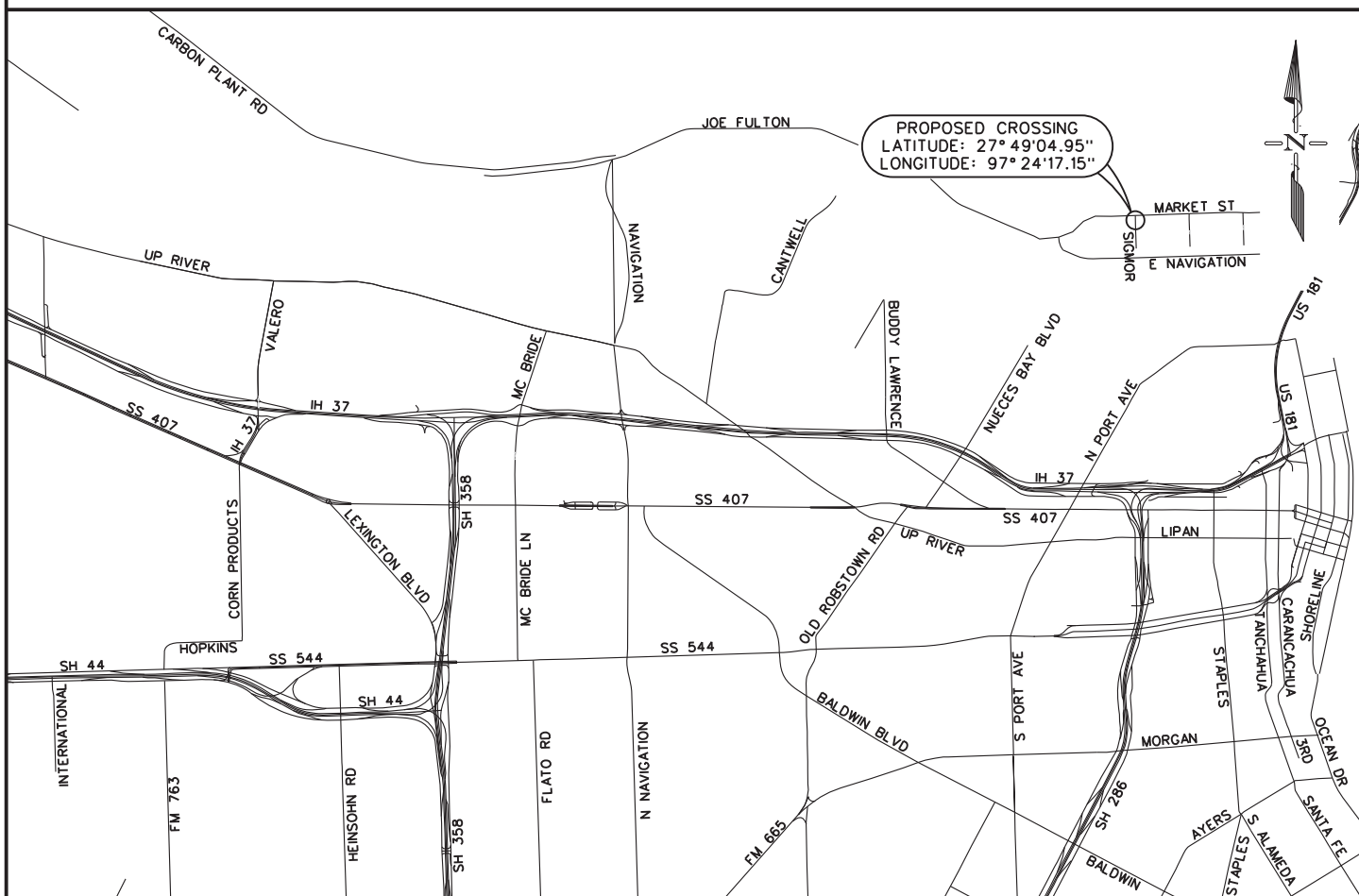


LAMAR STREET, SUITE 5
POINT COMFORT, TEXAS 77978
(361) 987-2011



EXHIBIT A-2

VICINITY MAP



GENERAL NOTES

1. CONTRACTOR TO "HORIZONTAL BORE" PIPELINE CROSSING OF PAVED ROADS WITH A PROCEDURE SUBMITTED BY CONTRACTOR AND APPROVED BY THE COMPANY.
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3. COMPACTION OF BACK FILL WITHIN ROAD RIGHT OF WAY SHALL BE EQUAL TO THE PERCENT OF COMPACTION OF SURROUNDING SOIL.
4. APPROPRIATE WARNING SIGNS MUST BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH "TEXAS MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES", LATEST EDITION.
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4/14/2015



Victor E. Fredericksen

DRAWN BY G&K/GKS 02-24-15

SCALE: N.T.S.

JOB NO: PC15-026

REVISION:

PREPARED BY:
GANEM & KELLY SURVEYING, INC.



LAMAR STREET, SUITE 5
POINT COMFORT, TEXAS 77978
(361) 987-2011



PREPARED FOR:

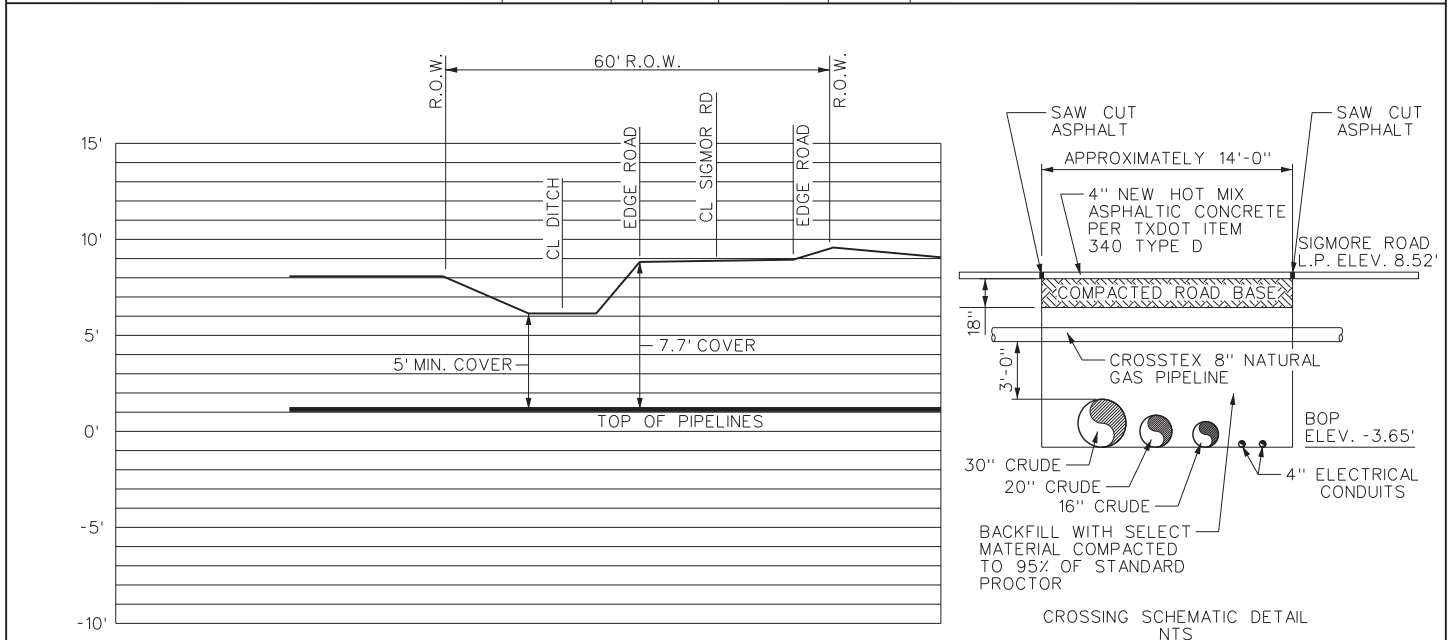
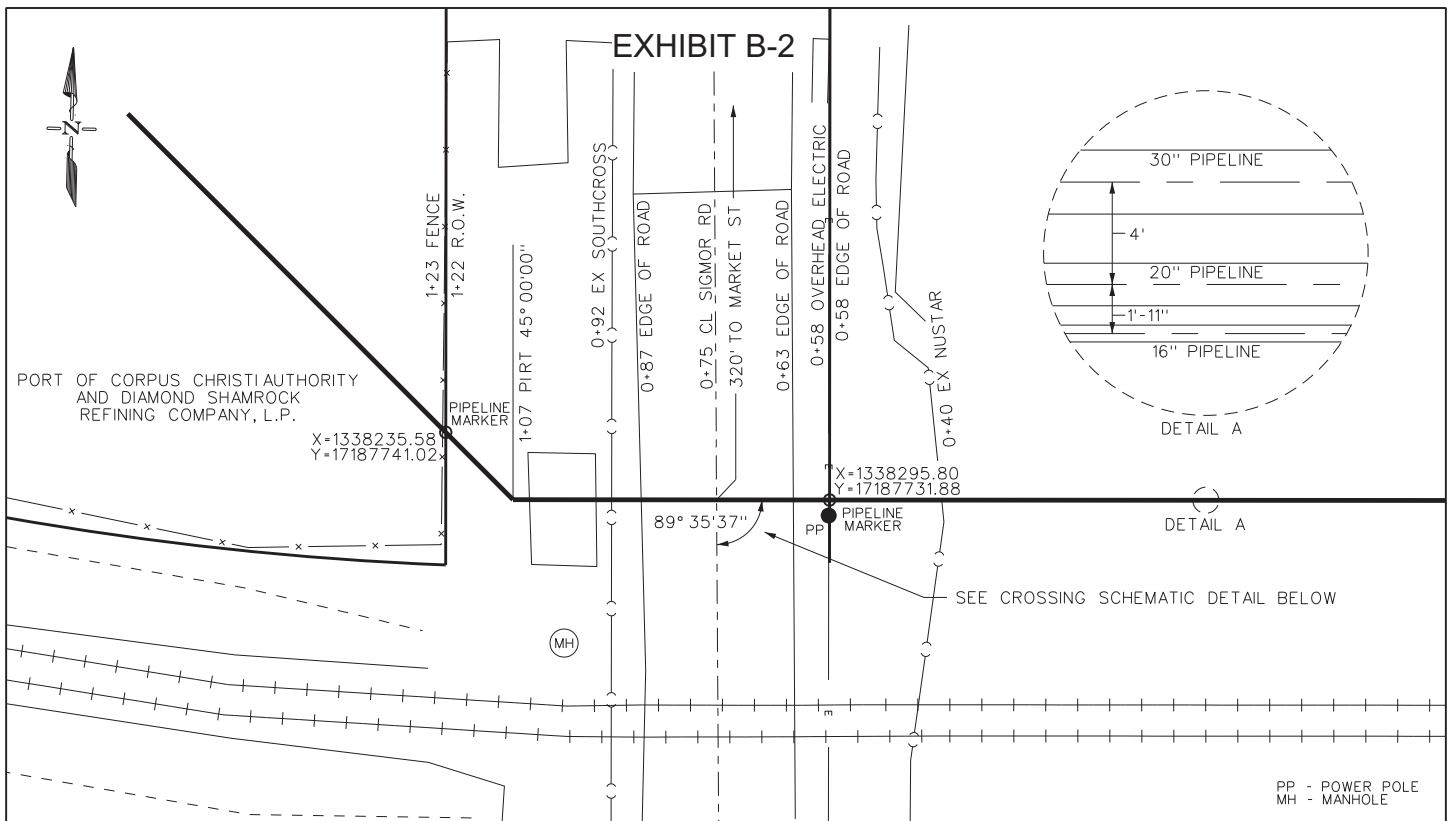


19003 IH-10 West
San Antonio, Texas 78257
Tel: (210) 918-2000
1-800-531-7911

PROPOSED ROAD CROSSING

NUECES COUNTY, TEXAS

FIRM NO. F-9183 SHEET NO. 1 OF 2



SCALE:
VERTICAL: 1" = 10'
HORIZONTAL: 1" = 30'

PIPE DATA:
30.00 X .500 X-62 w/FBE + ARO COATING
20.00 X .500 X-62 w/FBE + ARO COATING
16.00 X .500 X-62 w/FBE + ARO COATING

04-13-15 PML ADD'D CROSSING SCHEMATIC

<p>4/14/2015</p> <p>STATE OF TEXAS</p> <p>VICTOR E. FREDERICKSEN</p> <p>79728</p> <p>REGISTERED PROFESSIONAL ENGINEER</p> <p><i>Victor E. Frederickson</i></p>	DRAWN BY		G&K/GKS	02-24-15	<p>PREPARED FOR:</p> <p>NuStar</p> <p>Energy L.P.</p> <p>19003 IH-10 West San Antonio, Texas 78257 Tel: (210) 918-2000 1-800-531-7911</p>
	SCALE: NOTED				
	JOB NO: PC15-026				
	REVISION:				
PREPARED BY:		GANEM & KELLY SURVEYING, INC.		PROPOSED ROAD CROSSING	
<p>LAMAR STREET, SUITE 5 POINT COMFORT, TEXAS 77978 (361) 987-2011</p>		<p>SIGMOR ROAD (320' SOUTH OF MARKET ST)</p>		<p>NUECES COUNTY, TEXAS</p>	
<p>FIRM NO. F-9183</p>		<p>SHEET NO. 2 OF 2</p>			

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-B

**Approve Raw Water Pipeline Easement Agreement with
voestalpine Texas Holding, LLC, at the
PCCA's La Quinta Terminal Property**

Under a lease agreement dated May 1, 2013, voestalpine Texas Holding, LLC, leased a 475.52-acre tract of land located on the PCCA's La Quinta Terminal property in San Patricio County, Texas, for the construction of a \$700 million hot briquetted iron (HBI) processing plant. As construction of the HBI plant progresses, staff has been working with representatives of voestalpine and the San Patricio Municipal Water District (SPWD) to coordinate the routing and installation of a 12-inch PVC pipeline to provide raw water from SPWD's existing 42-inch raw water pipeline for process use at the HBI plant. Please see attached exhibit.

A portion of the pipeline will cross PCCA land that is located outside of voestalpine's leased premises, and voestalpine has requested that the PCCA grant them an easement for this segment of the pipeline. Staff reviewed the plans prepared by SPWD and has no objection to the routing of the pipeline across PCCA property. Accordingly, the attached Raw Water Pipeline Easement Agreement has been prepared by staff and reviewed and approved by both PCCA counsel and voestalpine counsel. The term of the easement agreement will run concurrent with the term of the voestalpine lease agreement, and no fee will be charged for the easement since it is being installed in connection with a major industrial development on PCCA land.

Staff recommends approval of the attached Raw Water Pipeline Easement Agreement with voestalpine Texas Holding, LLC.

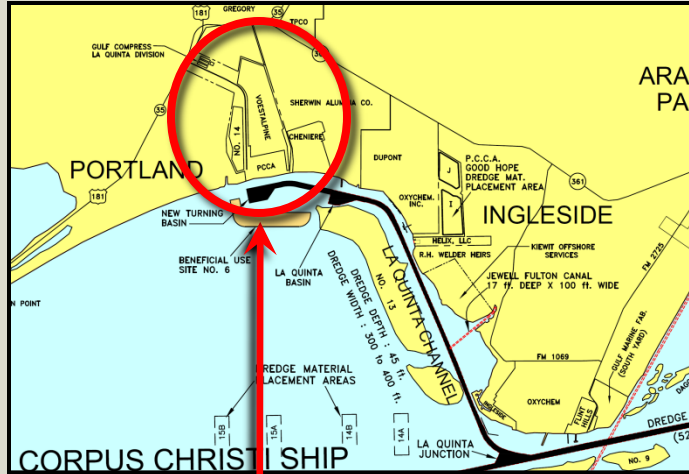
LEAD CONTACT: David Krams; 885-6134; krams@pocca.com



voestalpine Texas Holding, LLC

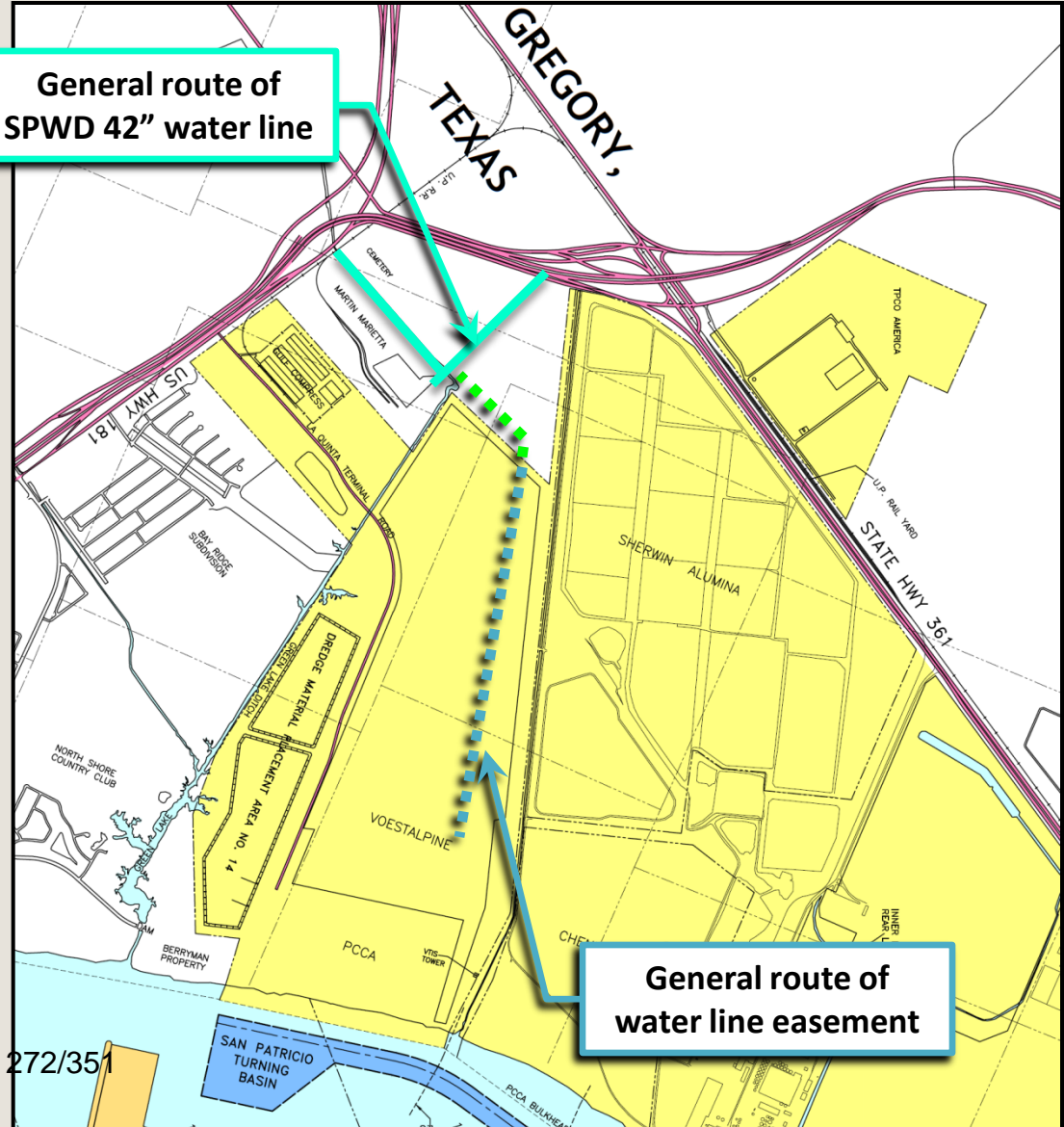
Raw Water Pipeline Easement Agreement

AGENDA ITEM NO. 17-B



**General location of
voestalpine's Lease
Premises**

**General route of
SPWD 42" water line**



**General route of
water line easement**

RAW WATER PIPELINE EASEMENT AGREEMENT

**THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF SAN PATRICIO §**

Port of Corpus Christi Authority of Nueces County, Texas, acting herein by and through its Port Commissioners hereunto duly authorized (hereinafter called "Authority") for good and valuable consideration as described below, and including the covenants and conditions herein made and provided to be kept and performed by Grantee, has **GRANTED AND CONVEYED** and by these presents does **GRANT AND CONVEY** to voestalpine Texas Holding LLC, a Delaware limited liability company, whose principal address is 2800 La Quinta Terminal Rd., Portland, Texas 78374, (hereinafter called "Grantee"), a non-exclusive right-of-way and easement (the "Pipeline Easement") on and through the Authority's land located in San Patricio County, Texas, for the purpose of constructing, laying, operating, maintaining, repairing, replacing and removing one (1) twelve (12) inch diameter pipeline (the "Pipeline") for the uses herein set out upon, over and across the Pipeline Easement hereby granted, together with such valves, fittings, meters and other equipment and appurtenances as may be necessary for such purposes; provided, however, any valves, fittings, meters and other equipment and appurtenances that will be above ground must be approved in writing by the Authority in advance of installation of same. Either the Authority or Grantee may individually be referred to herein as a "Party" or jointly as the "Parties".

The Pipeline Easement is described on Exhibit A and depicted on Exhibit B attached hereto, which are incorporated herein by reference for all purposes. During the period of initial construction of the said Pipeline and during any subsequent periods of maintenance, repair or removal of the Pipeline, the Grantee shall have the right to use Authority's lands adjacent to the Pipeline Easement, to the extent such space is available and can be safely used by the Grantee for such purposes, for working space on either side of the Pipeline Easement. The period of initial construction of the Pipeline will terminate sixty (60) days after Grantee actually completes construction, or one year from the date hereof, whichever occurs first. In the event construction of the Pipeline is not commenced within one year from the date hereof, this Raw Water Pipeline Easement Agreement ("Agreement") and the Pipeline Easement will terminate, unless the period for commencement of construction is extended beyond one year by Authority. The Pipeline shall be used for the transmission of raw or untreated fresh water only.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns, the rights and privileges hereby conveyed for so long as Grantee continues to lease the adjoining tracts of land described in separate lease agreement by and between the Authority and the Grantee dated effective as of the 1st day of May 2013, as amended, (the "voestalpine HBI Plant Site Lease") and more particularly defined in such voestalpine HBI Plant Site Lease as the "HBI Plant Site", ending upon the termination or expiration of the voestalpine HBI Plant Site Lease, subject to the exceptions and reservations herein set forth, and upon the following covenants and conditions which are a part of the consideration for this grant, which covenants and conditions are and shall be construed as covenants

San_Pat_Raw_Water_LQ_Easement voes 11
voestalpine Texas Holding LLC
04/21/2015
WL 290890
{H0051152.1}

running with the land, and which covenants and conditions by its acceptance hereof Grantee covenants and agrees to keep and perform.

This Pipeline Easement is granted subject to the following:

- A. Number and Size of Pipelines. Only one (1) pipeline may be placed in the Pipeline Easement; the nominal inside diameter of the pipeline placed in the Pipeline Easement shall not exceed twelve inches (12”).
- B. Fee. Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed by the Authority.
- C. Access. The rights of ingress and egress hereinabove referred to in Grantee shall be confined to the Pipeline Easement and Grantee shall not have the right to cross Authority's adjacent land, store materials or equipment on Authority's adjacent land, or conduct any of Grantee's operations on Authority's adjacent land, unless the prior consent of the Authority is obtained in writing, which consent will not be unreasonably withheld, conditioned or delayed. Except in the case of an emergency, Grantee agrees to notify the Authority not less than seventy-two (72) hours prior to Grantee's employees, agents or contractors entering upon the Pipeline Easement for construction, maintenance, repairs or other operations. In the case of an emergency, necessitating entry upon the Pipeline Easement by Grantee, its employees, agents or contractors without first giving at least seventy-two (72) hours prior notice to Authority, Grantee agrees to notify the Authority of the nature and extent of any such emergency within twenty-four (24) hours after any such entry.
- D. Construction, Maintenance and Use. Grantee as a condition precedent to Grantee's right to enter upon and otherwise access the Pipeline Easement for construction purposes, shall furnish Authority all “issued for construction drawings” provided to its construction contractors for the construction of the Pipeline, as well as, any subsequent revisions thereto applicable to the Pipeline Easement (the “Issued For Construction Drawings”). Grantee is not permitted to enter upon the pipeline easement for construction purposes until Grantee has provided Authority with a current set of Issued For Construction Drawings and Authority has furnished Grantee with written approval of such plans, which approval shall not be unreasonably withheld or delayed. Grantee shall furnish Authority, upon completion of the installation of each pipeline in the Pipeline Easement, an as-built drawing of the Pipeline in the Pipeline Easement including XYZ coordinates to be taken at a minimum of every five feet (5') along the Pipeline, and will furnish Authority an as built drawing of any subsequent modification of the location of the Pipeline.

Grantee in accepting this Agreement acknowledges that the Authority has granted access and drainage easements to other parties at various locations crossing the Pipeline Easement and that the Authority may grant additional access and drainage easements in the future or may construct access and drainage facilities for its own use on, over and across the Pipeline Easement, provided that such grants shall not materially interfere with the rights granted herein subject, however, to the relocation provisions in paragraph K of this agreement. Grantee shall coordinate the installation, maintenance,

San_Pat_Raw_Water_LQ_Easement voes 11
voestalpine Texas Holding LLC
04/21/2015
WL 290890
{H0051152.1}

repair and removal of the Pipeline and as reflected on the Issued For Construction Drawings, Grantee will cause sixty (60) linear feet of the Pipeline to be placed within an 18" steel casing at three different locations along the Pipeline route to protect the pipeline from damage caused by equipment and vehicles utilizing the access areas or the excavation and maintenance of drainage facilities located within the access and drainage areas.

No boring pit or receiving pit may be placed in the Pipeline Easement. All backfill placed in the Pipeline Easement must be compacted so as to prevent settlement or erosion. Grantee shall bury the Pipeline to a depth (not less than thirty-six inches (36") deep) as is or may be reasonably required as a result of the presence on, or construction on, or adjacent to, the areas within the Pipeline Easement of any road, railroad, drainage facilities, pipeline, or pole line. In refilling any hole or ditch; Grantee must compact the subsoil to ninety-five percent (95%) of original compaction. After any construction, repair or removal, Grantee shall compact, loosen, or otherwise condition the topsoil to the degree of compaction of non-disturbed topsoil so that there will be no settling or compaction of soil and so that the land disturbed will be the same level as the surrounding lands which will maintain drainage previous to such work and prevent erosion.

Grantee shall promptly back-fill all excavations made by or for Grantee on the Pipeline Easement with top soil on top and bottom soil on bottom. Grantee shall use the double ditching method of trench construction whereby up to 18 inches of the top soil is segregated from the rest of the excavation and is used to backfill the top layers of the trench.

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

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

If during, or after completion of, construction of the Pipeline, the contamination is coming from the Pipeline, then Grantee will immediately take all steps necessary to shut down the Pipeline in the Pipeline Easement from which the contamination is coming, repair or replace the Pipeline, and restore the Pipeline Easement to the condition it was in prior to the discovery of the contamination. If the contamination is not coming from the Pipeline in the Pipeline Easement, then Grantee and Authority shall cooperate to determine the source of the contamination and advise the appropriate State and Federal agencies of the occurrence.

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

Grantee shall furnish Authority, upon completion of the installation of the Pipeline in the Pipeline Easement, with an “as-built drawing” of the location of the Pipeline and will furnish Authority with an as built drawing of any subsequent modification of the location of the Pipeline.

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

E. Reservations and Exceptions. The Pipeline Easement herein granted shall be subject to any and all easements heretofore granted by Authority to other parties which are either of record in San Patricio County or physically evident on the property. The Authority reserves the right to grant easements upon, over, under and across its property within the Pipeline Easement, and to grant rights of use, leases and easements above, below and on the surface of the Pipeline Easement, provided that such grants shall not materially interfere with the rights granted herein.

F. Indemnity/Waiver.

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

(1) “Claims” means all claims, damages (including actual, consequential, and punitive), losses, fines, penalties, liens, causes of action, suits, judgments, settlements and expenses [including court costs, reasonable 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, including property loss or damage in, on, about or adjacent to the Pipeline Easement and right of way herein granted, bodily or personal injury, sickness, disease, and/or death (including bodily or personal injury and/or death of employees of an Indemnified Person or a Grantee Party).

(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) “Grantee Parties” means the Grantee, 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 Section F, Grantee shall Defend and Indemnify the Indemnified Persons from and against all Claims resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the following matters (these Claims being referred to herein as the “Indemnified Claims”):

(1) The conduct of Grantee’s business on the Pipeline Easement and right of way herein granted;

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

(3) any bodily injury to or death of any employee of the Grantee Parties occurring in connection with constructing, installing, maintaining or removing the Pipeline; or

(4) 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 and applicable to Grantee and its operations under this Agreement, of or by any Grantee Party, including the sole, joint, concurrent, or comparative negligence of any Grantee Party in connection with or pertaining to this Agreement.

(c) Subject to the terms of subparagraph (d) below, the Indemnities, Waivers and obligation to Defend in this Section F. shall be enforced to the fullest extent permitted by applicable law for the benefit of the applicable Indemnified Persons thereof, regardless of any extraordinary shifting of risks, and even if the applicable Claim is caused by the joint, concurrent, or comparative negligence of such Indemnified 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 such Indemnified Persons was caused by the willful misconduct or sole negligence of such Indemnified Persons.

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

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

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

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

(h) If Grantee should fail or refuse, after prior written notice to Grantee that an Indemnified Person intends to make a settlement of an Indemnified Claim, to participate in the settlement of such Indemnified Claim, then the Indemnified Person may settle with the

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claimant without prejudice to the Indemnified Person's indemnity rights set forth herein, and a settlement after such notice to Grantee will constitute a settlement of the proportionate fault, including but not limited to negligence, of both Grantee and the Indemnified Person, which settlement may later be apportioned between Indemnified Person and Grantee.

(i) Grantee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance, including contractually assumed liability coverage.

(j) To the fullest extent provided by this Section F, Grantee hereby (a) 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; and (b) further, Waives all Claims against Authority, its contractors, any damage Authority, or its contractors, or the United States Corps of Engineers, or its contractors, may do to Grantee's easement or pipeline(s) in the easement as the result of any dredging, construction or repair activities related to Authority's docks or channels; provided, however, Authority or the United States Corps of Engineers must notify Grantee in writing at least thirty (30) days in advance of any such dredging, construction or repair activities. Further, the placement of any pipeline beneath Authority's operating oil docks (regardless of the depth at which the pipeline is buried) is solely at Grantee's risk, and Grantee hereby Waives any Claim it may have against Authority for any occurrence of any kind that damages Grantee's pipeline or easement.

G. Insurance.

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

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

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

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

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

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

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

Authority shall be furnished, to the attention of the Risk Manager, prior to the commencement of any work by Grantee on the Pipeline Easement, as proof of the insurance required of Grantee, a certificate or certificates of insurance (and the endorsements required in this paragraph shall be attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be approved by and on file with the Texas Insurance Commission, and acceptable to Authority as to the text in each certificate. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and Employee's Liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as additional insureds, , and (b) provide that, notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Grantee are primary coverage, but only to the extent of Grantee's defense and indemnity obligations herein, and the Authority Insurance is non-contributory. Grantee agrees that such insurance will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice to Authority, to the attention of the Real Estate Manager.

Grantee shall deliver to Authority certificates of insurance at least thirty (30) days prior to the expiration date of each 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 demand a reduction in the self-insured retention to an amount which is commercially reasonable at the time. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Grantee neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority may procure such insurance at Grantee's expense, and Authority is entitled to reimbursement from Grantee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Grantee receives Authority's notice of payment until reimbursement.

H. Waiver of Subrogation

Grantee agrees that all insurance policies required herein shall include Waivers of Subrogation in favor of Authority, but only to the extent of Grantee's defense and indemnity obligations herein,. Grantee agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this Agreement written notice of the terms of the waiver set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said

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{H0051152.1}

waiver; and Grantee 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.

I. Assignment. The rights herein granted may not be assigned without the prior written consent of the Authority, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, Authority consents to assignment of this Agreement to any corporation or other entity which is an affiliate of, and controlled by, Grantee. An affiliate, as used herein, is a person or entity which is controlled by or the controlling interest of which is owned by the same persons or entities controlling Grantee. This Pipeline Easement shall be deemed a covenant running with the land and shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. Assignment by Grantee shall not relieve Grantee from liability for the performance of the covenants and indemnities hereof, however, Grantee may request a release in connection with an assignment, and to the extent Authority accepts the financial capability of such proposed or actual assignee, in Authority's sole but reasonable judgment, Authority shall release Grantee in writing and shall thereafter look solely to such Authority-approved assignee.

J. Termination. This Agreement and all rights to use and occupy the Pipeline Easement shall terminate upon the expiration or termination of the voestalpine HBI Plant Site Lease or, once operational, if the Pipeline shall cease to be used for the transmission of raw or untreated fresh water, collectively, for any twelve (12) month period during the Term of this Agreement, or if Grantee shall at any time expressly abandon the Pipeline Easement or the use of the same for the purposes herein granted. This Agreement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate upon breach by Grantee of any of the conditions hereof and the failure of Grantee to remedy the same within ninety (90) days after Grantee's receipt of written notice from the Authority so to do, or such longer period as may be reasonably agreed by the Authority in writing if such breach is of a type or nature that cannot reasonably be cured with such 90-day period. Grantee agrees it will, within a reasonable time after the termination or expiration of this Agreement, but in any case within ninety (90) days of receipt of any written demand by the Authority, remove the Pipeline and all other equipment, facilities or appurtenances existing in the Pipeline Easement and restore the land in the Pipeline Easement to substantially the same condition in which same existed prior to the installation of the Pipeline, equipment, facilities and appurtenances. In the event Grantee fails to remove the said Pipeline, equipment, facilities and appurtenances within the above-described time period, Authority may either declare the termination of Grantee's interest in the Pipeline, equipment, facilities and appurtenances and all of Grantee's interest therein shall thereupon terminate, or, after written notice to the Grantee, the Authority may cause the Pipeline, equipment, facilities and appurtenances, or any part thereof, to be removed and disposed of, and the lands of the Authority restored, all at the cost of Grantee. In the event of a breach of the requirements of Section L ("Compliance with Authority Security Requirements"), this Agreement and all of Grantee's interest hereunder, at the option of Authority, shall forthwith terminate in the event Grantee fails to remedy the same within ten (10) days after Grantee's receipt of written notice from the Authority of such breach, or such longer period as may be reasonably agreed by the Authority in writing if such breach is of a type or nature that cannot reasonably be cured with such 10-day period, provided no such

extension shall be granted if Authority determines in its sole but reasonable discretion that Grantee's continued breach of the requirements of Section L will put persons or property at risk.

K. Relocation. The Authority may reasonably require Grantee to remove, lower or relocate the Pipeline, equipment, facilities and appurtenances situated in the aforesaid Pipeline Easement in the event the same materially interferes with or will materially interfere with: (1) the development of Authority's lands; (2) any facility, facility modification, or proposed facility of Authority, Authority Lessee or Authority Franchisee; (3) any road or proposed road, or drainage facilities; or (4) any operation or proposed operation of Authority, Authority Lessee or Authority Franchisee; The Authority may also require Grantee to remove, lower or relocate the Pipeline, equipment, facilities and appurtenances situated in the aforesaid Pipeline Easement in the event the same materially interferes with or will materially interfere with any railroad or proposed railroad under which the Pipeline passes. In the event Authority requires Grantee to remove, lower or relocate pursuant to the provisions of this paragraph, the cost of such removal, lowering or relocation shall be paid solely by Grantee; and in such event (and to the extent reasonably possible), Authority will provide Grantee with an alternate Pipeline Easement on Authority's land at no additional cost to Grantee.

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

M. Notice. All notices, demands, or requests from Grantee to Authority shall be given to Authority, to the attention of the Real Estate Manager, P. O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All notices, demands, or requests from Authority to Grantee shall be given to Grantee at 2800 La Quinta Terminal Rd., Portland, Texas 78374, Attention: Legal Department, or at such other address as Grantee shall request in writing.

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

[The signature and acknowledgment pages follow this page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the dates provided in the acknowledgments below, to be effective for all purposes as of the 21st day of April, 2015.

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

By: _____

John P. LaRue
Executive Director

“Authority”

voestalpine Texas Holding LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

"Grantee"

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of April, 2015, by JOHN P. LaRUE, Executive Director of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of the Port Authority.

NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS §
 §
COUNTY OF SAN PATRICIO §

This instrument was acknowledged before me on the _____ day of April, 2015, by _____, _____, and _____, _____ of voestalpine Texas Holding LLC, a Delaware limited liability company, on behalf of the company.

NOTARY PUBLIC, STATE OF TEXAS

EXHIBIT A

STATE OF TEXAS COUNTY OF SAN PATRICIO

Field Notes of a 0.421 acre Utility Easement out of a 475.52 acre tract of land out of a called 930.28 acre tract known as "Tract II" in "Exhibit A", said 930.28 acre tract being a portion of a called 1089.34 acre tract described in a deed to the Port of Corpus Christi Authority of Nueces County, Texas, as recorded in Document No. 1998005467, Official Public Records Nueces County, Texas and being out of a called 2496.66 acre tract as described in a deed recorded in Volume 458, Page 469, Deed Records San Patricio County, Texas, also being out of Portions of the T.T. Williamson Surveys, Abstracts 286 – 289 and the J. Gerraghty Survey, Abstract 139, all being in San Patricio County, Texas. Said 0.421 acre tract being more particularly described as follows:

COMMENCING at a 5/8" iron rod found for the northernmost interior corner of the said 1089.34 acre tract, **THENCE** North 70°27'34" West, a distance of 175.91 feet to a point on the north line of the said 1089.34 acre tract, for the northeast corner of this survey, and for the **POINT OF BEGINNING**.

THENCE with the north property line of the said 1089.34 acre tract, North 70°27'34" West, a distance of 12.56 feet to point on the north line of the said 1089.34 acre tract, for the northwest corner of this easement.

THENCE South 17°43'20" East, a distance of 1835.49 feet to a point for the southwest corner of this easement.

THENCE North 72°16'40" East, a distance of 10.00 feet to a point for the southeast corner of this easement.

THENCE North 17°43'20" West, a distance of 1827.88 feet to the **POINT OF BEGINNING** of this survey, and containing 0.421 acres of land, more or less.

Notes:

- 1.) Bearings are based on Global Positioning System NAD 83 (93) 4205 Datum.
- 2.) A Map of equal date accompanies this Metes and Bounds description.

I, Ronald E. Brister do hereby certify that this survey of the property legally described herein is correct to the best of my knowledge and belief.

Ronald E. Brister

Ronald E. Brister, RPLS No. 5407
Date: March 3, 2015.



Job No. 15261

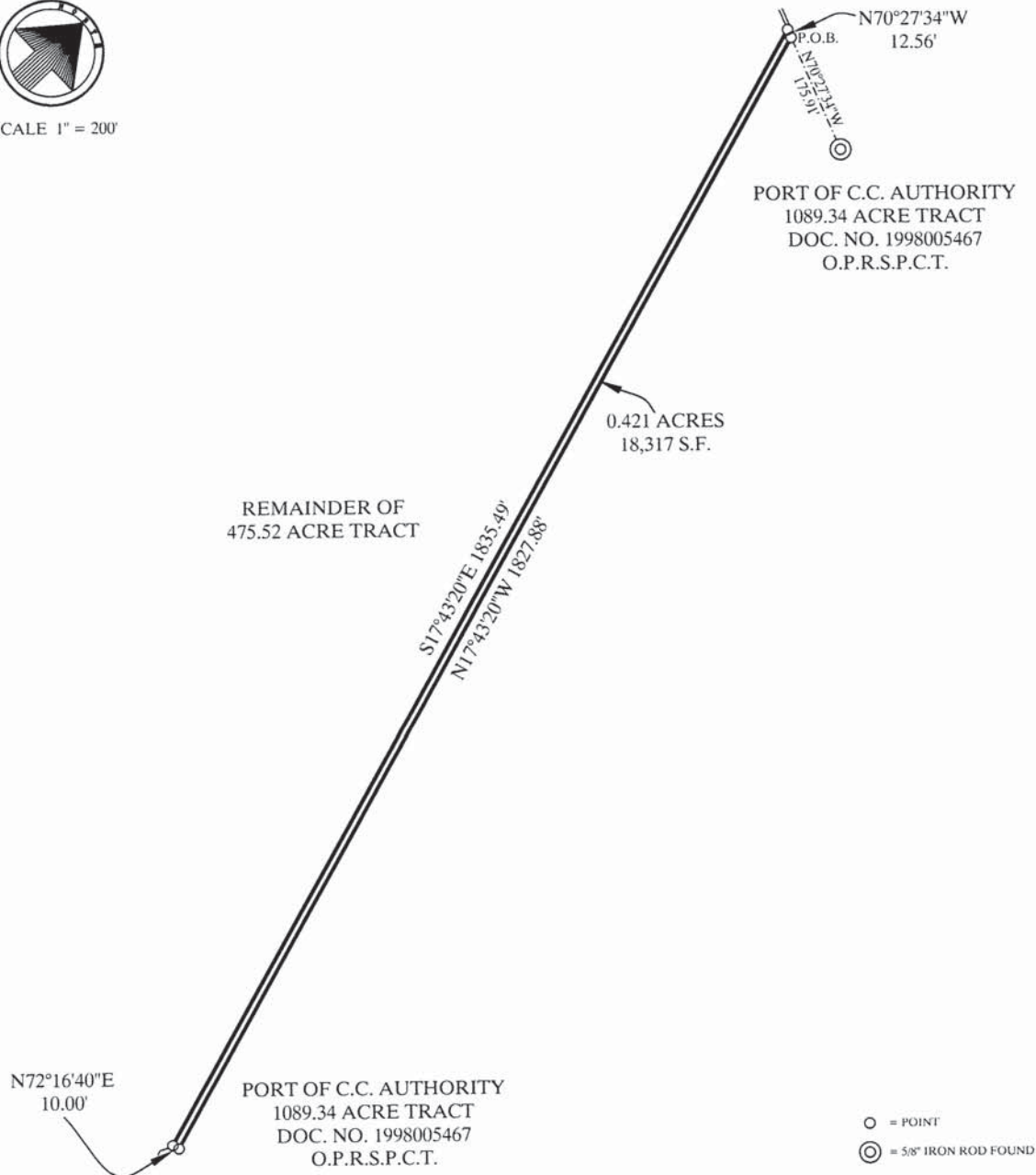
EXHIBIT B

SURVEY OF

A 0.421 ACRE UTILITY EASEMENT OUT OF A 475.52 ACRE TRACT OF LAND OUT OF A CALLED 930.28 ACRE TRACT KNOWN AS TRACT II IN "EXHIBIT A", SAID 930.28 ACRE TRACT BEING A PORTION OF A CALLED 1089.34 ACRE TRACT DESCRIBED IN DEED TO THE PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, AS RECORDED IN DOCUMENT NO. 1998005467, OFFICIAL PUBLIC RECORDS NUECES COUNTY, TEXAS AND BEING OUT OF A CALLED 2496.66 ACRE TRACT AS DESCRIBED IN A DEED RECORDED IN VOLUME 458, PAGE 469, DEED RECORDS SAN PATRICIO COUNTY, TEXAS, ALSO BEING OUT OF PORTIONS OF THE T.T. WILLIAMSON SURVEYS, ABSTRACTS 286 - 289 AND THE J. GERRAGHTY SURVEY, ABSTRACT 139, ALL BEING IN SAN PATRICIO COUNTY, TEXAS.



SCALE 1" = 200'

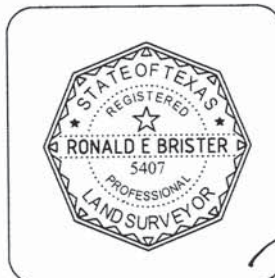


Brister Surveying

4659 Everhart Suite 100
Corpus Christi, Texas 78411
Off 361-850-1800
Fax 361-850-1802
Bristersurveying@corpus.twcbs.com
Firm Registration No. 10072800

BY GRAPHIC PLOTTING ONLY, THIS PROPERTY IS LOCATED WITHIN ZONE C AS DEFINED BY THE FEDERAL EMERGENCY MANAGEMENT MAPS. COMMUNITY PANEL 485506 0418 C
DATED MARCH 18, 1985
AND ☐ IS ☒ IS NOT LOCATED IN A DESIGNATED 100 YEAR FLOOD ZONE.

SURVEY DATE MARCH 3, 2015



NOTES:

- 1.) TOTAL SURVEYED AREA IS 0.421 ACRES.
- 2.) MEASURED BEARINGS ARE BASED ON GLOBAL POSITIONING SYSTEM NAD 83 (93) 4205 DATUM.
- 3.) A METES AND BOUNDS DESCRIPTION OF EQUAL DATE ACCOMPANIES THIS MAP.

THIS SURVEY DOES NOT INCLUDE THE RESEARCH, INVESTIGATION, OR LOCATIONS OF ALL SERVITUDES, EASEMENTS, RIGHT OF WAYS, OR UTILITIES ON THIS PROPERTY.

I, RONALD E. BRISTER DO HEREBY CERTIFY THAT THIS SURVEY OF THE PROPERTY LEGALLY DESCRIBED HEREIN IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Ronald E. Brister

RONALD E. BRISTER R.P.L.S. NO. 5407

JOB NO. 15261

DATE: April 21, 2015**FROM:** John LaRue; 885-6189; john@pocca.com***AGENDA ITEM NO. 17-C*****Approve Easement Agreement with AEP Texas Central Company for the Relocation of a Power Line Located at the M&G Resins USA, LLC Site**

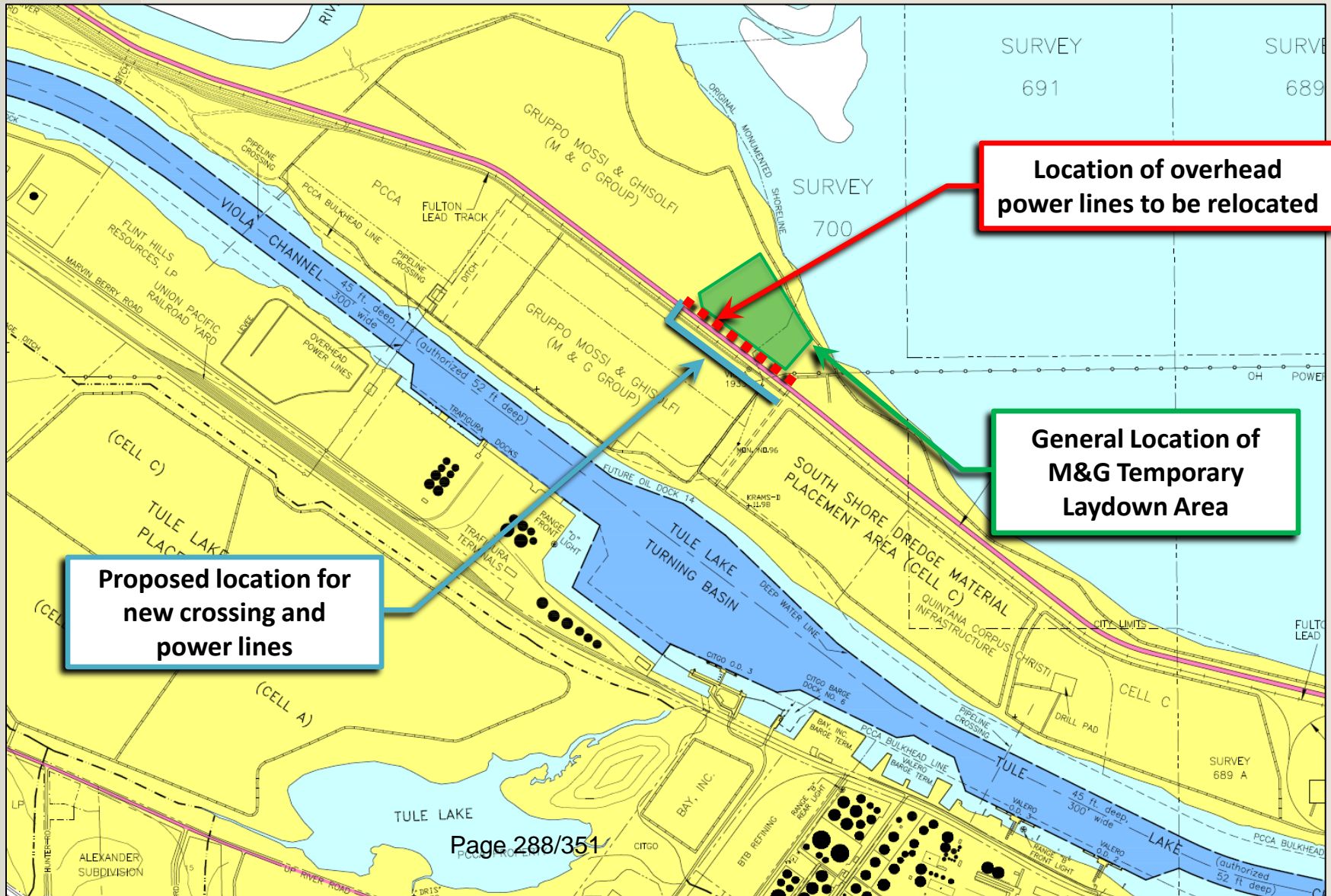
M&G Resins USA, LLC, is progressing with the construction of its \$1 billion plastics plant on the north side of the Viola Channel and is in the process of constructing a stabilized construction laydown area located on the north side of the Joe Fulton International Trade Corridor as depicted on the attached exhibit. The laydown area will be used for the staging of components and materials to be installed at the plant site which is located on the south side of the Fulton Corridor. Some of the components are very large and will arrive by way of ships to be offloaded at the Bulk Terminal and transported to the laydown area by way of the bulk terminal roads and the Fulton Corridor. Once the components are needed, they will be moved from the laydown area to the plant site. The existing overhead electric distribution lines in the vicinity of the laydown area present an obstruction to the movement of these large components and M&G has requested that AEP Texas Central Company, the owner of the electric distribution lines, relocate sections of the electric distribution lines from the north side to the south side of Fulton Corridor and to place the relocated sections underground as shown on the attached exhibit.

M&G has agreed to pay for all costs of the relocation; however, AEP is requesting that the PCCA grant a new easement for the new crossing as a condition of the relocation. Accordingly, the attached Easement and Right-of-Way agreement was prepared by representatives of AEP for approval and execution by the PCCA. Because these easement agreements are being granted to facilitate a major development project benefiting the PCCA, there will be no fee charged.

Staff recommends approval of the Easement and Right-of-Way Agreement with AEP Texas Central Company.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

AEP Easement at M&G Resins USA, LLC



(CORP) CP 460-OH/UG REV. 05/12

Town: Corpus Christi Description: M&G Overhead Relocation across from JFC @ 7001 Joe Fulton International Trade Corridor
County: Nueces W.R. # _____ Submitted by: rcm Date: 04/15/2015

EASEMENT AND RIGHT OF WAY

PORT OF CORPUS CHRISTI AUTHORITY ("Grantor"), for and in consideration of Ten & 00/100 Dollars (\$10.00), and other good and valuable consideration to Grantor in hand paid by **AEP TEXAS CENTRAL COMPANY**, a Texas corporation, whose address is P.O. Box 2121, Corpus Christi, Texas 78403 ("Grantee") the receipt and sufficiency of which is hereby acknowledged and confessed, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY unto Grantee, its successors and assigns, a non-exclusive easement and right of way for electric distribution lines, consisting of poles made of wood, metal, or other materials, crossarms, static wires, guys, wire circuits, underground cables and conduits, communication circuits, metering equipment and all necessary or desirable appurtenances (including, but not limited to, transformers, meters, vaults, and service pedestals) over, under, across, and upon the following described land located in Nueces County, Texas, to wit:

SEE EXHIBIT "A ", ATTACHED AND MADE A PART HEREOF AND INCORPORATED HEREIN (the "Easement Area");

Together with the right of ingress and egress over, under, across and upon the Easement Area and Grantor's adjacent land for the purpose of constructing, operating, reconstructing on poles or burying and replacing underground cables and conduits (including necessary ditching and backfilling), enlarging, inspecting, patrolling, repairing, maintaining, upgrading and removing said lines, circuits, underground cables and conduits, poles, wires and appurtenances; which lines shall maintain a minimum clearance of 36 feet at the lowest point of the conductor; the right to relocate along the same general direction of said lines, cables, and conduits; and the right to remove from the Easement Area all structures, obstructions, and trees and parts thereof, using generally accepted vegetation management practices, (whether from the Easement Area or that could grow into the Easement Area) which may, in the reasonable judgment of Grantee, endanger or interfere with the safe and efficient operation and/or maintenance of said lines, cables, conduits or appurtenances or ingress and egress to, from or along the Easement Area.

Grantor reserves the right to use the Easement Area subject to said Easement and Right of Way in any way that will not interfere with Grantee's exercise of the rights hereby granted. However, Grantor shall not construct or permit to be constructed any house or other aboveground structure on or within the Easement Area containing Grantee's improvements without the express written consent of Grantee.

Upon Grantee's cessation of use of the Easement Area, or abandonment of same for a period of twelve (12) consecutive months, this Easement and Right of Way shall automatically cease and terminate, and the rights herein granted shall revert automatically to Grantor. Upon written request received from Grantor, within sixty (60) days of termination of this Easement, Grantee will file a document releasing the Easement and Right of Way in the Real Property Records of Nueces County, Texas.

TO HAVE AND TO HOLD the above described easement and rights unto the Grantee, its successors and assigns for so long as this agreement remains in force and effect. Grantor binds itself, assigns, and legal representatives to warrant and forever defend all and singular the above described easement and rights unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this ____ day of April, 2015

GRANTOR:

PORT OF CORPUS CHRISTI AUTHORITY

By: _____
John P. LaRue, Executive Director

ACKNOWLEDGMENT

STATE OF TEXAS §
COUNTY OF NUECES §

This instrument was acknowledged before me on this ____ day, April, 2015, by John P. LaRue, Executive Director of the Port of Corpus Christi Authority.

Notary Public, State of Texas

Commission Expires: _____

AFTER RECORDING, PLEASE RETURN TO:

AEP
% Distribution Right-Of-Way Agent
P.O. Box 2121
Corpus Christi, Texas 78403

EXHIBIT "A"



DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-D

Approve a Service Order with WKMC Architects, under its Professional Services Master Agreement, for Additional Coordinating Architect Services Associated with the Proposed PCCA Office Facility at the Ortiz Center

In June 2014, the PCCA retained WKMC Architects as a coordinating architect and owner's representative to assist the PCCA in planning, developing, designing, and constructing the PCCA's new office facility. The initial service order for \$90,000 was for WKMC to develop and define a draft program of requirements for the new facility, conduct conceptual sites studies, and assist PCCA staff in the development of a Draft Request for Qualifications to attract responses from potential architectural design firms.

In addition to the original scope of services described above, staff requested that WKMC provide information on the process and cost associated with Leadership in Energy and Environmental Design (LEED) or other "sustainable" design programs, cost impacts associated with different sites, construction and layout options, and options for expanding the existing Security Command Center as opposed to co-locating security in the new office facility. In order to keep the project moving forward, staff negotiated a service order with WKMC Architects to provide these additional services for a not-to-exceed amount of \$30,000.

Staff recommends approval of an additional service order with WKMC Architects Inc., under its existing Professional Services Master Agreement, in an amount not to exceed \$30,000 for continued professional services as the PCCA's coordinating architect for this project.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

DATE: April 21, 2015**FROM:** John LaRue; 885-6189; john@pocca.com***AGENDA ITEM NO. 17-E*****Approve a Purchase Order with Richmond Engineering Works, LLC,
for Design Services for the Replacement of the Gantry Crane Operator's Cab**

The gantry crane at Bulk Dock 1 is used primarily to unload dry bulk materials from ships and barges; the primary commodity currently being unloaded is barite. To operate the crane, operators are positioned in a cab that is supported from the crane's boom, which allows them to see into a ship's hold to better position the crane's bucket. See attached exhibit. The existing cab needs to be upgraded to provide more efficient operations, improve operator visibility, and increase comfort for the operator. The 2015 budget included \$300,000 for the replacement of the operator's cab on the gantry crane. The last upgrade was performed in the early 1990s, and at that time, the cab design was changed from a fixed cab to a movable cab—that is, one that could be positioned at various locations along the boom. This movable cab option is rarely used, as the cab typically stays in the far outboard position. In addition to providing a new cab with modern features, the proposed upgrade will revert back to a fixed position cab. A few of the new cab features will include the use of joysticks instead of lever controls, insulation for improved climate control, and a second “jump seat” to facilitate new operator training. Cameras and monitors will also be installed to provide the operator more visibility for operations regardless of the cab position.

Richmond Engineering Works, LLC, submitted a proposal in the amount of \$118,435 for the design of the new operator's cab on the gantry crane. This will include complete mechanical and structural analysis, electrical interface with the new PLC recently installed on the gantry crane, cable schedules, HVAC, lighting, and cameras. They will prepare the technical specifications and drawings for the contract documents and provide start-up and factory acceptance testing. Richmond Engineering Works, LLC, is familiar with the PCCA's gantry crane as they designed the new DC drives and PLC system on the gantry a few years ago and fully understands the electrical interface between the cab and PLC.

Staff recommends that a professional services purchase order be issued to Richmond Engineering Works, LLC, in the amount of \$118,435 for the design and start-up services related to a new operator's cab on the gantry crane. Staff further recommends that the Director of Engineering Services be granted an 8% contingency should it be needed.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

Design of a New Gantry Crane Operator's Cab

**AGENDA ITEM
NO. 17-E**

Operator's Cab



DATE: April 21, 2015**FROM:** John LaRue; 885-6189; john@pocca.com***AGENDA ITEM NO. 17-F*****Award Contract to Moog Inc., the Lowest and Best Bidder
Based on Bids Received on March 31, 2015, for the
Purchase of Security Cameras and Cables under
Port Security Grant 13 – Security Maintenance/Upkeep Project**

The long-range thermal pan/tilt/zoom camera that is a component of the PCCA's Vessel Tracking Information System located at the Viola Basin area has failed. This camera was purchased approximately 10 years ago, and the original manufacturer has changed hands several times since the camera was put into service. Repair of this unit was quoted by General Dynamics at \$41,827.00 (see attachment). General Dynamics is the only source available for the repair of this equipment, and they have provided a poor turnaround time and expensive repair costs in the past. The cost to repair this equipment is greater than 50% of the cost of replacement. Therefore, staff recommends replacing this camera and migrating to FLIR thermal cameras and Moog pan/tilt platform products. FLIR is a recognized leader in thermal cameras, and Moog is a recognized leader in high performance pan/tilt platforms.

On March 1, 2015, we received one response to our Notice to Bidders (see attached Bid Tabulation). That bid was submitted by Moog Inc. in the amount of \$52,159.00; staff's estimate for the cost of this system was \$53,000.00. Moog Inc is located in Northbrook, Illinois.

Staff recommends that a contract be awarded to Moog Inc. in the amount of \$52,159.00 for the purchase of one Moog QPT-501C pan/tilt platform and one FLIR Ranger III LR thermal camera with associated software, documents, cables and connectors. All equipment comes with a one-year parts and labor warranty. This camera is compatible with existing analog monitoring and control equipment and will allow the Port to migrate to a high definition IP platform in the future. Installation will be done by Port staff. Some additional miscellaneous materials totaling less than \$1,000 will need to be purchased separately through other vendors to complete installation.

This purchase will be funded under Security Grant 13, Security Equipment Upkeep. This grant requires a 25% match; therefore, the Port will be responsible for \$13,039.75 of the camera's cost.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com.



**AGENDA ITEM
NO. 17-F**

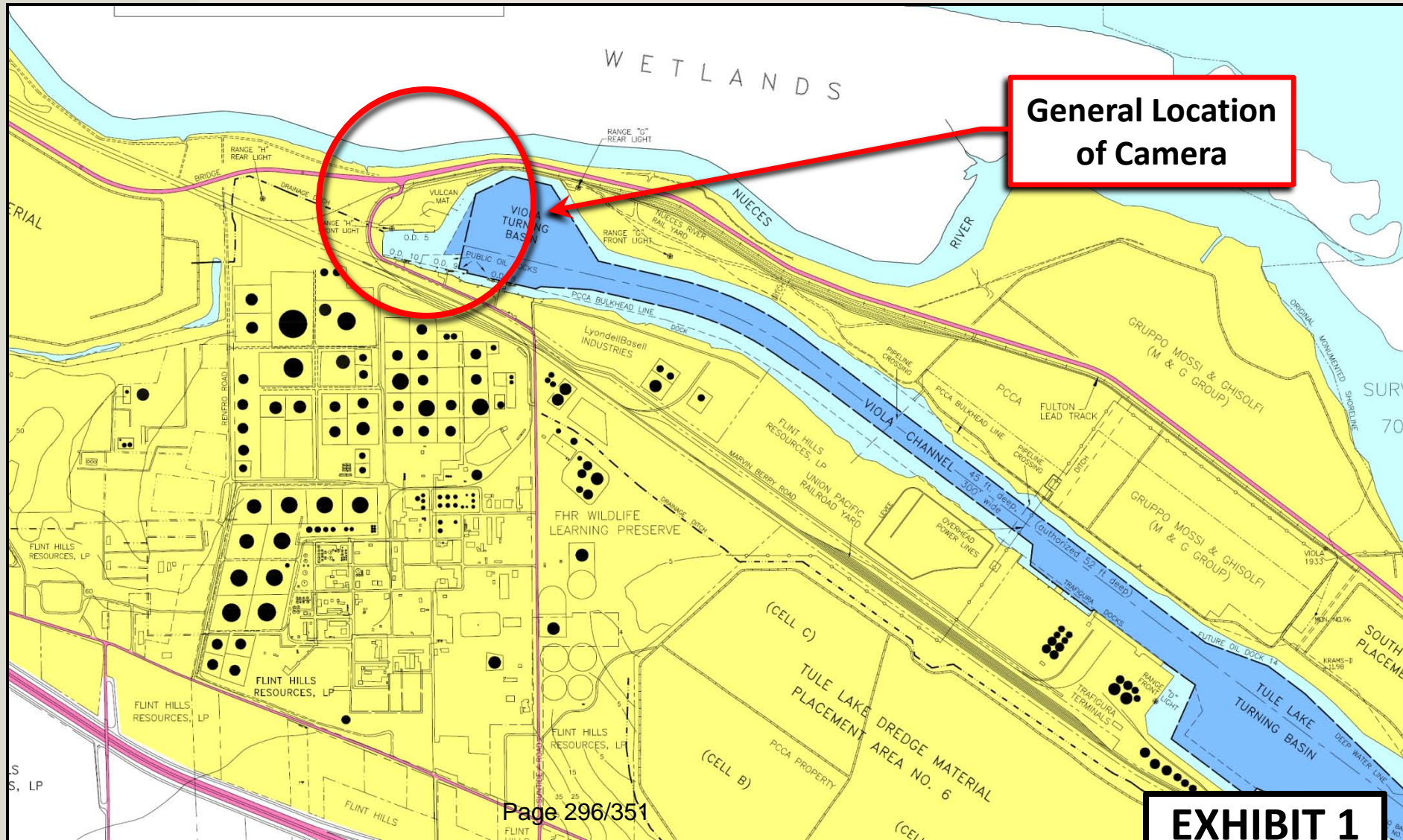


EXHIBIT 1

AGENDA ITEM NO. 17-F

PURCHASE OF CAMERA AND CABLES
PROJECT NO. 13-054B
Bid Opening: March 31, 2014 at 2:00 pm

Company Name	Bid Item 1 ^A	Time of Delivery*	Bid Item 2 ^B	Time of Delivery*
Moog, Inc.	\$7,159.00	56	\$45,000.00	56

*In calendar days

^A BID ITEM 1: Lump sum price for the purchase of one (1) MOOG 7-6100B-MWS QPT-501C Pan / Tilt Platform or approved equal.

^B BID ITEM 2: Lump sum price for the purchase of one (1) FLIR Ranger III LR Thermal Camera or approved equal.

Read By: David L. Krams, P.E.

Tabulated By: Dave Michaelson, P.E.

Checked & Prepared By: Melinda Maldonado

Date: March 31, 2015

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AGENDA ITEM NO. 17-F

December 9, 2014 REV 1

Port of Corpus Christi Authority
222 Power St.
Corpus Christi, TX 78403-1541
Attn: Bruce A. Forbes
Ph: 361-816-3603
Fx: 361-883-1893
E-mail: bruce@pocca.com

Dear Bruce:

Thank you for your request for quotation. General Dynamics Global Imaging Technologies, Inc. provides industry-leading equipment and optical solutions for thermal imaging applications. General Dynamics' proprietary design, state-of-the-art laboratories, and vertically integrated manufacturing capabilities ensure maximum performance and dependability. We are pleased to offer the following price and delivery.

Quotation#:	RMA 2882 Rev1	RMA#	2882
Description of Camera:	50/250	Part Number:	22857S2
Orig. Ship date:	12/30/2004	Serial Number:	025
Complaint:	Image is grey only.		
Hours on Sensor (if applicable):	7199.8		

EVALUATION COMMENTARY:

Cooled detector's cooler will not cool down to make video and will need to be refurbished. Voltage drops to 3.4V on boot up, caused by blown power supply board which will need to be replaced. BNC is corrected and dust cap is missing, both need to be replaced.

Actions to complete:

- Refurbish cooled detector and Install new runtime indicator
- Replace Power Supply Board
- Replace BNC Connector and Dust Cap

12/9/14 – Detector has image problems when changing sensitivity, and due to age (10 yrs) cannot be refurbished and will need to be replaced.

DESCRIPTION	QTY	TOTAL
EVALUATION (only if required repair cost below is not accepted)	<input checked="" type="checkbox"/> applicable fee	
Accessory Evaluation	<input type="checkbox"/>	\$ 450.00
Camera Evaluation	<input checked="" type="checkbox"/>	\$ 800.00
Large Camera Evaluation	<input type="checkbox"/>	\$ 1,500.00
REQUIRED REPAIRS		
Basic Block Acceptance Fee (Environmentally sealed cameras) <ul style="list-style-type: none">• Code and Firmware Update• Recalibration• Room Temperature Burn In• Nitrogen Purge and Leak Test, IP67	1	\$ 2,995.00

Page 1

This quotation is subject in all respects to the General Dynamics Global Imaging Technologies Terms and Conditions of Sale attached hereto, which are incorporated herein by reference. A copy of the Terms and Conditions of Sale must be signed by an authorized representative of buyer and returned with each purchase order submitted by Buyer in order for such purchase order to be accepted.

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TEL: 603.864.6300 • FAX: 603.864-6450 • <http://www.gd-imaging.com>

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<ul style="list-style-type: none"> • Temperature Cycling, -20° to +50°C typical • Sensor Evaluation over temperature with Pixel clean • Vibration Testing • NETD test for overall camera thermal sensitivity • Resolution test • 24 hour minimum qualification testing • Camera functionality test 			
Replace Power Supply Board-MATERIAL			\$1,001.00
Replace Power Supply Board-LABOR			\$550.00
Replace BNC Connector and Dust Cap-MATERIAL			\$56.00
Replace BNC Connector and Dust Cap-LABOR			\$275.00
Replacement of Sensor	Labor	18	\$ 4,950.00
The detector will be removed and replaced with a new sensor.	Material	1	\$ 22,000.00
TOTAL REQUIRED REPAIRS			\$ 41,827.00

☒ The commodities included within this quotation are controlled by the International Traffic In Arms Regulations (ITAR). The export of these products is subject to approval by the US Department of State.

☐ The commodities included within this quotation are controlled by the Export Administration Regulations (EAR). The export of these products may be subject to approval by the US Department of Commerce.

Notes:

1. Customer will have 60 days from the date of repair quotation to provide a purchase order for funding of repairs.
2. If no purchase order is received within 60 days, the equipment will be returned to the Customer and an invoice issued for the RMA evaluation fee and shipping and handling charges.
3. Payment by customer will be subject to GDGIT Terms and Conditions of Net 30 days.
4. A request for GDGIT to hold the equipment past 60 days pending funding approval must be made in writing and include applicable RMA number, unit description, and serial number.

DELIVERY: XX Weeks ARO

Delivery is based on the volume of work in the repair department and the program priority at the time funding is received. Quoted delivery time is estimated for this single repair only. Delivery schedule will be confirmed at the time of order acceptance.

SHIPPING: UPS Ground/ Best way unless otherwise specified.

If we may be of further assistance, please do not hesitate to contact us.

Sincerely,

Dorothy Crouch
Sr. Specialist 1 – Customer Service
General Dynamics Global Imaging Technologies, Inc.
603-864-6244

Dorothy.Crouch@gd-ais.com

GENERAL DYNAMICS
Global Imaging Technologies

Page 2

This quotation is subject in all respects to the General Dynamics Global Imaging Technologies Terms and Conditions of Sale attached hereto, which are incorporated herein by reference. A copy of the Terms and Conditions of Sale must be signed by an authorized representative of buyer and returned with each purchase order submitted by Buyer in order for such purchase order to be accepted.

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TEL: 603.864.6300 • FAX: 603.864-6450 • <http://www.gd-imaging.com>

TERMS AND CONDITIONS OF SALE

GENERAL DYNAMICS GLOBAL IMAGING TECHNOLOGIES, INC. is hereinafter referred to as the "Seller". The party identified on the face of and receiving this quotation and/or placing a Purchase Order ("Order") is hereinafter referred to as the "Buyer". Hereinafter, Buyer and Seller may be collectively referred to as the "Parties" or individually referred to as a "Party".

1. **TAXES.** Prices are exclusive of all city, state and federal excise taxes, including, without limitation, taxes on manufacture, sales, receipts, gross income, occupation, use and similar taxes. Wherever applicable, any tax or taxes will be added to the invoice as a separate charge to be paid by the Buyer.
2. **PAYMENT TERMS.** 50% deposit with purchase order and 50% before shipment. MasterCard or VISA acceptable, unless Net Cash 30-Day terms are offered to Buyer with favorable credit history upon preapproval. Minimum of one (1) bank and three (3) trade references required for approval. Credit references must be supplied to Seller within seven (7) business days after receipt of purchase order. If credit references cannot be verified by Seller prior to shipment date, terms will remain COD, MasterCard or VISA, except that Seller reserves the right to require payment in full prior to shipment. If Seller notifies Buyer that a deposit is required, no work will be started on Buyer's order until the deposit is received. All deposits must be received Net 10-Days ARO, and will be applied against the final shipment. Payment on orders totaling USD \$1,200.00 or less must be made by MasterCard, VISA, check in advance, wire transfer or COD only. If payment is not received by the due date, interest will be added at the rate of one and one-half percent (1.5%) per month (eighteen percent (18%) per year), or the maximum legal rate, whichever is less, to unpaid invoices from the due date thereof. Payment shall be made in United States currency to the address specified on the Order or invoice.
3. **DELIVERY TERMS.** Shipping dates are approximate only, and Seller shall not be liable for any loss, cost or expense incurred by Buyer if Seller fails to meet the estimated delivery schedule due to production or other delays.
4. **TITLE AND SHIPMENT.** All domestic (U.S.) shipments shall be delivered either (a) F.O.B. Seller's premises, freight collect, or (b) F.O.B. Seller's premises, freight prepaid, and in either event title and liability for loss, damage or delay shall pass to Buyer upon Seller's delivery of the goods to a carrier for shipment to Buyer. Any loss, damage or delay thereafter shall not relieve Buyer of any obligation hereunder. For international orders, shipping terms are FCA Seller's premises. Seller's performance hereunder may require prior approval of an export license by the United States Government; Seller's obligations hereunder are expressly subject to Seller obtaining such an export license satisfactory to Seller. Buyer agrees, however, that Seller retains a purchase money security interest in all Products sold by Seller to Buyer, until all amounts due to Seller have been paid in full. Buyer agrees to execute any financing statements or other documents Seller may request in order to protect Seller's security interest.
5. **WARRANTIES.** Products manufactured and sold by Seller are warranted to be free from defects in materials and workmanship under normal operation for a period of one (1) year from the date of shipment. Notwithstanding the foregoing, for sensor based products, the following warranties shall apply to the sensors: Microbolometer twelve (12) months from the date of shipment; Cooled InSb sensors, the lesser of 7,500 hours of use or twelve (12) months from the date of shipment; Cooled MCT sensors, the lesser of 10,000 hours of use or twenty-four (24) months from the date of shipment. For systems supplied with a Laser Range Finder (LRF) are subject to standard 12 month coverage or 100,000 laser events, whichever comes first. If Seller is notified in writing of such a defect in materials or workmanship prior to the expiration of such applicable period, Seller's sole and exclusive liability shall be, at its option, to repair, replace or credit Buyer's account for any such defective product which is returned to Seller during the applicable warranty period set forth above, provided that (i) Seller is promptly notified in writing upon discovery by Buyer that such product is defective with a detailed explanation of all alleged deficiencies, and (ii) such product is returned to Seller, F.O.B. Seller's premises in Nashua, New Hampshire. Seller shall have no obligation or liability to repair, replace or credit Buyer's account for any returned product determined by Seller not to be defective or to have been damaged by accident, negligence, alteration, misuse, abuse or unauthorized repair. Seller shall be responsible for the costs of shipping any warranted or replacement product back to Buyer or the end-user upon completion of a repair or replacement of a product covered by Seller's warranty. All repairs are warranted to be free from defects in materials and workmanship for a period of ninety (90) days from the date of shipment. For systems supplied with a refurbished detector, the warranty of the cooler portion shall be the lesser of 5,000 hours of use or twelve (12) months from the date of shipment. THE WARRANTIES AND REMEDIES AND THE LIABILITIES OF SELLER STATED HEREIN ARE SOLE AND EXCLUSIVE. NO EXPRESS WARRANTIES AND NO IMPLIED WARRANTIES WHETHER OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, OTHER THAN THOSE EXPRESSLY SET FORTH ABOVE WHICH ARE MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, SHALL APPLY TO PRODUCTS MANUFACTURED OR SOLD BY SELLER, AND SELLER HEREBY DISCLAIMS ALL WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS SECTION 5. NO WARRANTIES OR REPRESENTATIONS AT ANY TIME MADE BY ANY REPRESENTATIVE OF SELLER SHALL BE EFFECTIVE TO VARY OR EXPAND THE ABOVE-REFERENCED EXPRESS WARRANTY OR ANY TERMS HEREOF.
- FORCE MAJEURE.** Seller shall not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond the control of Seller, including, but not limited to, war (whether an actual declaration thereof is made or not), sabotage, act of terrorism, insurrection, riot or other act of civil disobedience, act of a public enemy, failure or delay in transportation, failure of Seller's suppliers to meet scheduled delivery, act of any government or agency or subdivision thereof, judicial action, labor dispute, accident, fire, explosion, flood, storm or other act of God, shortage of labor, fuel, raw material or machinery or technical failure where Seller has exercised ordinary care in the prevention thereof. Seller may allocate production and delivery among Seller's customers when it reasonably believes any of the aforementioned contingencies may make such action necessary.
6. **ACCEPTANCE.** This quotation may be changed or revoked by Seller at any time, and automatically expires sixty (60) days after the date issued, unless otherwise stated by Seller in writing. *Acceptance of this offer is expressly limited to the exact terms and conditions contained herein*, and no contrary, additional or different provisions, terms or conditions (whether contained in

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Global Imaging Technologies

a purchase order or otherwise) shall be binding on the Seller unless accepted by the Seller in writing. If this quotation is accepted and Buyer issues one or more purchase orders for such purpose, such issuance shall be deemed Buyer's assent to the foregoing and shall constitute Buyer's unqualified acceptance of the terms and conditions herein contained with respect to each such purchase order and all amendments and modifications issued by Buyer. In the event of any inconsistency between the terms and the terms of any purchase order or other communication between Buyer and Seller, the terms set forth herein shall prevail.

7. INSPECTION. Buyer shall inspect the products immediately on their arrival and shall within five (5) days of their arrival give written notice to Seller of any claim that the products do not conform with the terms of this quotation. If Buyer shall fail to give such notice within the specified period, the products shall be deemed to conform and Buyer shall be bound to accept and pay for the products. Buyer's notice must specify the nature and grounds of any rejection in reasonable detail. Buyer expressly waives any rights Buyer may have to reject the products or revoke acceptance after such five-day period.

8. DAMAGES; EXCLUSIVE REMEDIES. Seller's maximum liability, if any, for damages shall not exceed the purchase price paid by Buyer for the product. NEITHER PARTY SHALL BE LIABLE TO THE OTHER HEREUNDER OR UNDER ANY AGREEMENT OR CONTRACT ARISING HEREFROM OR IN CONNECTION HEREWITH FOR ANY SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR FOR LOST PROFITS, RESULTING FROM OR IN ANY MANNER RELATED TO THE PRODUCTS SOLD BY SELLER, THEIR DELIVERY, NON-DELIVERY, MANUFACTURE, DESIGN, INSTALLATION, SERVICE, USE, OR ANY INABILITY TO USE THE SAME, WHETHER SUCH DAMAGES BE CLAIMED UNDER CONTRACT, TORT OR ANY OTHER LEGAL THEORY, REGARDLESS OF WHETHER SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. CANCELLATION OR CHANGE ORDERS. No orders may be withdrawn or canceled by the Buyer, nor may they be deferred when ready, unless Seller shall have approved such cancellation or deferral in writing and Seller shall have been paid a cancellation or deferral charge of a reasonable amount acceptable to Seller. In the event Buyer shall request changes in its order after receipt thereof by Seller, it shall be responsible for all charges reasonably incurred by Seller with respect to such changes.

10. CHANGES. (a) No modifications of any orders shall be binding unless in writing and signed by both parties thereto. (b) Seller reserves the right to make changes in design or additions or improvements in its products at any time without responsibility or liability to install or provide such additions or improvements to products manufactured prior to the implementation of such change.

11. FAILURE TO PAY; COLLECTION COSTS. If Buyer is delinquent in paying any amount owed to Seller by more than thirty (30) days, then without limiting any other rights and remedies available to Seller at law or in equity, Seller may suspend production, shipment and/or delivery of any or all products purchased by Buyer and not yet delivered. If Seller retains a collection agency and/or attorney to collect overdue amounts from Buyer, all costs and expenses of collection, including, without limitation, attorneys' fees and court costs, shall be charged to Buyer for immediate payment.

12. GOVERNING LAW; VENUE; JURY TRIAL WAIVER. This quotation and all orders and acknowledgments issued in connection herewith, and the rights and obligations of Buyer and Seller thereunder, shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Virginia, without regard to principles of conflicts of law. BUYER AND SELLER EACH HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY OF ANY ACTION, PROCEEDING OR COUNTERCLAIM BASED UPON OR ARISING OUT OF THIS QUOTATION OR ANY OTHER DEALINGS BETWEEN BUYER AND SELLER RELATING TO THE SUBJECT MATTER HEREOF.

13. ENTIRE AGREEMENT. This Contract and any Attachments incorporated by reference contain the entire understanding between the Seller and the Buyer superseding all prior or contemporaneous communications, agreements, and understandings between the Parties with respect to the subject matter hereof. This Contract may not be modified in any manner except by written amendment executed by both Parties.

14. COMPLIANCE WITH LAWS. Buyer, at its sole expense, shall comply with all applicable Federal, State and local laws, executive orders, rules and regulations which may be applicable to this Order. Without limiting the generality of the foregoing, Buyer agrees to comply with all applicable U.S. export and import laws and regulations, including the International Traffic in Arms Regulations (ITAR), governing the export of technical data and the provision of defense services related to this Agreement. Buyer will not allow any re-export of Seller's technical data, hardware, software, technology, or other information furnished, without complying in all respects with all applicable U.S. Government export laws and regulations. Notwithstanding anything that may be to the contrary herein, Seller's obligations to adhere to U.S. export and import laws and regulations in its performance of this Agreement shall survive the expiration or termination of this Agreement.

15. INDEMNIFICATION. Buyer shall indemnify and hold harmless Seller and its affiliates, and its and their directors, officers, employees and customers, from and against any and all claims, losses, damages, liabilities, obligations or expenses, including reasonable attorneys' fees and expenses, to the extent arising or resulting from Buyer's act or omission or from its violation of any term of this Agreement.

16. NON-WAIVER. The failure of either party to insist or enforce in any instance strict performance of any of the terms of the contract arising herefrom or in connection herewith or to exercise any rights hereunder conferred, shall not be construed as a waiver or relinquishment to any extent of its right to assert or rely upon such terms or rights on any future occasion.

17. SEVERABILITY. Any provision contained herein that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

18. TERMINATION. Seller shall have the right to terminate this Order or any part thereof, and cancel all or any part of the undelivered portion in the event (a) of the insolvency of Buyer or Buyer's failure to pay any amount due hereunder, and/or (b) Seller is unable to obtain an export license satisfactory to Seller as provided in Section 4 above. Seller shall have no obligations to Buyer in respect to the terminated or canceled portion of this Order. If Seller terminates this Order pursuant to this Section 19, Seller shall be paid a cancellation charge of a reasonable amount acceptable to Seller, which shall be invoiced to Buyer or deducted from any deposits, advance payments or other monies that may be due from Seller to Buyer.

Page 4

This quotation is subject in all respects to the General Dynamics Global Imaging Technologies Terms and Conditions of Sale attached hereto, which are incorporated herein by reference. A copy of the Terms and Conditions of Sale must be signed by an authorized representative of buyer and returned with each purchase order submitted by Buyer in order for such purchase order to be accepted.

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TEL: 603.864.6300 • FAX: 603.864-6450 • <http://www.gd-imaging.com>

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19. BINDING EFFECT. The agreement between Buyer and Seller for the sale of Seller's products to Buyer shall inure to the benefit of and be binding upon Buyer and Seller and their successors and permitted assigns. Buyer may not assign either said agreement or any of its rights, duties, or obligations thereunder without the prior written consent of Seller, which consent may be withheld for any reason or no reason.

Acknowledged and agreed to on behalf of Buyer:

Signature: _____

Date: _____

Name: _____

Title: _____

Company: _____

RFQ/PO #: _____

Page 5

This quotation is subject in all respects to the General Dynamics Global Imaging Technologies Terms and Conditions of Sale attached hereto, which are incorporated herein by reference. A copy of the Terms and Conditions of Sale must be signed by an authorized representative of buyer and returned with each purchase order submitted by Buyer in order for such purchase order to be accepted.

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Form S33-00 GDGIT Quote_RMA Camera Rev K
Std Terms and Conditions S40-02 Revision D

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-G

**Award Contract to Applied Industrial Technologies, the
Lowest and Best Bidder Based on Bids Received on April 1, 2015,
for the Purchase of Idlers for Conveyor Belts at the Bulk Terminal**

Included in the 2015 budget is \$200,000 to purchase new conveyor rollers or idlers for the conveyor system supporting the Bulk Dock 2 ship loader at the Bulk Terminal. The original conveyor system, primarily used to convey petroleum coke, was constructed in 1985; since then, four additional conveyors have been added to enhance and expand its capabilities.

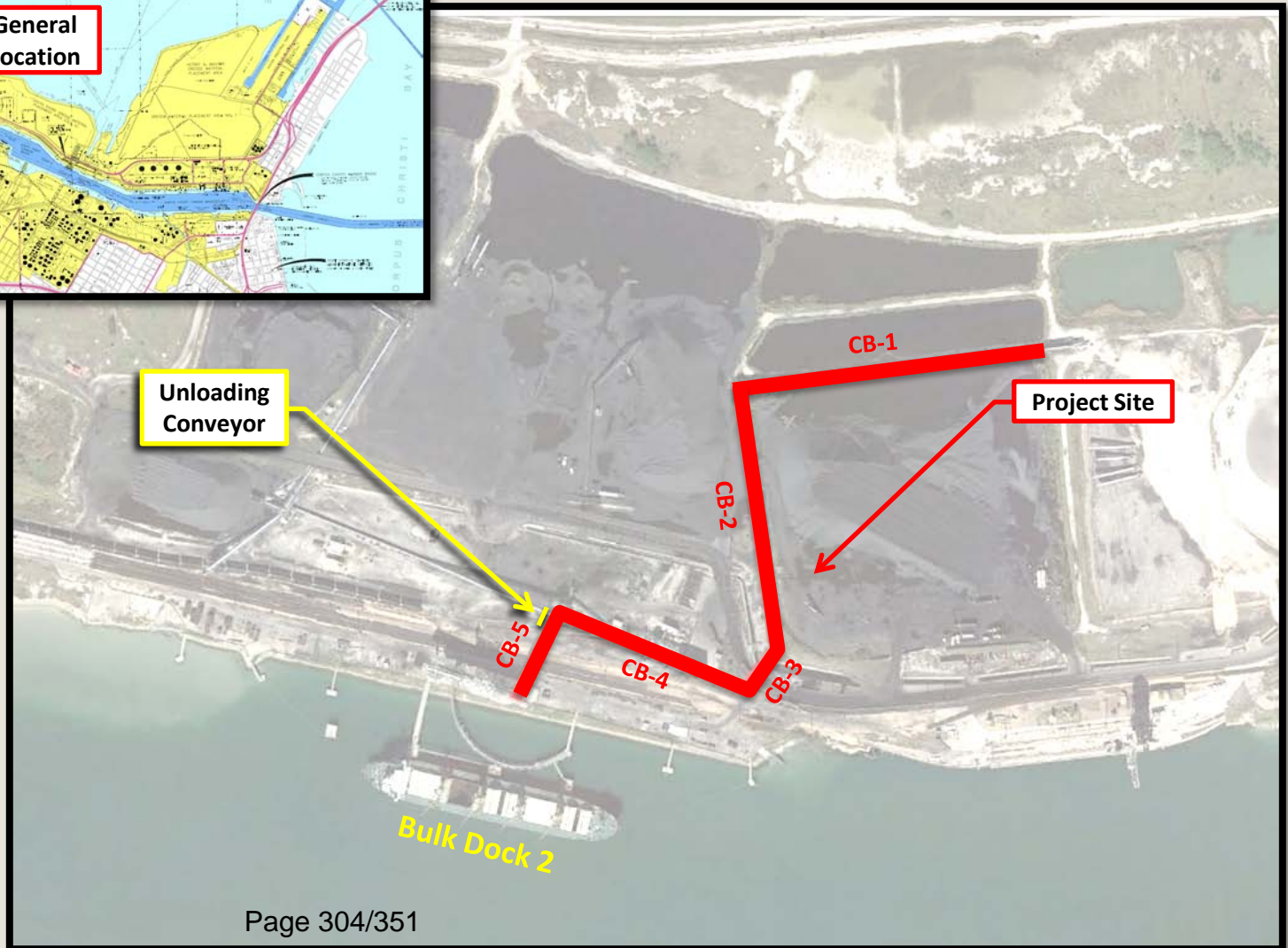
The conveyor system has experienced significant wear and tear, and though maintenance has been performed over the years, staff is recommending a system-wide replacement of the idlers over a two-year period. Conveyors belts 1, 2, 3, 4, and 5 have been selected for replacement in 2015. Belts 7, 8, and 9 as well as the ship loader idlers are scheduled to be purchased in 2016. Installation of the idlers will be done by Bulk Terminal personnel.

Staff prepared bid documents to purchase the new idlers. On April 1, 2015, we received one responsive bid for the project. The bid was submitted by Applied Industrial Technologies in the amount of \$138,641.37 for furnishing 384 new conveyor idlers with associated hardware. Applied Industrial Technologies has provided components for the Bulk Terminal many times in the past, including previously purchased conveyor idlers.

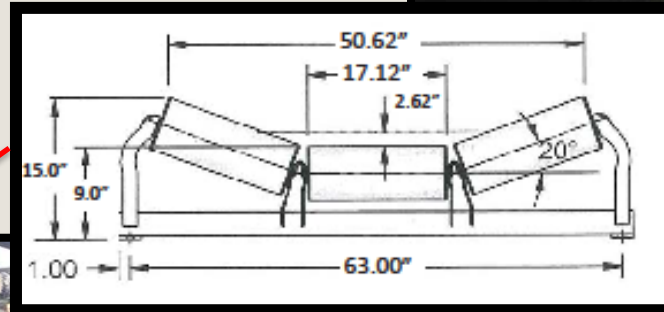
Staff recommends award of a contract to Applied Industrial Technologies in the amount of \$138,641.37 to purchase 384 new conveyor idlers for the Bulk Dock 2 conveyor belts.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

Purchase of Conveyor Idlers at the Bulk Terminal



Purchase of Conveyor Idlers at the Bulk Terminal



AGENDA ITEM NO. 17-G

PURCHASE OF CONVEYOR IDLERS
PROJECT NO. 15-033A
Bid Opening: April 1, 2015 at 2:00 pm

Company Name	Bid Item 1 ^A	Time of Delivery*	Bid Item 2 ^B	Time of Delivery*	Bid Item 3 ^C	Time of Delivery*	Bid Item 4 ^D	Time of Delivery*	Bid Item 5 ^E	Time of Delivery*	Bid Item 6 ^F	Time of Delivery*
Applied Industrial Technologies	\$40,831.50	10 wks	\$16,849.35	10 wks	\$3,177.36	10 wk	\$54,721.20	10 wks	\$9,585.20	10 wks	\$13,476.76	10 wks

*In calendar days

^A BID ITEM 1: Lump sum price for the purchase of one hundred and sixty seven (167) six inch return belt idlers for a 48" conveyor belt as described in the drawings (15033A-01).

^B BID ITEM 2: Lump sum price for the purchase of twenty one (21) six inch return belt training idlers for a 48" conveyor belt as described in the drawings (15033A-02).

^C BID ITEM 3: Lump sum price for the purchase of nine (9) five inch 20° troughed belt idlers for a 48" conveyor belt as described in the drawings (15033A-03).

^D BID ITEM 4: Lump sum price for the purchase of one hundred and fifty-five (155) five inch 35° troughed belt idlers for a 48" conveyor belt as described in the drawings (15033A-04).

^E BID ITEM 5: Lump sum price for the purchase of ten (10) five inch 35° troughed belt training idlers for a 48" conveyor belt as described in the drawings (15033A-05).

^F BID ITEM 6: Lump sum price for the purchase of twenty-two (22) six inch 35° troughed belt impact idlers for a 48" conveyor belt as described in the drawings (15033A-06).

Read By: David L. Krams, P.E.
Tabulated By: Eileen Mink, EIT
Checked & Prepared By: Melinda Maldonado
Date: April 1, 2015

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-H

**Award Contract to Haas-Anderson Construction, Ltd.,
the Lowest and Best Bidder Based on Bids Received on March 6, 2015,
for the CB-4 Rail Unloading Pad Project**

The PCCA and its tenants continue to make physical and operational improvements at the Bulk Terminal, and in the 2015 budget, the PCCA included a project to pave a 2.5-acre tract of land within the Bulk Terminal that is currently unimproved. This tract of unpaved land is located just north of Conveyor Belt 4 (CB-4) and has been used in the past to receive and handle pet coke that has been unloaded from rail cars. See attached exhibit. The CB-4 rail unloading pad project will create a durable area with proper drainage to better accommodate heavy equipment and bulk material storage. The scope of work includes the excavation and proper disposal of existing soils and materials on-site containing various products handled at this location, the installation and compaction of select fill and limestone base material, and surfacing with asphalt pavement.

On March 6, 2015, we received ten responses to our Notice to Bidders (see attached Bid Tabulation). Haas-Anderson Construction, Ltd., submitted the lowest dollar bid in the amount of \$808,451.00. Haas-Anderson Construction, Ltd., is a local contractor and has successfully performed a number of projects for the PCCA over the years.

Staff recommends a contract be awarded to Haas-Anderson Construction, Ltd., in the amount of \$808,451.00 to pave the CB-4 rail pad. Staff further recommends that the Director of Engineering Services be granted a 4% contingency in accordance with the PCCA's standard contingency guidelines for general construction projects. A separate Commission agenda item has been submitted this month for your consideration for a purchase order with Republic Services El Centro Landfill in the amount of \$350,000 for the disposal of materials around the port area, and a portion of those funds is for disposal from this project.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com



**CB-4 RAIL UNLOADING PAD
PROJECT NO. 15-044A
Bid Opening: March 6, 2015 at 2:00 pm**

Company Name	Bid Bond or Check	Base Bid ^A	Time of Delivery*	Addendum #1 Received	Addendum #2 Received
Haas-Anderson Construction, Ltd.	5% Bid Bond	\$808,451.00	90	X	X
Garrett Construction Co.	5% Bid Bond	\$819,000.00	90	X	X
RamBro Contracting, Inc.	5% Bid Bond	\$819,761.20	100	X	X
Bonco, LLC.	5% Bid Bond	\$849,304.05	90	X	X
Commercial Fence, Inc.	5% Bid Bond	\$880,151.83	150	X	X
Salinas Construction Technologies, LTD	5% Bid Bond	\$907,753.69	90	X	X
Mako Contracting	5% Bid Bond	\$908,000.00	90	X	X
A.D.S. LLC	Cashier Check \$47,52.55	\$950,851.00	60	X	
Gourley Contracting	5% Bid Bond	\$966,483.55	60	X	X
BAY LTD.	5% Bid Bond	\$1,006,523.75	60	X	X

*In calendar days

^A BASE BID: Install sediment & erosion control measures, excavate & properly dispose of existing material, install and compact select fille & limestone base material; install Tensar TX-5 geogrid, prime and tack coats, and asphalt pavement & curbs. This is a lump sum bid.

Read By: David L. Krams, P.E.

Tabulated By: Bert Perez, P.E.

Checked & Prepared By: Melinda Maldonado

Date: March 6, 2015

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-I

**Approve the Purchase of a Riding Mower
from Gulf Tractor Co.**

The PCCA's Maintenance Department currently mows PCCA properties on the north and south sides of the Inner Harbor, the Joe Fulton International Trade Corridor right-of-way, Rincon Industrial Park, Harbor Island, and the La Quinta property. Included in this year's budget is \$7,000 to replace one 60" riding mower.

Staff received the following three price quotes from local dealers to replace a 2000 Exmark Lazer Z 60" riding mower with a new 60" riding mower.

Dealership	Price	Trade-In Value	Total Price
Gulf Tractor Co.	\$7,050.00	\$750.00	\$6,300.00
Lawn & Garden Shoppe	\$7,799.95	\$0.00	\$7,799.95
Garden Equipment Sales, Inc.	\$10,679.00	\$1,000.00	\$9,679.00

Gulf Tractor Co. provided the best quote for the purchase of a new Snapper Pro S200XT 60" riding mower. The Gulf Tractor Co. dealership is located in the Corpus Christi area and has furnished multiple tractor mowers to the PCCA in the past.

Staff recommends that a purchase order be awarded to Gulf Tractor Co. in the amount of \$6,300 for the purchase of a Snapper Pro S200XT 60" riding mower.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

Purchase of Riding Mower

Proposed Mower



DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-J

**Approve Change Order to Construction Contract with
Diamond K Services Inc. for the 2015 Inner Harbor Railroad
Upgrades and Improvements Project for Drainage Improvements**

On July 8, 2014, the Port Commission approved a contract with Diamond K Services, Inc. in the amount of \$3,113,047.83 to perform rail track upgrades and improvements at numerous sites in and around the Bulk Terminal. These improvements included replacement of older deteriorated rail, rail hardware, timber cross ties, and fouled ballast.

A major contributor to the deterioration of rail track and ties is poor drainage. Major rain events occurred during the process of rehabilitating the Bulk Dock 2 storage tracks' portion of the project, which exposed a problem with the adjacent track drainage ditch. The ditch was not adequately conveying rain runoff. Upon further evaluation, staff discovered that the adjacent ditch was filled with silt and the top slope had been dammed off by the accumulation of soil, further preventing proper drainage.

In coordination with Diamond K, staff developed a plan to remove siltation buildup in the 1,300 linear feet of ditch and reestablish the original design grades and to remove the soil buildup on the slope to allow for surface runoff to drain into the ditch. Site access conditions are constricted, and the soft soils in the area make it difficult to work efficiently; therefore, special hauling trucks will be required. Staff negotiated a final scope and change order for this additional work at a cost of \$84,154.00. The project is nearly complete and there is sufficient contingency funds remaining that were approved by the Commission when the project was originally awarded.

Staff recommends approval of the attached change order with Diamond K Services Inc. for drainage improvements in the amount of \$84,154.00 for the 2015 Inner Harbor Rail Upgrades and Improvements project.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com



CHANGE ORDER

Change Order No. 2

Date: April 21, 2015

Page: 1 of 2

PROJECT: Inner Harbor Rail Upgrades and Improvements
PROJECT NUMBER: 14-016A
CONTRACTOR: Diamond K Services, Inc.

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: \$ 84,154.00
 Increase in Contract Time: 20 days

Original Contract Amount: \$ 3,113,047.83
 Total Amount of Previous Change Orders: \$ 10,011.48
 Amount of this Change Order: \$ 84,154.00
 Revised Contract Amount: \$ 3,207,213.31

Notice to Proceed Date: August 13, 2014
 Original Contract Time: 212 days
 Previous Changes in Contract Time: 34 days
 Calendar Days for this Change Order: 20 days
 Revised Contract Time: 266 days
 Required Completion Date: May 6, 2015

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 Diamond K Services, Inc. as signed by their duly authorized representatives below.

Port of Corpus Christi Authority

Diamond K Services, Inc.

By: _____
 Jacob Morales, P.E.
 Senior Project Engineer

By: _____
 Jim Kuecker
 President

By: _____
 David L. Krams, P.E.
 Director of Engineering Services

Date: _____

Date: April 21, 2015

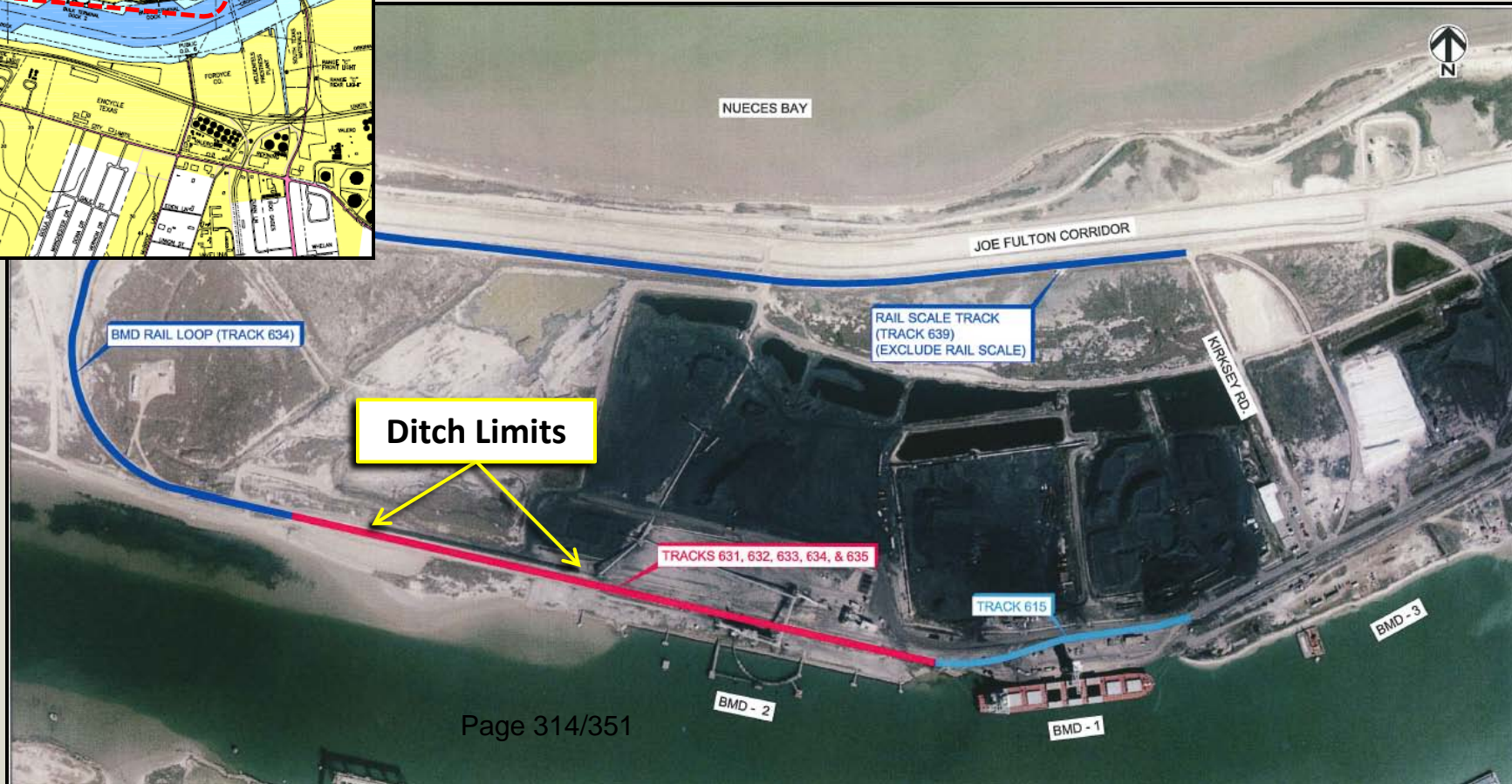


PROJECT: Inner Harbor Rail Upgrades and Improvements
PROJECT NUMBER: 14-016A
CONTRACTOR: Diamond K Services, Inc.

1. Additional work to re-establish flow line and slope grades for approximately 1,300 LF of drainage ditch that has silted in and caused poor drainage condition for Bulk Terminal storage tracks west of CB-9. Work generally consists of surveying and establishing required flow line and slope grades, removal of sediment and vegetation to required grades and limited disposal of material and hauling. This change order does not include off-site hauling and disposal.

Increase	\$	84,154.00
Increase		20 days

TOTAL INCREASE IN CONTRACT PRICE	\$	84,154.00
TOTAL INCREASE IN CONTRACT TIME		20 Days



Ditch Limits and Current Condition

Approx. 1,300 LF Ditch



Poor drainage
after rain event



View of Ditch
(Standing on east end
looking west)



Soil build-up
damming
surface
runoff



DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 17-K

Approve Purchase Order with Republic Services El Centro Landfill for Disposal of Wastes Generated During PCCA Construction Projects

The PCCA typically generates small quantities of routine materials that require disposal throughout the year. In addition to these, several construction projects will occur in 2015 that will also generate various amounts of material for disposal, including a number of projects at the Bulk Terminal, such as the PCCA's road extension projects associated with recent tenant improvements and the paving of the storage pad area adjacent to CB-4 being recommended for contract award this month. In addition, staff anticipates that the excavated material associated with the routine maintenance of the PCCA's storm water systems will also require disposal.

The total estimated cost for disposal of these projects is \$350,000, consisting of \$250,000 for the Bulk Terminal projects, \$50,000 for the various routine stockpile management projects, and \$50,000 associated with storm water system management.

In order to cover the cost of disposal for these projects, staff recommends approval of a purchase order in the amount of \$350,000 with Republic Services El Centro Landfill. Since this landfill contract is necessary to preserve and protect the public health and/or safety of the residents of Nueces and San Patricio Counties, it is exempt from the usual competitive bidding requirements.

LEAD CONTACT: David Krams; 885-6134; krams@pocca.com

DATE: April 21, 2015

FROM: John LaRue; 885-6189; john@pocca.com

AGENDA ITEM NO. 18

EXECUTIVE DIRECTOR'S REPORT



Port of Corpus Christi Authority

Monthly Safety Data Report
March 2015

Safety	POCCA Employees Total		BMD Personnel		Maintenance Personnel		PD Personnel		Admin. & Annex Personnel	
	Month	YTD	Month	YTD	Month	YTD	Month	YTD	Month	YTD
Number of Employees	189		23		41		50		75	
Work Hours	28,563	87,451	3,737	12,245	5,522	17,176	8,161	21,741	11,143	36,286
First Aid Cases	0	4	0	2	0	1	0	1	0	0
Recordable Injuries	0	2	0	0	0	0	0	2	0	0
Recordable Illnesses	0	0	0	0	0	0	0	0	0	0
Lost Time Cases	0	0	0	0	0	0	0	0	0	0
Number of Days Lost	0	0	0	0	0	0	0	0	0	0
Restricted Cases	0	0	0	0	0	0	0	0	0	0
Number of Days Restricted	0	0	0	0	0	0	0	0	0	0
TOTAL RECORDABLES	0	2	0	0	0	0	0	2	0	0
INCIDENT RATE (YTD)		4.57		0.00		0.00		18.40		0.00
Types of Injuries										
Slips/Trips/Falls	0	2	0	0	0	1	0	0	0	0
Struck By	0	1	0	1	0	0	0	0	0	0
Strains/Sprains	0	3	0	1	0	0	0	1	0	0
Cuts/Lacerations/Punctures	0	0	0	0	0	0	0	0	0	0
Back Injuries	0	0	0	0	0	0	0	0	0	0
Heat Stress	0	0	0	0	0	0	0	0	0	0
Insect Bites	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	0	6	0	2	0	1	0	1	0	0
Days Since Last Lost Time Case 48	Hours Since Last Lost Time Case 384		Days Since Last Recordable Injury/Illness 48				Hours Since Last Recordable Injury/Illness 384			
Date of Last Lost Time Case Thursday, February 12, 2015	Date of Last Recordable Thursday, February 12, 2015		12 Month Rolling Average							
			April 2014 – March 2015:				349,607		Manhours Worked	
			Occupational Injury/Illness Rate:				3.43			



PORT OF CORPUS CHRISTI SAFETY Communications

March 2015



Common Sense and Accident Prevention

Generally speaking, we are not born with common sense, we *acquire* it throughout life. Common sense is really common experience and we can learn about life from others' experiences as well as our own. Contrary to popular opinion, ALL workers can prevent themselves from getting hurt. The best way is to learn from others' experiences. Experts say at least 80% of industrial accidents are caused by *employee unsafe acts* and not by unsafe conditions. Although employers are required by law to provide a safe and healthful workplace, it is up to *YOU* to be aware of your work environment and follow safe work practices. Statistically, most accidents are caused by unsafe acts, such as:

- * Being in a hurry
- * Being preoccupied
- * A negative attitude
- * Failing to look for hidden hazards

Remember to stay alert for hazards and don't become one more accident statistic! You CAN do a quality job without rushing. Maintain a positive attitude and keep your mind on your work. This is common sense—something smart workers use!

Safety Incentive

First 10 employees to call, text or email the Safety Manager with what causes at least 80% of industrial accidents will have their name put into a drawing for a safety incentive. Please be sure to include YOUR NAME!!!

MARCH SAFETY SUGGESTION WINNER IS: Johnathan Reed



Safety Suggestions

Suggestion 1. Safety Driver Luminator Grain Leather Glove - Memphis CS21111

Category: PPE

Benefit: - Added safety feature

Status: - Under review. Safety Committee is gathering information in regards to need and potential procurement.

Suggestion 2. Purchase uniforms with reflective stripes on shirts and pants.

Category: PPE

Benefit: - Save costs on vests

Status: - Under review. The Safety Committee is gathering information in regards to cost saving analysis.

Suggestion 3. Newer police equipment, emergency lights, radios and siren control.

Category: Safety Equipment

Benefit: - The Safety Sub committee feels that the Police Department is properly equipped with necessary equipment to safely perform duties and that 'newer' does not always constitute safer.

Status: - Closed. Suggestions related to equipment **exclusively** involving the Police Department/Law Enforcement function, and anything related to the Sensitive Security Information (SSI) of the Port is continuously addressed through ongoing communications between the Safety Manager, Police Chief Mylott, Police Captain Giannamore, and/or Mr LaRue and the Port Commission Security Committee, when necessary.

Suggestion 4. Put anti-skid and visibility markings on new steps at the back of Admin building.

Category: Other

Benefit: - Improve visibility and traction

Status: - Under review. The Safety Committee is gathering information in regards to implementation potential and process.

Did You Know Winner:
Janie Galvan

Port IIR = 3.46
2015 Injuries:
Slips/Trips/Falls = 2
Struck By = 1
Strain/Sprain = 3

**Picture
This!**



COMMUNICATIONS

March Events with Employee Participation

- Supported San Antonio Business Journal LNG Story
- Strategic Planning Meetings
- Planning meetings for GPAA in CC
- Planning meetings for Nueces River Yard Grand Opening
- START Meeting in San Antonio
- Wellness meeting & monthly luncheon
- Various PMOP Positive Engagement Campaign meetings
- Mastermind Monthly meeting
- Port Commission Mtg.
- CVB monthly meeting
- American Diabetes Board Meeting
- Boys & Girls Club Board Meeting
- VCS Board Meeting
- Bridge Walk
- Buc Days Parade meeting
- CC Chamber of Commerce Lunch with Laura Bush

April/May Events with Employee Participation

- | | |
|----------------------------------|----------------|
| • Rail Ribbon Cutting | April 10, 2015 |
| • Tour de Cure | April 11, 2015 |
| • Port Spring Employee Gathering | April 25, 2015 |
| • Buc Day's Parade | May 3, 2015 |
| • KEDT Angel Auction Night | May 4, 2015 |
| • March of Dimes | May 9, 2015 |

Multimedia Coverage For March:

- New Media Marketing Management
- PortOfCorpusChristi.com
 - Our Broadcasts/SEACASTS news feed stories are original content; written to inspire organic growth with search engines.
 - [NuStar again one of Fortune Magazines Best Companies to Work For](#)
 - [Nueces River Rail Yard - Grand Opening Coming Soon!](#)
 - [A tower takes shape at the La Quinta Trade Gateway](#)
 - [Full Speed Ahead for LNG Export Facility on La Quinta Channel](#)
 - [NuStar preps for exports from Corpus Christi](#)
 - Website Analytics (March 1 – 30, 2015)
 - 12,749 Sessions
 - 28,111 Page Views
 - 7,334 Unique Users
 - User Profiles

Country	Sessions	% Sessions
1. United States	11,617	91.11%
2. China	132	1.04%
3. India	101	0.79%

4. Mexico	91	0.71%
5. Canada	87	0.68%
6. United Kingdom	79	0.62%

➤ Top Traffic Sources

Source	Sessions	%New Sessions
1. Organic Search	6,114	56.05%
2. Direct	5,098	39.92%
3. Referral	1,233	56.69%
4. Social	303	74.92%

- Social Media – More great engagement!
 - Facebook (January 1 – 31, 2015)
 - 420 Likes
 - 11,793 Total Reach (Organic) – Highest total reach since beginning Facebook
 - Twitter
 - 792 Followers
 - 12 Retweets
 - 12 Favorites
 - 14 Replies
 - 4,000 Impressions (Organic)
- Photo | Video | Documentary
 - People Move Our Port (PMOP)
 - Inner Harbor area ops
 - Wind activity
 - Inner Harbor Ops
 - Big foot departure
 - NRRY
 - Bulk Terminal heavy lift site
 - March Commission Meeting
- Media, Marketer, Community And Public Relations
 - Co-coordinate March Our Port newsletter
 - Media Advisories/Press Releases
 - YWCA Women in careers – edit/coordinate release
 - New Community Relations Director – edit/coordinate release
 - NRRY Grand Opening
 - Media Mentions/Web Stories
 - 22 (See attached PortCCNews3_2015)

Marketing – MDR:

This month, MDR has assisted the Communications Department with the preparations for the Nueces River Rail Yard Phase I Grand Opening from the invites to directional signage. The Port will also have a new trade booth at the WINDPOWER 2015 Conference in May highlighting port capabilities through photography. See below for a mockup of the design. We

launched an online campaign for People Move Our Port. The online banners are running on local news sites such as KIII, KRIS, KZTV, and Caller-Times. We are also using the Caller-Times to cast a wider net and place the online ads on their brand network, which is a broad variety of websites. This gives us the potential to reach anyone in our geographical area that is online. We've also had great response through social media, launching with Eddie Martinez as our first profile. Upcoming plans include wall wraps, and sponsorships of downtown events.

March 2015 /Media Editorial/ Focus Ad Content

- *Asociación Nacional de Importadores* /Directory published in Mexico /Su Puerto en Texas.
- *America Economia*/ Ports Reach Boiling Point – Special Ed. /Su Puerto en Texas.
- *Beeville Publishing* /Eagle Ford Shale Directory /Shale-scale Expansion
- *Expansion Solutions Magazine* /Texas Annual State Review /The Port of the Lone Star State.
- *International Transport Journal*/ Sea Freight/Ports/Rail /Take a load off.
- *Journal of Commerce* /Intermodal Transportation /Ready for the big and long haul.
- *Seatrade* /Panama Canal Review/ Ready for the big and long haul.
- aapa-ports.org /Homepage Banner /The Port of the Lone Star State.
- centralamericadata.com /Transportation & Logistics /Channel Su Puerto en Texas.
- drycargomag.com /Homepage Banner /The Port of the Lone Star State.
- expansionsolutionsmagazine.com/ Homepage Banner /Come Grow With Us.
- ITJ Daily /ITJ Daily eNewsletter Banner /Take a load off.
- latintrade.com /Daily eNewsletter Sponsor/ Mejoramos su cadena logística.
- RechargeNews.com/ Wind Channel /We're a fan of wind.

April 2015/ Media Editorial /Focus Ad Content

- *Global Trade Magazine*/ Annual Pick Your Port Special /The Port of the Lone Star State.
- *Guia Marítimo* /Intermodal South America /Take a load off.
- *Texas Eagle Ford Shale Magazine* /Various /Ready for the big and long haul.
- aapa-ports.org /Homepage Banner /The Port of the Lone Star State.
- ajot.com/ Run of Site /Ready for the big and long haul.
- drycargomag.com /Homepage Banner/ The Port of the Lone Star State.
- expansionsolutionsmagazine.com /Homepage Banner/ Come Grow With Us.
- ITJ Daily ITJ Daily/ eNewsletter Banner /Take a load off.
- latintrade.com/ Daily eNewsletter/ Mejoramos su cadena logística.
- latinbusinesschronicle.com /Homepage Banner /Mejoramos su cadena logística.
- RechargeNews.com /Wind Channel /We're a fan of wind.
- T21.com.mx/ Run of Site /Mejoramos su cadena logística.

Current Marketing Developments

- START Initiative
- 2015 Media
- Various Media and Community Ads
- Account Advising
- People Move Our Port Campaign
- Nueces River Rail Yard Grand Opening
- Strategic Plan Action Team

- Port Birthday Cards
- WINDPOWER 2015 Trade Booth
- Gulf Ports Association of the Americas
- Kids Video



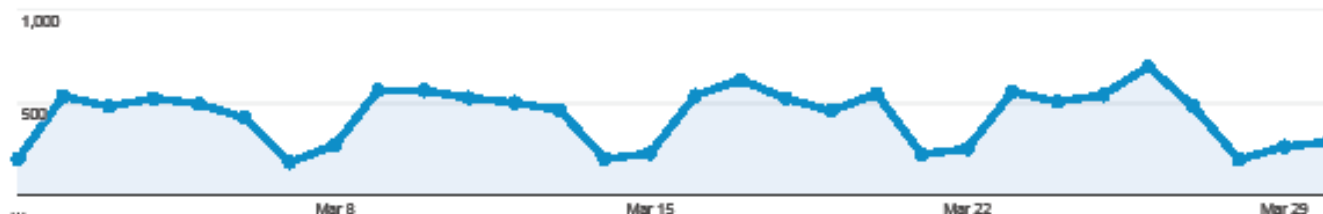
Audience Overview

Mar 1, 2015 - Mar 30, 2015



Overview

Sessions



Sessions

12,756

Users

7,337

Pageviews

28,123

Pages / Session

2.20

Avg. Session Duration

00:02:06

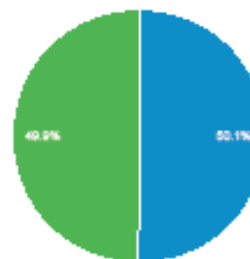
Bounce Rate

55.87%

% New Sessions

50.09%

New Visitor Returning Visitor



Country	Sessions	% Sessions
1. United States	11,622	91.11%
2. China	132	1.03%
3. India	101	0.79%
4. Mexico	91	0.71%
5. Canada	87	0.68%
6. United Kingdom	79	0.62%
7. (not set)	64	0.50%
8. Germany	50	0.39%
9. Brazil	31	0.24%
10. Philippines	30	0.24%

GOVERNMENT AFFAIRS

During March 2015, Government Affairs promoted and protected port and regional interests at the local, state and federal levels of government.

LOCAL

- Attended Corpus Christi Chamber of Commerce Government Affairs committee meeting, Laura Bush luncheon, Y Women in Careers.

STATE

- Held conferences with state delegation and consultants to advance port's overweight permit legislation, TPA omnibus bill, monitoring other legislation of interest to port.
- Attended Gulf Ports Association of the Americas meeting hosted by Port of Corpus Christi.
- Assisted with letters of support from elected officials for bike path grant submitted to MPO.

FEDERAL

- Participated in Coastal Bend Day to DC with Chamber of Commerce, meetings were held with congressional offices to discuss key issues.
- Worked with congressional office and consultants regarding USCG Aids to Navigation issues affecting La Quinta Ship Channel.
- Worked with congressional offices and consultants regarding approval of the widening and deepening component of the Corpus Christi Ship Channel project.
- Working with congressional offices and consultants to monitor FY 2016 Budget, Surface Transportation Reauthorization, National Freight Policy provisions, Harbor Maintenance Trust Fund reform, US Coast Guard, Port Security Grant Program funding, etc.
- Worked with MARAD Administration to bring Administrator to Corpus Christi for Round Table Discussion with local stakeholders and Nueces River Rail Yard ribbon cutting ceremony.

Memorandum for Nelda Olivo
Director of Government Affairs, Port of Corpus Christi Authority

From: Brian Yarbrough and Janiece Crenwelge

Date:

Re: Activities on behalf of Port Corpus Christi during March 2015

March 2: Legal research on rules of the Texas House of Representatives and Texas Senate, legal research on special district in Article 59 of the Texas Constitution to determine local notice and reporting requirements for the Port's proposed oversize/overweight legislation.

March 3: Meeting with Rep. Abel Herrero, Jesus Moreno, Chief of Staff to Rep. Abel Herrero regarding filing oversize over weight legislation.

March 6: Meeting with Luis Moreno, Chief of Staff to Sen. Hinojosa regarding oversize overweight legislation.

March 9: Consultation with Nelda Olivo regarding support of Texas Ports Association SB 1984 filed by Sen. Sylvia Garcia.

March 10: Conference call with John LaRue, Nelda Olivo, Jimmy Welder regarding oversize overweight legislation and appropriate amendments to update statute with other sections of the Transportation Code affecting similar ports. Meeting with Josh Reyna regarding omnibus Texas Ports Association legislation. Meeting with Jesus Moreno regarding oversize overweight legislation.

March 11: Meeting With Trent Thomas, TxDOT regarding SB 1059 language. Meeting with Josh Reyna, Sen. Chuy Hinojosa's office regarding support of Texas Ports Association omnibus legislation and asking Sen. Hinojosa to support Sen. Sylvia Garcia in filing the bill.

March 12: Meeting with Cory Henrickson, TxDOT Ass Director – State Government Affairs Section, Jerry Haddican, Director, TxDOT Director of Government Affairs Office requesting TxDOT review of proposed changes for a committee substitute.

March 16: Preparation of correspondence to TxDOT Government Affairs section regarding SB 1059/HB3722 port oversize overweight legislation language to address questions raised by Jimmy Welder. Legal research on current provisions of the law grating authority and comparison of the text to other bills filed for the same purpose in other regions.

March 19: Consultation with Jerry Haddican, TxDOT regarding review and markup of proposed oversize/overweight legislation and the applicability of proposed roadways. Review of Port Correspondence compiled on mapping of Port boundaries for HB 3722.

March 23: Consultations with Reps. Ed Thompson, Cecil Bell, Scott Sanford, Matt Krause, Eddie Lucio III, John Cyrier regarding HB 1422 to be heard in House Land and Resource Management Committee on the same day. Attendance at hearing on HB 1422. Consultation with Reps. J.M. Lozano and Chairman Todd Hunter regarding HB 1422.

March 24: Attendance at hearing on HB 1716 at the House Business and Industry Committee regarding extending lease term permission for ports.

March 25: Correspondence with Lynn Spencer, San Patricio Rural Rail district to receive a map of the rail district boundary.

March 27: Correspondence with John LaRue, Jimmy Welder, and Nelda Olivo regarding the allocation of costs for road maintenance under proposed permitting program.

March 28: Analysis of HB 3769 and Texas Transportation Code regarding cost of implementing a port transportation reinvestment zone outside the port boundaries in response to request from the Legislative Budget Board. Correspondence with Nelda Olivo and John Larue regarding same.

March 29: Legal research and review of Government Effectiveness and Efficient Report on the effectiveness of oversize overweight vehicle permitting programs.

March 30: Legal research and review on applicable statutes relating to oversize overweight vehicle permits including Ch. 623 of the Transportation Code to determine allocation of costs and surety bond requirements. Correspondence with Jimmy Welder regarding the permit process and discussions of the proposed roadways. Teleconference with Jay Bond, TxDOT regarding department review of the Port's proposed legislation.

March 1-31: Conferences with Sen. Hinojosa, Reps. Hunter, Lozano and Herrero, and staffs, regarding port issues. Daily review of and legal research on filed legislation for potential impact to Port of Corpus Christi activities and operations. Weekly transmission of current bill tracking list to John LaRue and Nelda Olivo on filed legislation.

MEMORANDUM

To: Nelda Olivo
From: Hugo Berlanga
Re: March Activity Report
Date: April 10, 2015

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:

Senator Larry Taylor (R-Friendswood) filed SB 900 a Texas Windstorm Insurance Association (TWIA) overhaul. According to Sen. Taylor the bill would ensure coastal property owners have access to affordable and available windstorm insurance. The bill has been heard in the Senate Business and Commerce committee on March 31st where it remains.

The Senate passed a \$4.6 billion tax cut legislative package, SB 1 and SJR 1 cuts property taxes and SB 7 and SB 8 cuts the franchise tax.

Various business groups have expressed displeasure with the Senate budget plan, particularly with its lack of funding from infrastructure needs and debt repayment.

Speaker Straus (R-San Antonio) said he sees the state spending cap as a tool that helps keep the state fiscally responsible and is cautious about any plans to weaken it. The Senate plans to change what counts towards the state's spending cap. The House version of the budget would spend \$433 million on a number of things, but mostly covering the Medicaid shortfall totaling \$340 million. Of the \$340 million, \$278 million which will be diverted from other health programs.

The House Appropriations committee passed HB 1, the budget bill, out of committee. The \$209 billion budget proposal creates meaningful tax relief. Democrats are concerned that billions are left unspent with numerous needs such as transportation and health care need more funding, on the flip side, some conservatives argue tax cuts should be a priority.

In transportation news, the House slowed down the Senate transportation plan. The Senate plan creates a permanent funding stream dedicating a portion of the motor vehicle sales tax.

HB 20 by Rep. Simmons creates the State Infrastructure Advisory Committee, a six member legislative committee that will fund and prioritize transportation projects, the operation of toll road authorities, county transportation authorities and regional mobility authorities. This bill remains in the House Transportation committee.

The following are bills of interests to the port:

HB 3722 by Herrero, relating to the issuance of certain permits for the movement of oversize or overweight vehicles. This bill has been referred to the House Transportation committee.

SB 1059 by Hinojosa is the companion bill and identical to HB 3722. This bill has been referred to the Senate Transportation committee.

HB 3152 by Smith, relating to the administration of the Port of Houston Authority. This bill has been referred to the House Special Purpose Districts committee.

SB 1894 by Garcia, relating to the powers and duties of navigation districts, port authorities, and boards of trustees of municipal port facilities. This bill has been referred to the Senate Natural Resources and Economic Development committee.

I have kept in contact with Rep. Hunter, Rep. Herrero, Sen. Hinojosa, and Sen. Garcia regarding the Houston omnibus port bill and SB 1894. Through discussions with Jimmy Welder it was determined that Section 11 of the bill would create an enormous liability on all Texas ports, essentially making the ports police all of their tenants and serve as their own EPA and TCEQ agencies. After visiting with Sen Garcia's legislative aid, Paul Townsend, they have agreed to address our concerns with new language.

- Provided lunches for our delegation members and staff;
- Have had numerous conversations and emails with port staff and the port's general counsel;
- BBC will continue to work with Port staff to coordinate all legislative lobbying efforts;
- BBC will continue communication with the members and staff of Senate IGR, Senate Natural Resources, Senate State Affairs, the Lt. Governor's office and House Transportation & Speaker's Office;
- BBC will continue to send notices regarding meetings and articles of interest to the Port via fax and/or e-mail.

CASSIDY & ASSOCIATES

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Firm Client: Port of Corpus Christi Authority, Texas

Primary Client Team: Barry Rhoads, Steven McKnight, Andrew Forbes, and Kaleb Froehlich

Services Period: March 1-31, 2015

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

- Substantive consulting on federal government issues on behalf of PCCA
 - ▶ Follow-up contact with Office of Management and Budget on policy as applied to Corpus Christi Ship Channel improvement project
 - ▶ Worked with Congressional delegation to arrange for meeting with Coast Guard on Aids to Navigation issue for La Quinta Channel extension
 - ▶ Prepared white paper for distribution to government offices on Aids to Navigation issue for La Quinta Channel extension
 - ▶ Prepared summary memo outlining Coast Guard briefing on Aids to Navigation for La Quinta Channel and Congressional follow-up actions
- Legislative Liaison and Monitoring
 - ▶ Scheduled meetings for Port officials to discuss Aids to Navigation and other issues with Members of Congress, Congressional staff, and transportation committee professional staff members
 - ▶ Consulted with Congressional offices on strategy for submitting report language request for funding of permanent Aids to Navigation for La Quinta Channel extension
 - ▶ Drafted proposed report language for use by Congressional offices
 - ▶ Provided information about newly introduced legislation on crude oil rail car safety standards
- Client Contact and Team Coordination
 - ▶ Hosted office meeting for Port Commission members, Port staff, and Port consultants
 - ▶ Engaged in regular telephone and e-mail contact on PCCA matters with Executive Director John LaRue, Government Relations Manager Nelda Olivo, and Director of Engineering Services David Krams
 - ▶ Reviewed news media coverage of new developments at Port and other PCCA activities and discussed same with PCCA representatives

BORSKI ASSOCIATES, LLC

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MEMO

To: Port of Corpus Christi
From: Borski Associates
Date: April 3, 2015
Re: Monthly Report

Meeting with Congressman Shuster

We prepared talking points for John LaRue's meeting with House Transportation and Infrastructure Chairman Bill Shuster on the continuing issues with the Army Corps and OMB. We also advised on competitive rail access in advance of this meeting.

Congressional Meetings

We met with POCCA Board Directors and staff to discuss several issues confronting the Port, including the Army Corps/OMB matter and funding for Coast Guard Aids to Navigation. Following these meetings, we participated in meetings with the House Transportation and Infrastructure Committee staff, Congressman Filemon Vela, and the Coast Guard.

FY16 Budget

Both Chambers of Congress passed their respective budget resolutions, after significant debate over the level of defense spending. While the Budget Control Act of 2011 cut defense spending, the Republican leadership of both the House and Senate included additional spending for military operations that would be considered "off-budget." The House and Senate will attempt to negotiate a compromise for final passage. However, this resolution does not have the effect of law and thus does not need the President's signature.

The resolution does, however, set limits on how much Congress can spend and thus is more than a political document. Both the House and Senate resolutions call for balancing the federal budget in 10 years (which most observers believe is not possible under current economic assumption) by cutting federal spending by \$5.5 trillion. This would include \$750 billion in cuts to domestic discretionary spending, such as Army Corps projects.

BUSINESS DEVELOPMENT

- As we anticipated in February's EDR, within the month of March we received eight wind energy/components vessels. So far, this is a new record for this Port and anticipate continuing with this trend in the months ahead. One wind developer is in need of storing future towers for some months. We will store the towers within the Rincon Industrial Park area and they will pay the normal monthly storage fee.
- In addition to the vessels arriving with wind materials-imports; we had the second vessel loading for export wind blades to South America.
- The BD staff continued to participate within various Strategic Action Plans, either as Team Leader and/or as team member.
- Received the visit from one of the top stevedoring companies in the West Coast. In conjunction with a third party they are interested in handling bulk-cargo operations to Europe. Their business plan contains investments in infrastructure and long-term land leases. We will meet again in April to continue dialogue on this intended opportunity.
- Received the first shipments of heavy plant equipment for one of the entities in the process of constructing a large manufacturing plant within our area. All the materials were discharged without any delays/problems.
- Continued assisting the Colombians in the dismantling process of the refrigerated warehouse. The process is on track and we should see all the warehouse components exported by the end of July. The Colombians plan to have the "new refrigerated warehouse" in place and ready for operations by the end of January 2016.
- The steel pipe shipments, averaging five thousand tons, from Asia continue to arrive through our Port. However, received news that such shipments will increase in volume in the months ahead.
- Continue to closely work with NASCO (North American Strategy for Competitiveness) to have their regional committee meeting in PCC during the month of April. We may now have up to 75 delegates in attendance. The latest NAFTA cargo initiatives, including oil-drilling plans for Northern Mexico are to be topics of discussion
- Initiated dialogue with logistics provider for potential exports to South America in super-bags. In addition, another entity is planning to import project cargo for the oil industry from Asia.
- Continue to assist the steering committee of the Eagle Ford Shale Consortium in planning their yearly meeting to take place in May.
- Maintenance work for Port Tariff 100-A & Bulk Terminal Tariff 1-A continues in conjunction with support for accurate billing of general industrial and wind cargoes received.

HUMAN RESOURCES

General

There were (8) random and (2) post - incident drug tests conducted.

There were employee service awards presented to (11) employees. Of those receiving awards, (3) employees were recognized during the Port Commission meeting for working (30) years at PCCA.

There were additional meetings held with staff to discuss:

- Human Relations
- Recruitment
- Staffing
- Employee Development
- Payroll Administration/Compensation

Contract Participation:

At the end of March 2015, (586) were registered on the established E-Bid System web site for businesses doing and those wanting to do business with PCCA. Of the vendors registered (214) vendors are Target Group Vendors. The Target Group Vendors are: Disadvantaged Business Enterprise (DBE), Historically Underutilized Business (HUB), Minority Business Enterprise (MBE), Woman Owned Business (WOB), and Small Business Enterprise (SBE).

**Port of Corpus Christi Authority
Organizational Chart
March 31, 2015**

DEPARTMENTS	Exempt	Non-Exempt	Temporary	Total
Executive Director	3	1	0	4
Human Resources	2	3	0	5
Managing Director	2	0	0	2
Engineering Services	18	4	0	22
Finance & Admin.	1	1	0	2
Accounting	3	6	0	9
Information Tech	8	0	0	8
Business Development	4	0	0	4
Communications	4	0	0	4
Operations	6	0	0	6
Maintenance	2	36	0	38
Harbormaster's Office	1	8	0	9
Bulk Handling Facility	3	20	0	23
Security/Police Dept.	4	47	0	51
TOTAL	61	126	0	187

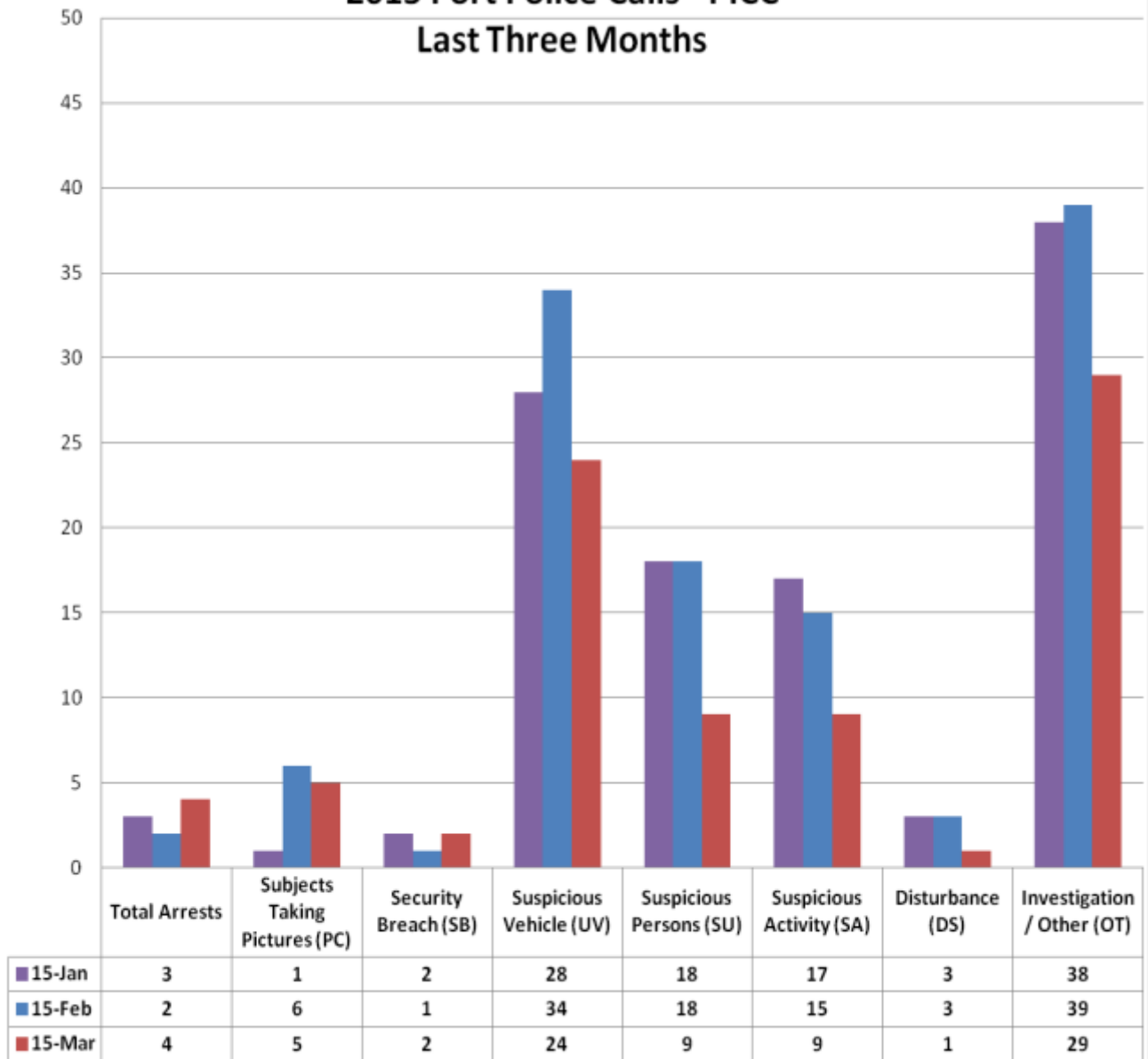
E - EXEMPT

NE - NON-EXEMPT

H - HOURLY

T - TEMPORARIES

2015 Port Police Calls - PICC Last Three Months



OPERATIONS

Harbormaster's Office Ship Arrivals

<u>Tankers</u>	<u>March 2015</u> <u>Freighters</u>	<u>Ytd ships</u>	<u>Tankers</u>	<u>2014</u> <u>Freighters</u>	<u>YTD</u>
113	29	406	93	32	336

Barge Arrivals

<u>Tank barges</u>	<u>March 2015</u> <u>Freight barges</u>	<u>YTD Barges</u>	<u>Tank barges</u>	<u>2014</u> <u>Freight barges</u>	<u>YTD</u>
456	21	1568	558	13	1509

Shifting March 2015

<u>Tankers</u>	<u>Freighters</u>	<u>2014</u>	<u>Tankers</u>	<u>Freighters</u>
19	1		13	3
<u>Tank barges</u>	<u>Freight Barges</u>		<u>Tank barges</u>	<u>Freight Barges</u>
949	4		1002	4

	<u>2015</u>	<u>2014</u>
Average daily ship arrivals	4.58	4.03
Average daily Barge arrivals	17.10	18.42

Channel disruptions

March 2015

There were 191.34 hours of disruption; 177.84 hours due to fog and 13.5 hours for a rig movement. There were 47 outbound and 51 inbound delayed.

March 2014

There were 131.83 hours of disruption. There were 115.33 hours due to fog and 16.5 hours due to winds. A total of 41 inbound and 42 outbound vessels were delayed.

Bulk Terminal:

- Projects BT currently working on:
 - Replacing three-quarter belt covers with full belt covers
 - Dust control for all pads and roads
 - Preparing for pad resurfacing and paving projects
 - Replacing pans on CB# 5
 - Installing cable tray along CB# 2
- ACTIVITY AT BULK TERMINAL
 - Railcars:
 - Load rail cars: 93 railcars loaded for a total of 9,971.20 Short Ton pet coke

Unload rail cars: 0 railcars unloaded for a total of 0 Short Ton pet coke

- Bulk Dock #1:
62,426.11 Shorts Tons Barite
- Bulk Dock #2:
122,422.85 Short Tons Pet Coke
- Pads:
126,831.53 Short Tons Pet Coke
21,146.00 Short Tons Sulfur

Operations Coordinator:

Insurance:

- Work continues with PCCA legal counsel and Consultant regarding an indemnification matter. Resolution of this issue is ongoing.

Port Damage Claims:

- Total recovered to date (2010 – 2014) is \$71,008

Maintenance:

- Performed preventative maintenance (PM) on vehicles, safe boat and equipment at the Maintenance Department.
- Performed routine inspection and PM on lights, water outlets.
- Performed grounds keeping port wide.
- Performed monthly a/c service port wide.
- Over saw janitorial service on all port facilities.

Ortiz Center:

- Repaired freezer in the kitchen. They also patched the roof leaks at cc room.
- Painted the outside driveway curbs and also replaced contact on CWP #1.
- Replaced the squirrel cage and motor on exhaust fan #9.
- Performed annual back flow prevention device inspection and testing.
- Checked on low water pressure problem and the problem was on city side.

Guard house

- Rewired guard house area lighting at Viola guard house.
- Repaired lift station sewer pump at Ave F guard house. Also replaced wheels on gate #25 at Ave F.
- Replaced door knob at harbor watch guard house.

Admin

- Repaired water cooler water supply line at 2nd floor. Replaced cracked ceiling tile in lobby.
- Painted Brogan's and Sandy's old offices. Also repaired kitchen laminate at 3rd floor.

Annex

- Removed all motion detection lights switches and replaced with manual switches.
- Assisted environmental team installing shelves in Jim's Office.

- Assisted inspector with boom lift to inspect lift line cables on both side awning.

Port Security/PD:

- Replaced door knob to the evidence room. Fabricated and installed handrails behind Police Dept building.
- Serviced ice machines and a/c unit. They also constructed a side walk behind police dept building.

BMD

- Conducted annual inspection on the back flow prevention devices. Trained personnel on arm tractor operations at Location.
- Replaced door knob at rear shop entrance door.

Cargo Dock

- Replaced piping to the potable ship supply line at Cargo dock #9. Removed damaged ship fender panel at Cargo dock #8.
- Refurbished ship fender panel for cargo dock #8. Repaired water leak at cargo dock #10.
- Conducted monthly inspection and line flushing of all potable ship supply outlets around port area.
- Replaced lift station sewer pump at cargo dock 10. Conducted annual inspection on back flow at cargo dock 1,8,9 and 15.

Oil Dock

- Repaired gate and lube crash gate at Oil Dock 6. Also repaired and installed a/c unit at Oil Dock 9 and 10.
- Repaired gate damages at Oil Dock 12. Repaired area lighting at Viola docks.
- Conducted monthly inspection and lube of fire monitors at oil dock 1,2,3,4,7 and 11.
- Installed new handrails and removed old handrails at oil dock 8. Also repaired heater at oil dock 6.
- Reinstalled navigational light pole at oil dock 1. Also repaired lift station sewer pump at oil dock 7.

Roadways

- Installed new poles and 25 mph speed limit signs on Navigation road.
- Installed new "Dave Throop" Maintenance directional signs at JFITC roads.
- Reinstalled stop sign at JFITC and Vulcan road.
- Reinstalled downed stop sign at La Quinta road entrance.

Fire Boat

- Removed thruster and scheduled transport to Thruster in Houston for repairs.

Cold Storage:

- Assisted with opening and closing of cold storage facility as requested.
- Maintenance Shop
- Repaired road way entrance to maintenance dept.
- Conducted maintenance position interviews.

Director of Communications

- Assisted with fabrication of mock railroad tie and building of bridges to cross ditches for the Nueces River Rail Yard grand opening event.
- Assisted with the set up and cooking at Golf Tournament for Gulf Port event.

Other

- Delivered and spread lime stone base at Al Speight storage yard and Maintenance storage yard.
- Repaired area lighting at North Storage yard.

- Repaired 9 lights inside Building 26.
- Assisted engineering and contractor with boat operations to inspect bridge crossings at Avery Point and oil dock 12.

Foreign Trade Zone:

- A meeting with zone operators and local Customs and Border Protection (CBP) officers was held on Thursday, March 19. CBP provided updates on FTZ procedures, the Automated Commercial Environment (ACE) system, compliance reviews, and other pending initiatives.
- An application has been submitted to the FTZ Board for approval of FTZ designation for voestalpine Texas, LLC site and operation.
- Work continues with M&G on their incoming cargo and FTZ operation within the two Port warehouses on Port Avenue.
- FTZ Manager continues working with companies that have expressed interest in FTZ benefits.

Ortiz Center

The month of March was another great month for us here at the Ortiz Center, exceeding top line sales by 25%.

In February we hosted several high profile events to include the C.C. Hispanic Chamber's State of the County Address featuring Nueces County Judge Loyd Neal. We were also proud to welcome the Boy Scouts of America's Friends of Scouting Breakfast, the Momentum of Mercy Awards Banquet hosted by the Mission of Mercy, Driscoll Children's Hospitals Awards Banquet and the Buccaneer Commissions' Scholarship Dinner.

In addition to these special events, we were the host venue for the C.C. Caller Times Job Fair, the Nueces County Community Action Agency's Head Start Trade Show, as well as The Engagement Party, hosted by LaDeDa Event Productions.

As part of our commitment to the community, we are pleased to report that the Ortiz Center has provided \$35,916 in discounts and sponsorships to numerous not for profit and Community Based Organizations during the first quarter of 2015. The support given by the Ortiz Center assists these wonderful organizations in their ability to generate the resources needed to provide services throughout the Coastal Bend region.

Below are 2014 totals and numbers to-date for 2015 activity

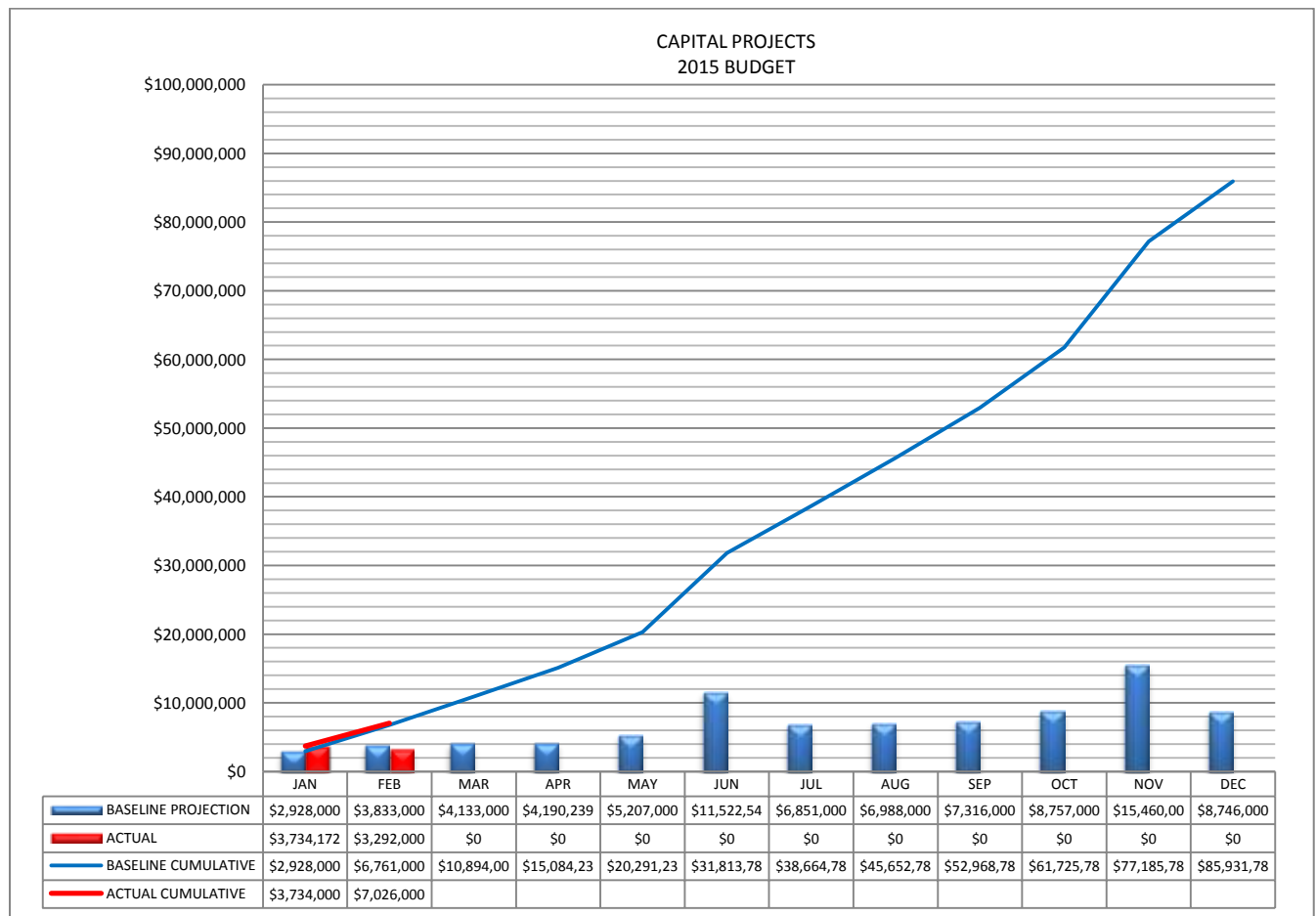
2014	Guest Attendan ce	Numbe r of Events	Revenue	2015	Guest Attendan ce	Numbe r of Events	Revenue
January	3,955	36	\$142,352	January	5,113	42	\$216,694
February	4,911	33	\$114,327	February	2,639	27	\$75,227
March	4,086	38	\$127,300	March	5,397	40	\$197,604
1st Quarter	12,952	107	\$383,979	1st Quarter	13,149	109	\$489,525
April	6,953	53	\$216,269	April			
May	4,980	42	\$163,023	May			
June	2,878	39	\$128,631	June			
2nd Quarter	14,811	134	\$507,923	2nd Quarter			
July	3,290	44	\$132,152	July			
August	2,147	27	\$82,718	August			
September	3,766	29	\$144,026	September			
3rd Quarter	9,203	100	\$358,896	3rd Quarter			
October	5,838	50	\$190,869	October			
November	4,121	31	\$233,592	November			
December	3,897	44	\$312,556	December			
4th Quarter	13,856	125	\$737,017	4th Quarter			
Totals	50,822	466	\$1,987,815	Totals			

ENGINEERING SERVICES

As of March 31, 2015, the Port of Corpus Christi Authority Department of Engineering Services had completed 10 projects and has 88 projects in progress. These projects consist of 55 Capital, 19 Maintenance, and 24 Professional Service projects. During February, \$3,642,000 was invoiced for ongoing work. To date this year approximately \$7,767,000 has been invoiced for work performed. Below is a table detailing the 2015 budget amount and the “to date” cost, for the capital, maintenance and professional services.

Engineering Services March 2015 Report			
Project Type	No. of Projects	2015 Budget Amount	Expended to Date
Capital	98	\$85,931,785.50	\$7,026,000
Maintenance	42	\$7,155,000	\$494,000
Professional Services	41	\$2,004,500	\$247,000
Total	181	95,091,285.50	\$7,667,000

Below is a graph representing the 2015 Capital Project Budget and a forecast of monthly project expenditure of the capital projects throughout the year. An actual monthly project expenditure tracking line is included to follow the progress as the year develops.



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

information:

CAPITAL PROJECTS

Security Grant Improvements Projects

Grant Thirteen: The gas line has been installed for the emergency generator on the Southside Cargo Terminal. Bids were opened on February 26, 2015 for the La Quinta/GIWW project. A pre-construction meeting was held April 7, 2015. Construction to begin this month and be complete within 90 days.

Nueces River Rail Yard – Phase I (09-037A)

This project is essentially complete. The last item is to pave the bike path along the south shore of Nueces Bay. The grand opening is scheduled for April 10, 2015. Mitigation monitoring will continue for 5 years after closure of construction phase.

Nueces River Rail Yard – Phase II (13-043A)

This \$28 million project is out for bids. Bids are due April 28th and are scheduled to be brought to the commission at the May meeting.

Permian Yard Drainage Improvements (09-041A)

Contractor had stopped due to a Martin Midstream pipeline leak found in the work area. Work is scheduled to begin again on April 13, 2015.

Permian Yard Drainage Improvements – Phase II (09-041B)

Project is 90% complete. Contractor finishing last connecting junction box.

Tule Lake Public Ship Dock – Oil Dock 14 (13-032A)

The contractor has begun installing the production steel H-piles for the anchor wall. The steel sheet piles will be delivered in May. Site excavation is 95% complete.

West Barge Mooring Area (13-051A)

Contractor continues dredging the barge fleeting area and will begin shaping shoreline slope next month to receive revetment mats.

Resurface Public Storage Pads at Bulk Terminal (14-030A)

Freese & Nichols was selected as the consultant for the design phase. Preliminary plans are under staff review.

Construct 8" Water Line at La Quinta (14-045B)

Design is 50% complete to complete the water line loop to serve the PCCA's La Quinta property. Completion of final design is pending while easement is being coordinated and obtained by city of Portland.

New Fire Barge Dock (12-027A)

Design is being finalized for a dedicated berth for the Port's Fire Barge. This will be located at the west end of Cargo Dock 2 (Ortiz Center). COE permit has been approved. 90% preliminary plans under review.

Replace Generator for VTIS at Harbor Island (14-048A)

Project is complete. No further report will be made.

Port Area Signage & Landscaping Improvement (14-039A)

Naismith Engineering has completed the preliminary study. Final design and the initial phase of construction are scheduled for 2015.

Gregory Relief Rail Bypass (14-040A)

This project is on hold.

Replacement of Dock House on Oil Dock 10 (14-041A)

Design drawings and contract documents have been finalized. However, Oil Dock 10 customer (Flint Hills Resources) has requested that project be delayed until their substantial turnaround schedule has been executed, which will occur at the end of May 2015. Staff will be incorporating other dock improvements/repairs into this project contract.

New Port Office Facility (14-036A)

Staff and WKMC are preparing cost comparisons and alternative evaluations for commission review.

Construction of Multi-purpose Ship and Barge Dock & 15 Acre Storage Yard at La Quinta Gateway Terminal (14-037A)

Design began in September 2014. Anticipate design to be completed in mid-summer, 2015.

Oil Dock 3 Upgrades (14-058A)

Staff is evaluating additional options and addressing navigation and property limitations.

Remove Tule Lake Lift Bridge Foundations (07-046C)

An extension of time has been requested for the permit with the USACE. A pre-solicitation meeting with potential contractors was held in mid-February.

Maintenance Building Relocation (14-061A)

Draft layout and cost information has been provided for PCCA review, PCCA is preparing a scope of work for additional evaluations.

Surplus Sale of Cold Storage Warehouse (14-062A)

Contractors for the new owner are on site and removal work is underway.

Inner Harbor Rail Upgrades and Improvements (14-016A)

Contractor has completed all track work, however ancillary work continues. Staff is currently negotiating a change order related drainage improvements just west of BMD-2.

Design of New Public Oil Docks at Viola (14-044A)

HDR has submitted the conceptual design report. Staff has received and reviewed Final Conceptual Study. Staff and consultant developing a 3 dock layout for review.

La Quinta Terminal Aquatic Mitigation (12-031A)

CHE has completed plans and specification. Project has been advertised for bid, and anticipates recommending award at April commission meeting.

Purchase of Vehicles (15-009A)

Project bid in late January and was awarded at the February commission meeting to three dealerships. All vehicles are anticipated for delivery by July 2015.

Purchase and Installation of Additional AEI Readers (15-055A)

Project is currently awaiting selection of consultant through the request for qualification process.

MAINTENANCE PROJECTS

Maintenance Painting at Bulk Terminal (13-049A)

Maintenance painting is being performed at Bulk Terminal on an as needed basis. Staff will be developing a new bid package for bidding at the beginning of April.

Purchase of Dock Fenders and Panels (14-014A)

All items have been delivered. Staff is currently awaiting final invoices.

Inner and Outer Harbor Land Management (14-019A)

A Notice of Substantial Completion has been issued.

Fire Line Improvements at OD-2 (15-039A)

Staff is currently negotiating with Maverick Engineering, Inc. for engineering services.

General Improvements at OD-6 (15-030A)

Staff is currently negotiating with Colwell and Associates for engineering for engineering services.

Replace Conveyor Idlers (15-033A)

Project bid opening was held on April 1, 2015. This project will be presented for award at the April commission meeting.

Upgrades & Repairs to Bulk Dock 2 Marine Structures (15-035A)

Project is currently awaiting selection of consultant through the request for qualification process.

Replace Fire Alarm Panels at Ortiz Center (15-036C)

GPM Engineering was selected as the consultant and design is initiated. Plan to bid in July/August 2015.

Repair Port Bridges (15-037A)

WJE was selected as design consultant with 75% design anticipated in late April.

Savage Lane Railroad Drainage Improvements (15-022A)

CH2M Hill was selected as the consultant for the design phase. A draft design report is scheduled to be completed in mid-May 2015.

ENVIRONMENTAL/PROFESSIONAL PROJECTS

Environmental Management System (14-025A)

Our EMS Program is ISO 14001 certified for the sixth year. Current initiatives under the EMS Program include measures to reduce spills and impacts to storm water runoff from our operations. Port staff continues partnership development with Port customers. Active partnerships in EMS exist with Dix Fairway, PCT, Gulf Stream Marine, and Corpus Christi Terminal Railroad. Other initiatives resulting from the EMS program include the Gulf Port's Environmental Summit and the Growing Greener Initiative.

Request for Statement of Interest & Qualifications for 2015 Major and Minor Engineering Projects (RFQ) (15-001A)

Requests were received on March 6, 2015 from 21 companies to this RFQ. Staff will be reviewing submittals.

Widen CCSC and Additional Barge Shelves (14-043A)

Consultant has developed options and potential approvals to permit or authorize and fund. Draft planning matrix reviewed in July 2014. Path forward pending PPA to construct CCSC-CIP 52' project. PCCA pursuing amending La Quinta PPA and accelerating funds to widen upper bay of CCSC and construct barge shelves. USACE is completing an economic update to the LRR.

Underwater Inspections of Various Waterfront Facilities (14-035A)

RVE has completed underwater inspection field work for Oil Docks 2, 3, 10; Cargo Docks 1, 2, 8, 9; and Bulk Material Docks 1 and 2. RVE has provided PCCA with draft report for review.

Request for Statement of Interest & Qualifications 2015 Pipeline Construction Inspection and Coordination Services (15-060A)

Requests were received on March 9, 2015 from eight firms invited to submit. Notification of selective provided to two firms, AG|CM and Two Guns Consulting & Construction, on March 25th. Contract negotiation initiated.

DREDGING

Channel Improvement Project (98-012A, 04-027A, 09-048B/C)

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

The project include in following improvements:

1. Widening the CCSC to 530' from Port Aransas to the Harbor Bridge.
2. Adding 200'-wide barge shelves on both sides of the ship channel across Corpus Christi Bay.
3. Extending La Quinta Channel by 7400' at a depth of -39' MLT.
4. Deepening all reaches of CCSC (excluding La Quinta) from -45' MLT to -52' MLT.

5. Constructing Ecosystem Restoration projects near Port Aransas and Ingleside on the Bay.

Project received congressional appropriation in FY2009 for the construction phase of the project, officially ending the Pre-Construction Engineering and Design phase. A Project Partnership Agreement (PPA) was executed in October 2009 for the La Quinta Channel Extension & Ecosystem Restoration. Construction of Contract No. 1 was completed in 2010 to construct DMPA 14. Fifty-eight million in federal funds were appropriated in May 2011 enabling the COE to solicit additional construction contracts. COE awarded two (2) contracts in September 2011; one to extend the La Quinta Ship Channel and the other to construct the Ecosystem Restoration project adjacent to Ingleside-on-the-Bay, Texas. The dredging associated with La Quinta Ship Channel Extension and the Ecosystem Restoration project is 100% complete.

Deepening and widening of the CCSC and the addition of barge shelves underwent re-evaluation and the studies were complete in early 2013. The re-evaluation confirmed these two project components are still in the Federal interest. The COE Director of Civil Works approved the re-evaluation report (all components) and recommended the project to Congress to increase the authorized project cost to \$344,610,000. The channel improvement project was re-authorized in May 2014 by the Water Resources Reform and Development Act of 2014. Based on guidance from OMB and the ASA, USACE is completing an economic update to the LRR. The target date for completion is Summer of 2015.

ENGINEERING

MASTER AGREEMENTS AND SERVICE ORDERS

Listed below are the Master Agreements implemented including values of Service Orders issued per year:

	2014	2015
HDR, Inc. (13-01)	\$793,500	\$274,000
Freese and Nichols, Inc. (13-02)	\$407,191	\$90,900
Govind Development, LLC (13-03)	\$249,450	
Naismith Engineering, Inc. (13-04)	\$45,000	
CH2M Hill (13-05)	\$2,613,470	\$75,000
RVE, Inc. (13-06)	\$472,329	
LNV, Inc. (13-07)	\$105,500	\$159,398
Lockwood, Andrews and Newnam, Inc. (14-01)	\$62,694	
Maverick Engineering (14-02)	\$58,000	
Coast & Harbor Engineering (14-03)	\$193,645	
WKMC Architects (14-04)	\$115,000	

**ENVIRONMENTAL
MASTER AGREEMENTS AND SERVICE ORDERS**

Listed below are the Environmental Master Agreements implemented including Service Order Values:

	2014	2015
Golder & Associates (01-14)	\$45,300	
RPS, Inc. (02-14)	\$101,300	
Trinity Consultants (03-14)	\$44,000	
E2 Manage Tech (05-14)	\$82,043	
Apex Tritan, Inc. (06-14)	\$86,040	
RSA, Inc. (09-14)	\$178,958	

UPCOMING BID OPENINGS

Nueces River Rail Yard – Phase II (13-032A)	April 28, 2015
Security Grant 13 - Purchase of Camera Systems and Equipment (13-054E)	April 28, 2015
Maintenance Painting at Bulk Terminal (15-049A)	May 1, 2015

AGENDA ITEM NO. 19

NO ATTACHMENT

AGENDA ITEM NO. 20

NO ATTACHMENT

AGENDA ITEM NO. 21

NO ATTACHMENT

AGENDA ITEM NO. 22

NO ATTACHMENT

AGENDA ITEM NO. 23

NO ATTACHMENT