



PORTCORPUSCHRISTI

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PORT COMMISSION APPROVES PURCHASING NEGOTIATIONS FOR INGLESIDE FACILITY *“Former U.S. Naval Station Ingleside Could Be Sale to Service Marine”*

Corpus Christi, TX – On Thursday, May 20, 2010, Port Corpus Christi Commission hosted a special commission meeting and voted unanimously to move forward with a Letter of Understanding which sets the basic terms anticipating a formal sales agreement with Service Marine Group, LLC for the purchase of the Port’s Ingleside Facility formally known as U.S. Naval Station Ingleside. *“The Port looks forward to moving negotiations and reaching a purchase agreement with Service Marine Group, LLC. The commitment of Service Marine Group to fully develop former U.S. Naval Station Ingleside not only benefits the Port and Ingleside but the South Texas region”* said Mike Carrell, Port Commission Chairman.

The purchase agreement will encompass the 916 acres, all improvements throughout the property, equipment, minerals and all real and standing property within the boundaries of the property. If Service Marine Group, LLC desires to purchase the NSI, the purchase terms being either of the following:

1. Purchase price to be \$111,000,000.00. \$5,000,000.00 down payment at closing, balance to be financed at an interest rate of the Federal funds target rate plus three and one-half per cent (3.5%) per annum (the "Prime Rate") for a period of 7 years;

2. Purchase price to be \$111,000,000.00. \$10,000,000.00 down payment at closing, balance to be financed at an interest rate of the Federal funds target rate plus two per cent (2%) per annum (the "Prime Rate") for a period of 7 years;
3. All financing by the PCCA will be secured by a first lien on NSI and all improvements thereon.

If negotiations continue as planned, the purchase agreement could be ready to sign on July 20, 2010. The letter of agreement does not intend to limit PCCA's right to continue to market and or sell the NSI to any other party. It only memorializes the price and financing terms upon which the Port would sell the Ingleside property to Service Marine Group, LLC. Any sale of the Property will be subject to a franchise agreement as a covenant running with the land.

Service Marine Group's vision for Port's Ingleside Facility is to create an energy and technology epicenter that will expand a dynamic, knowledge-based work force in the region. From targeted industry groups to government and commercial organizations, this development will provide long-term growth for the community through robust, sustainable businesses. As part of the plan, Service Marine Group, LLC plans to adopt the basic vision and architecture of the plan currently being executed by the Texas A&M University System (TAMUS) and provide additional enhancements to that vision provided through Service Marine's capabilities with the collaboration of TAMU's and the local business community. The Base is a unique, highly diverse and readily marketable asset that provides multiple opportunities for anchor tenants and long-term programs. Service Marine will capitalize on the existing infrastructure and assets by offering flexible options that fit within the overall master development plan.

From long-term leases on existing buildings and pier and wharf area activities to select sales and possible donation of selected property components for new development, the Port's Ingleside Facility redevelopment will create endless opportunities for industry

advancement and workforce development in the region. Service Marine Group, LLC, through its business partners and affiliates, is strongly considering the development of a Wind Energy R&D and Testing facility to explore the utilization one of our nation's most common renewable energy sources; wind. To this end, Service Marine Group, LLC is exploring the potential of establishing a Coastal Marine Energy Technology Center that will leverage the collaborative efforts of energy research and education, providing insight and opportunities to grow and flourish innovative ideas and commercial ventures, in low or no carbon footprint energy solutions. In addition, a collaborative effort is underway between Service Marine Group's academic and industry affiliations (TAMU's, UTD, UH) to develop a Wind Blade and Turbine Test Facility. To support their core business of maintenance and repair of deep water technologies, they will be working to support the following: Oil and Gas Industry Research, Warehouse Operations and Distribution, Maritime Training and Support, Logistics Support and Training. In addition, Service Marine will utilize the Ingleside Facility to support its multiple business operations regarding activities that support the maintenance of, fifth generation dynamically positioned vessel technical repair (thrusters), modification and upgrade, deepwater subsea site integration testing and logistics base as well as evaluating the potential of supporting other deepwater vessels operating in the Gulf of Mexico.

Service Marine Group, LLC, although a new company, is comprised of a strong team of seasoned professionals that bring to the table a diversified collection of very complementary strengths and capabilities. With a vision to bring forward the use of such a world class opportunity that the Former U.S. Naval Station Ingleside has to offer, not only the Gulf of Mexico's Deepwater Drilling & Production sector, but also to capitalize upon the facilities to provide offerings such as Marine Firefighting, a Research & Development center, Offshore Logistics and Western GOM deepwater support base, to name a few. *"We are excited about this agreement; we were looking at the facility for the past 3 months. Former U.S. Naval Station Ingleside fits perfectly into our company's vision for future growth."* Said Larry Reed, President of Service Marine Group, LLC.

U.S. Naval Station Ingleside has been designated for closure under the Base Realignment and Closure (BRAC) Act of 2005 resulting in the departure of the Navy by April 30, 2010. Ownership of the base reverted to Port Corpus Christi on that date. Anticipating the reversion, the Port entered into an agreement with the Texas A&M University System to serve as the Master Developer for the redevelopment of NSI. The facility currently encompasses 576 acres with more than 70 state-of-the-art buildings, including: warehouse facilities, office and administrative offices, barracks, fitness and recreation facilities, a capital-class pier and wharf area, and much more. The Port has also included 433 acres of green field property bordering the base to be incorporated in the development project to help attract new investment.

The primary economic engine of the Coastal Bend, Port Corpus Christi is one of the 10 largest ports in the United States in total tonnage. The Port's mission statement is to "serve as a regional economic development catalyst while protecting and enhancing its existing industrial base and simultaneously working to diversify its international maritime cargo business." Strategically located on the western Gulf of Mexico, with a straight, 45' deep channel, the Port provides quick access to the Gulf and the entire United States inland waterway system. The Port delivers outstanding access to overland transportation with on-site and direct connections to three Class-1 railroads and uncongested interstate and state highways. The Port is protected by a state-of-the-art security department and an award-winning Environmental Management System. With outstanding management and operations staff, Port Corpus Christi is clearly *"More Than You Can Sea."*