



PORTCORPUSCHRISTI



- Immediate Release -

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Port Commissioners Approved the Second Reading of a Franchise Granting CITGO Refining and Chemicals Company, L.P.

*“The Right to Cross the South Bulkhead Line of the Industrial Canal from CITGO Oil Docks 1
and 2 and Related Rights”*

Corpus Christi, TX – Port Commissioners approved today the second reading of a franchise agreement granting CITGO Refining and Chemicals Company, L.P. the right to Cross the South Bulkhead Line of the Industrial Canal from CITGO Oil Docks 1 and 2 and related rights.

(See attached franchise agreement)

About Port Corpus Christi

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 an outstanding management and operations staff, Port Corpus Christi is clearly *“More Than You Can Sea.”*

FRANCHISE

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

CITGO Oil Docks 1 & 2

SECTION 1

The Port of Corpus Christi Authority of Nueces County, Texas (“Authority”), hereby grants to CITGO Refining and Chemicals Company, L.P., a Delaware limited partnership whose business address is 1802 Nueces Bay Boulevard, Corpus Christi, Texas 78407, on behalf of itself and CITGO Petroleum Corporation, a Delaware corporation, and their respective successors and permitted assigns (“Grantee”), for the term specified in this Section 1, the right of access to and use of the Industrial Canal (“Channel”) from Grantee’s Land (hereinafter defined) for all purposes necessary, proper or expedient in connection with the maintenance of the Channel and the use and operation of docks and wharves constructed or to be constructed on Grantee’s Land. The term of this franchise shall begin when Grantee files its written acceptance of it with the Authority in accordance with Section 11 of this franchise and shall end on October 20, 2020. “Grantee’s Land” is that certain 35.86 acres of land situated in Nueces County, Texas, which is shown on the Authority’s Boundary Map attached hereto as Exhibit A and incorporated herein by reference, and being 35.86 acres of the 43.08 acres of land conveyed to H. G. Sherman, S. Gugenheim, Mrs. Anna Cohn, and Joseph A. Cohn by the Nueces County Navigation District No. 1 by that certain Mutual Conveyance described in Section 8 of this franchise.

SECTION 2

Grantee may also cross the South Bulkhead Line established by the Authority for the Channel where the Channel is adjacent to Grantee’s Land and may conduct and perform all dredging and excavation operations in, on and under the submerged lands owned by the Authority which lie between the Channel and Grantee’s Land, as may be necessary, proper or expedient in connection with the use of such submerged lands of the Authority as a means of access from the docks and wharves of Grantee to the Channel.

SECTION 3

For the rights granted to it hereunder, Grantee shall pay to the Authority a rental, based upon all property moving to or from docks and wharves on Grantee’s Land, as follows:

A. For all property transported as by a general cargo business (and by “general cargo business” is meant a business handling the shipment by water of any property or commodity owned by a party, or being purchased or sold by a party, other than the holder of this franchise or one of its affiliates) a rental based upon the quantity of shipments made and to be equal to fifty

percent (50%) of the then current tariff wharfage rate of the Authority on the same type of property or commodity;

B. For all property transported as by a business other than a general cargo business (that is, a business handling the shipment by water of property or commodities owned by the holder of this franchise or one of its affiliates, or being purchased or sold by the holder of this franchise or one of its affiliates) a rental based upon the quantity of the shipments made and to be an amount not more than fifty percent (50%) of the then current tariff wharfage rate of the Authority on the same type of property or commodity.

An “affiliate” as used herein means each entity which, directly or indirectly, controls or is controlled by or is under common control or ownership with the holder of this franchise.

Grantee shall keep and maintain a complete and accurate set of books and records showing all commodities shipped over, and to or from, any dock or docks or wharf or wharves constructed on the Grantee’s Land in order that the Authority may ascertain therefrom what rentals are due to the Authority from Grantee hereunder, and such books and records shall be subject to the inspection of the Authority, its agents and attorneys, at any and all reasonable times.

The rentals payable hereunder shall be paid to the Authority at its offices in Corpus Christi, Nueces County, Texas, and shall be payable at such reasonable time or times as the Authority may direct by written notice to Grantee and by general rule or regulation which shall be applicable to all persons or parties holding permits or franchises similar to this franchise.

SECTION 4

This franchise is granted with reasonable conditions for the protection of the Authority and its property and the property of its tenants, to-wit:

1. Grantee will at all times conduct its operations so as not to create any unusual fire or health hazard.
2. Grantee will not for itself or for others, except with the consent of the Authority, build or operate a railway terminal on Grantee’s Land for use in connection with the exercise of the rights granted by this franchise; provided, however, that Grantee may build or use spur railroad tracks in connection with its business and the exercise of its rights under this franchise.
3. Before constructing any structure or commencing any work (including filling of submerged areas) on any submerged land for which a Department of the Army permit is required and before filing application for any such permit, Grantee will submit plans of the work to the Authority for its approval
4. Grantee shall perform all construction adjacent to the Channel in conformity with applicable building codes and requirements for the area in which said construction is located and shall conform with the code of the National Fire Protection Association covering said location.

5. Grantee shall take all reasonable precautions to prevent the pollution of the waters of the Channel and shall faithfully observe all regulations adopted by the Authority to prevent the discharge of pollutants into such waters. Grantee shall also comply with all valid state and federal laws and regulations and municipal ordinances relating to water pollution.

6. This franchise shall be subject to such reasonable rules and regulations as the Authority has in effect or may invoke in the future applying to all individuals or entities holding similar franchises.

SECTION 5

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

SECTION 6

Any and all structures and other improvements which are, and may be, constructed and placed by Grantee, its successors and assigns, upon Grantee's Land (the same being submerged lands which were conveyed by the Authority to the predecessors in title of Grantee) shall be and remain at all times the property of Grantee, its successors and permitted assigns, notwithstanding a reversion of title to said submerged lands or any part thereof to the Authority pursuant to the provisions of, or as a result of the exercise of any of the rights of the Authority retained in, the prior conveyances. In the event of such reversion, Grantee shall remove the said structures and improvements or may continue to maintain and operate them and make additions and replacements to them notwithstanding the occurrence of such reversion of title; provided, however, that in the event of such reversion, Grantee shall be permitted to maintain and operate the said structures and improvements and any additions thereto and replacements thereof only upon payment of all past due rental that may be payable under this franchise and only under and pursuant to this franchise, and so long as this franchise is in effect.

SECTION 7

In the event of default of Grantee in the doing of any of the terms and conditions herein stipulated to be performed by it or required of it under any valid rule or regulation of the government of the United States of America or the State of Texas, and in event such default shall be persisted in for sixty (60) days after the Authority has by written notice sent by registered or certified mail to Grantee at its business address, advising it of the nature and extent of such default, this franchise shall be subject to suit in a State District Court located in Nueces County, Texas.

SECTION 8

The rights and privileges of Grantee arising out of that certain mutual conveyance dated November 24, 1933, of record at pages 18 through 21 of Volume 210, Deed Records of Nueces County, Texas, between the Nueces County Navigation District No. 1, on the one hand, and H. G. Sherman, S. Gugenheim, Mrs. Anna Cohn, and Joseph A. Cohn, on the other hand (“Mutual Conveyance”), are expressly recognized and confirmed, and are in no wise lessened or diminished by the granting of this franchise and its acceptance by Grantee or by any surrender, cancellation or forfeiture of the same.

SECTION 9

This franchise may be transferred or assigned to any person, firm, or corporation holding title or right of use and occupancy of all or any part of Grantee’s Land which lies adjacent to the Channel, but not as to two or more segregated or separated parcels – it being intended that the rights of Grantee under this franchise shall at all times be held by one party or by several parties holding the same jointly. Any assignee of this franchise, upon taking transfer or assignment of the same, shall file written evidence of such transfer or assignment and of assignee’s acceptance of the same in the office of the Authority. The right of assignment shall include the right of Grantee to convey this franchise by mortgage, deed of trust or any other security instrument. If Grantee shall be in default of any of the covenants or conditions of this franchise, the holder of the mortgage, deed of trust or other security instrument may, before forfeiture is invoked by the Authority, make any and all payments and do and perform any and all acts or things which may be necessary to prevent a forfeiture of this franchise and the party making such payments or performing such acts or things shall thereby be subrogated to all rights of the Grantee under this franchise. The Authority agrees that if the holder of any mortgage, deed of trust or other security instrument delivers a copy of such instrument to the Authority, together with the address to which it desires notices to be sent, the Authority will send to the holder at the address specified copies of all written notices to be served on Grantee under and pursuant to the terms of this franchise. It is understood that the mortgagee, trustee and beneficiary of any security instrument shall in no way be liable to the Authority for any payments or for the performance of any other covenants and conditions of this franchise until such time as it shall acquire by conveyance from Grantee or by foreclosure or other proceedings provided by law or by the terms of the security instrument all the right, title and interest of Grantee under this franchise; provided, however, that any party who shall acquire said right, title and interest of Grantee, as above provided, shall thereby become liable for all payments and the performance of all other covenants and conditions theretofore and thereafter required to be made by Grantee under the franchise, as fully and to the same extent as the Grantee itself would have been if it still had retained its right, title and interest hereunder.

SECTION 10

The expense of publishing a descriptive caption stating the purpose of this franchise and the location at which a complete copy of this franchise may be obtained as required by law shall be borne by the Grantee.

SECTION 11

A majority of the Authority’s Port Commissioners voted to grant this franchise at meetings of the Port Commission held on October 11, 2011, November 8, 2011, and December 13, 2011, and the final form of this franchise was approved at the last of these meetings. Grantee must file its written acceptance of this franchise with the Authority within thirty (30) days after the date on which this franchise was finally approved by the Authority’s Port Commissioners, and such written acceptance shall be duly acknowledged by the person or persons executing the same. This franchise shall take effect when the Grantee files its written acceptance of it with the Authority in accordance with this Section.

IN WITNESS WHEREOF, the Authority has caused this franchise to be signed by the Chairman of the Port Commission and attested by the Secretary of the Port Commission this 13th day of December, 2011.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

By: _____
Mike Carrell,
Port Commission Chairman

ATTEST:

Judy Hawley,
Port Commission Secretary

STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the 13th day of December, 2011, by Mike Carrell, Chairman of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, and Judy Hawley, Secretary of the Port Commission of Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Port Authority.

NOTARY PUBLIC, STATE OF TEXAS

ACCEPTANCE OF GRANTEE

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

EXECUTED this ____ day of _____, 201__.

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

By: _____

Printed Name: _____

Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 201__, by _____, _____ of CITGO Refining and Chemicals Company, L.P., on behalf of CITGO Refining and Chemicals Company, L.P. and CITGO Petroleum Corporation.

NOTARY PUBLIC, STATE OF TEXAS

