



Corpus Christi Railway Association

MEMORANDUM OF UNDERSTANDING (MOU)

between

Port of Corpus Christi Authority

and

**BNSF Railway Company, The Kansas City Southern Railway Company,
Union Pacific Railroad Company and Corpus Christi Terminal Railroad, Inc.**

This MOU is between Port of Corpus Christi Authority (Port) and BNSF Railway Company (BNSF), The Kansas City Southern Railway Company (KCS), Union Pacific Railroad Company (UP), and Corpus Christi Terminal Railroad, Inc. (CCPN, and collectively with BNSF, KCS, and UP, the Railroads; each Railroad and the Port also being sometimes herein called a "Party").

I. PURPOSE

The purpose of this MOU is to specify the roles and responsibilities of each Party as they relate to an application by the Port for a TIGER III grant to cover a portion of the cost of constructing the Nueces River Rail Yard (Project). The total estimated construction cost of the Project is \$21.5 million, which the Parties envision being funded from the following sources:

- TIGER III Grant -- \$10M
- Port -- \$5.5M
- Railroads -- \$6M

II. BACKGROUND

The Corpus Christi Railway Association (CCRA) is an organization, the members of which are the Port, BNSF, KCS, and UP. CCRA has worked for several years to design additional rail capacity for the Port and the CCRA members serving the Port's customers, including additional interchange capacity for and between the members. CCRA members have also worked on a multitude of financing options for the Project including applications for TIGER I and now TIGER III infrastructure grants. The Port is applying for \$10M of Project funding under

TIGER III for construction of an 8,000' siding and five additional yard tracks, defined as the Nueces River Rail Yard (Project). If a TIGER III grant is awarded for the Project, the Parties envision that the balance of the Project's construction costs would be shared between the CCRA members and CCPN, which serves the Port owned trackage and customers. Furthermore, if a \$10M TIGER III grant is awarded for the Project, the Parties envision that the Port would sell bonds to finance the \$11.5M of additional funds needed to construct the Project, with BNSF, KCS, UP and CCPN paying a per car fee sufficient to amortize \$6M of the bonds and the Port amortizing \$5.5M of the bonds out of current revenue.

III. PORT'S PROJECT RESPONSIBILITIES

The Port will develop and submit an application for a TIGER III grant for the Project, and if the grant is awarded the Parties envision that the Port would be responsible the following aspects of the Project:

- Provide Engineering, Permitting and Project Management for Construction of the Project
- Provide Land for the construction of the Project
- Sell Port Bonds to fund the balance of the Project's construction costs
- Collect and account for the \$25 per carload surcharge to amortize \$6M of Port Bonds
- Provide reports on a quarterly basis on the Railroads' repayment of the \$6M of Port Bonds
- Maintain records for construction of Project

IV. RAILROADS' PROJECT RESPONSIBILITIES

Railroads will provide letters of support for the TIGER III grant application, and if the grant is awarded the Parties envision that the Railroads would be responsible the following aspects of the Project:

- BNSF to pay a \$25 surcharge for every carload BNSF delivers/receives for a Port Customer
- KCS to pay a \$25 surcharge for every carload KCS delivers/receives for a Port Customer
- UP to pay a \$25 surcharge for every carload UP delivers/receives for a Port Customer
- CCPN to pay an \$8 surcharge for every carload delivered to or from a Port Customer

These surcharges will be collected by the Port on a monthly basis until an amount sufficient to amortize \$6M of the bonds has been collected.

V. NONBINDING AGREEMENT

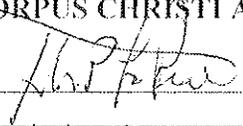
In the event a TIGER III grant is awarded for the Project, the Parties intend to enter into a definitive agreement with respect to the construction, financing, and operation of the Project. It is expressly agreed and understood, however, that this MOU is merely an expression of some of the major terms and conditions that may be embodied in such a definitive agreement, and that this MOU does not constitute an offer or an acceptance of an agreement, except with respect to submission and support of the TIGER III grant application itself. Any Party shall have the right to terminate its participation in this MOU at any time, in such Party's sole discretion, by written notice to the other Parties. No Party to this MOU shall have any obligation or liability to the other Parties by virtue of being a party to this MOU. No Party shall be entitled to any recourse in the form of damages, or otherwise, for expenses incurred or benefit conferred or lost before or after the date of this MOU in the event the Parties fail to agree on the terms of a definitive

agreement for any reason, or in the event this MOU is otherwise terminated. Any modification to this MOU must be signed by all Parties.

VI. EFFECTIVE DATE AND SIGNATURE

This MOU shall be effective when signed by all Parties by their duly authorized representatives. This MOU may be executed in multiple counterparts.

PORT OF CORPUS CHRISTI AUTHORITY

By: 
Title: _____
Date: 10-27-11

BNSF RAILWAY COMPANY

By: _____
Title: _____
Date: _____

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: _____
Title: _____
Date: _____

UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____
Date: _____

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: _____
Title: _____
Date: _____

M
10/27/11

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PORT OF CORPUS CHRISTI AUTHORITY

By: _____
Title: _____
Date: _____

BNSF RAILWAY COMPANY

By: _____
Title: _____
Date: _____

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: *MAR* Mark A. Redd
Title: VP Transportation
Date: 10/27/11

UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____
Date: _____

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: _____
Title: _____
Date: _____

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BNSF RAILWAY COMPANY

By: _____
Title: _____
Date: _____

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: _____
Title: _____
Date: _____

UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____
Date: _____

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: WMA Casper
Title: President
Date: 10/27/11

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PORT OF CORPUS CHRISTI AUTHORITY

By: _____
Title: _____
Date: _____

BNSF RAILWAY COMPANY

By: *Robert S. Soderberry*
Title: *VP Capacity Planning & Operations Research*
Date: *Oct. 31, 2011*

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

By: _____
Title: _____
Date: _____

UNION PACIFIC RAILROAD COMPANY

By: _____
Title: _____
Date: _____

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: _____
Title: _____
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Date: _____

BNSF RAILWAY COMPANY

By: _____
Title: _____
Date: _____

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

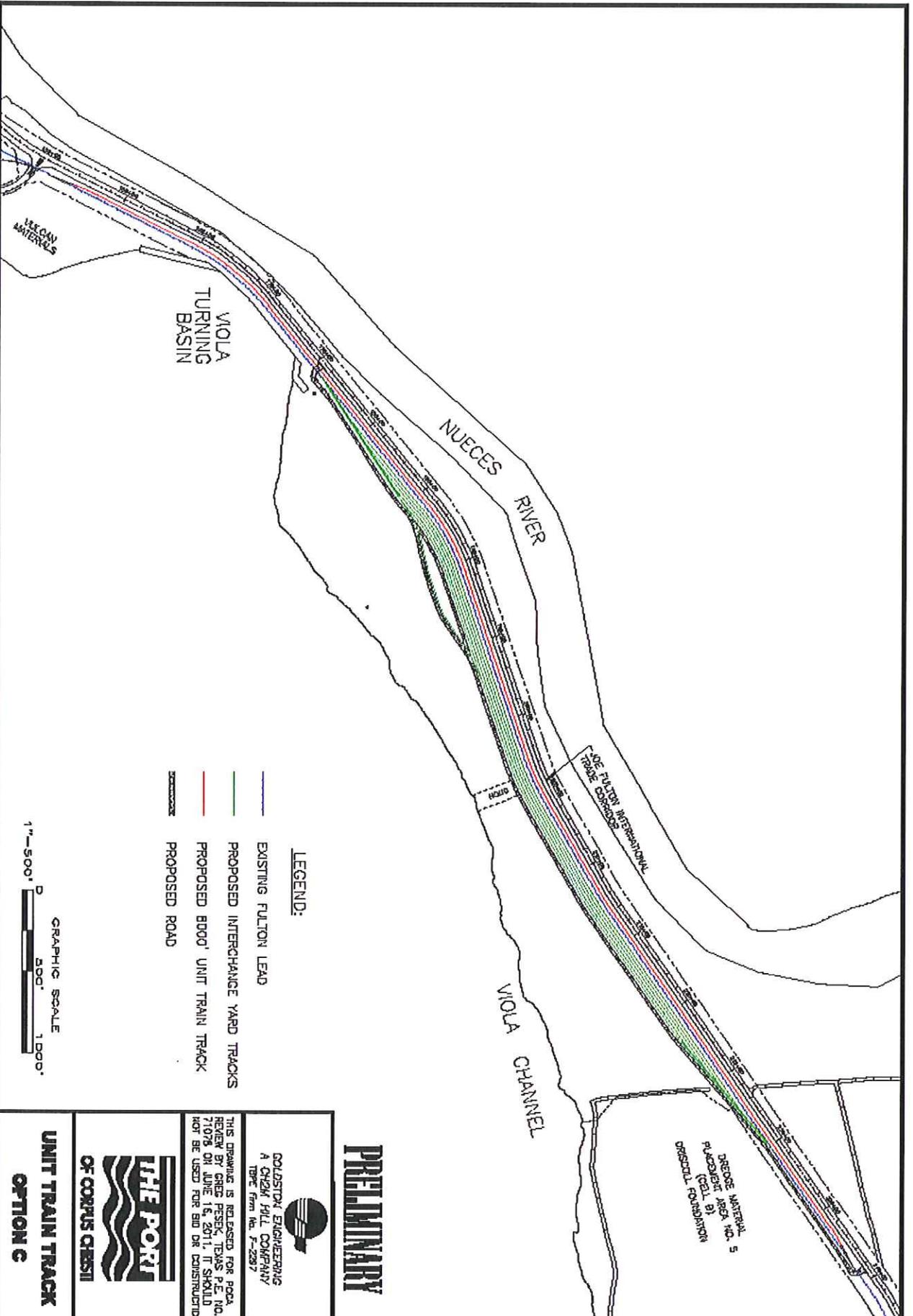
By: _____
Title: _____
Date: _____

UNION PACIFIC RAILROAD COMPANY

By: 
Title: General Manager Joint Facilities
Date: October 26, 2011

CORPUS CHRISTI TERMINAL RAILROAD, INC.

By: _____
Title: _____
Date: _____



LEGEND:

- EXISTING FULTON LEAD
- PROPOSED INTERCHANGE YARD TRACKS
- PROPOSED 8000' UNIT TRAIN TRACK
- PROPOSED ROAD

GRAPHIC SCALE
 1" = 500'
 0 500' 1000'

PRELIMINARY

GOLDSTON ENGINEERING
 A CHEM HILL COMPANY
 TYPE Form No. 7-2517

THIS DRAWING IS RELEASED FOR P.O.A. REVIEW BY GREG PESSER, TEXAS P.E. NO. 71078 ON JUNE 16, 2011. IT SHOULD NOT BE USED FOR BID OR CONSTRUCTION.



**UNIT TRAIN TRACK
 OPTION C**