# TAMPA PORT AUTHORITY

# NOTICE OF PUBLIC HEARING

Notice is hereby given of a public hearing to be held at 11:00 a.m., May 5, 2017 before the Tampa Port Authority, d/b/a Port Tampa Bay, at its offices located at 1101 Channelside Drive, Tampa, Florida, to hear public comments regarding the following:

**LEASE AGREEMENT WITH KINDER MORGAN LIQUIDS TERMINAL, LLC**

Additional information is available online at [www.tampaport.com](http://www.tampaport.com). All written comments and objections directed toward the foregoing matter should be filed with the Port Tampa Bay, Real Estate Department, at 1101 Channelside Drive, Tampa, Florida 33602 by 12:00 noon on May 4, 2017. Oral comments and objections may be presented at the hearing.

In accordance with the federal Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities requiring reasonable accommodation to participate in this hearing should call (813) 905-7678 or fax (813) 905-5109 not later than 48 hours prior to the hearing.

ANY PERSON WHO DECIDES TO APPEAL ANY DECISION OF THE PORT TAMPA BAY WITH RESPECT TO ANY MATTER CONSIDERED AT THIS PUBLIC HEARING WILL NEED A RECORD OF THE PROCEEDINGS AND, FOR SUCH PURPOSE, MAY NEED TO HIRE A COURT REPORTER TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

To be published Friday, April 14, 2017

in the Tampa Bay Times

BACKGROUND INFORMATION FOR MAY 5TH, 2017 PUBLIC HEARING

**LEASE AGREEMENT WITH KINDER MORGAN LIQUIDS TERMINAL, LLC.**

Kinder Morgan Liquids Terminal, LLC (Kinder Morgan) is the largest independent terminal operator in North America and operates a terminal at Port Tampa Bay (PTB). The Tampa terminal contains approximately 1.6 million barrels of storage capacity for gasoline, diesel, and jet fuel. The Port Tampa Bay terminal is connected to three (3) dock facilities and to their terminal in Orlando through an affiliated company - Central Florida Pipeline, LLC. Kinder Morgan and its predecessor GATX Terminals Corporation is currently operating under a lease agreement that will expire on September 30, 2018. Kinder Morgan desires a new Lease so that the terms coincide with their Central Florida Pipeline, LLC Lease of approximately 3.45 acres; therefore, the existing Lease will be terminated.

**FACTS/COMMENTS:**

PTB Staff and Kinder Morgan have agreed to the following terms:

**Premises:** The Premises is approximately 37.52 acres of improved land including tanks, above ground pipelines, truck loading facilities, rail loading/unloading facilities, office buildings, and other equipment. Kinder Morgan is the owner of all improvements

**Use:** The Premises will be used for storing, handling, and moving bulk liquids and

all activities associated therewith, such as blending, denaturing, etc., and for no other use without the Port’s prior written consent.

**Term:** The Initial Term will be six (6) years, commencing on October 1, 2017, with

three (3) five (5) year Lease Extension Options.

**Lease Extension Options**:

Each five (5) year Lease Extension Option will automatically renew unless otherwise terminated by Kinder Morgan upon written notice to PTB. It is intended that the full term of the Lease will extend to coincide with the expiration of the initial term of the Common Use System License Agreement expiring September 29, 2038.

**Rent:** Annual Rent will be as follows:

Lease Year 1 (10/01/17 – 09/30/18), Rent will be $264,365.00 per acre per year.

Lease Year 2 (10/01/18 – 09/30/19), Rent will be $25,000 per acre per year.

Lease Year 3 – 6 (10/01/19 – 09/30/23), Rent will increase by CPI each lease year; however the increase shall not exceed 2.5% for any given year. Any increase exceeding 2.5% in a given lease year will be carried over to the following lease year.

Lease Extension Options - Rent will increase from the previous lease year by CPI each lease year; however, the increase shall not exceed 2.5% for any given year. Any increase exceeding 2.5% in a given lease year will be carried over to the following lease year.

**Wharfage Rate:** The wharfage rate for bulk liquids moved to and from the Premises will be as follows:

Lease Year 1 (10/01/17 – 09/30/18) - $0.075 per bbl increased by 3%

Lease Year 2 – 6 (10/01/18 – 90/30/23) and all lease extension option terms – a wharfage rate discount will be established at a 7.50% reduced rate of the published tariff rate. Lease Extension Options – a wharfage rate discount will be established at a 7.50% reduced rate of the published tariff rate.

In no event will the wharfage rate for petroleum products inbound to the Premises through the Common Use System have a discount of less than 7.50% from Port Tariff.

All products inbound to the Premises by rail or truck (“Throughput”) will be subject to the KMLT wharfage rate for petroleum products or the applicable wharfage rate specified in the Port Tariff for that commodity and would be reported and invoiced at least monthly.

**Minimum Product Guarantee (MPG):** The MPG will include all dockage, wharfage, and throughput to and from the Premises. The MPG will be 23,500,000 BBLS of petroleum products annually for the Initial Term and all Lease Extension Option Terms.

**Easements:** All current easements will be revised as necessary and PTB will provide any new easements as necessary.

**Other:** Kinder Morgan will be responsible for all real estate taxes, site improvements, insurance, and maintenance of the Premises and Easements. In addition, Kinder Morgan will comply with all seaport security laws and regulations, environmental laws and regulations, and all other applicable laws and regulations.

**Option Premises**: Kinder Morgan will have an option to lease approximately ten (10) acres (“Option Premises”) of land for a period not to exceed twenty-four 24 months from the execution date of the Lease. If Kinder Morgan desire to exercise the option for the Option Premises, Annual Rent would commence on the earlier of (i) twenty-four (24) months from the exercise of the option; or (ii) the commencement of terminal operations on the Option Premises. Annual Rent and the Guarantees for the Option Premises will be at the same per acre rate as the Premises.

