



For Immediate Release

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TWO LAWSUITS SETTLED IN FAVOR OF THE PORT

Galveston, Texas...August 15, 2006... This morning the Board of Trustees of the Galveston Wharves authorized settlements in favor of the Port concerning two lawsuits that have been pending between the Board and Galveston Railroad, L.P. and the Board and Edison Chouest and related entities totaling in excess of \$9 million.

The Board approved a settlement of the lawsuit with Edison Chouest and related entities which began in July of 2004, when C Port Galveston, LP, a subsidiary of Edison Chouest, notified the Port that it would not be able to fulfill its contract.

After several months of negotiation and an offer from C Port Galveston of \$218,000 to settle the matter, the Port enlisted attorneys Tony Buzbee and Craig Eiland to file suit suing for lost rent and loss of the value of improvements that would be left at the end of the lease in 2010 or 2040.

After a lengthy appeal process the Port has been offered \$9 million to be paid in 10 days to resolve all issues.

"Port staff has worked hard to bring this matter to a successful conclusion that properly reimburses the Port for lost time and improvements that could have made that lease property an active part of the community's economy." said Port

Director Steve Cernak. "The Port will continue its efforts to actively market that parcel on Pelican Island enabling the diversification that is the Port's vision going forward."

In another matter involving a dispute with Galveston Railroad, the operator of the Port's terminal railway system, an agreement in principal was reached in mediation held August 11, 2006.

Details of the settlement cannot be divulged at this time due to a Protective Order entered by the Court hearing the case. The Order makes the terms and conditions of the settlement confidential pending further order of the Court. Assisting the Port on this matter were outside counsel Stretch Lewis and Timothy Beeton.

Benny Holland, Wharves Board Chairman stated, "We are pleased that we have reached a resolution to our dispute. The settlement will provide the basis for the Port of Galveston and Galveston RR, L.P. to move forward together as we work as a team in redeveloping our port rail infrastructure."

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