**ENGAGEMENT LETTER**

March 30, 20XX

Mr. Sean Strawbridge

Chief Executive Officer

Port Corpus Christi Authority

222 Power Street

Corpus Christi, TX 78401

Dear Sean:

Subsequent to our recent discussions and in accord with your request we are pleased to provide our engagement letter to conduct the search for your next Chief Operating Officer for Port Corpus Christi.

Based on our discussion we understand that revenues are now at about $100 million and that you have a CIP of $140 million. It is your desire to find a COO who could/would have the potential to succeed to the CEO role in the future or to take over in an emergency situation.

Thanks for sharing the “seaport” acronym with me…that is a well thought out branding tool. The position description you provided me was well done and I did have a few questions and comments that I covered in an email over the weekend and await your further counsel on those questions and points.

1. **FIRM OVERVIEW**

Founded over 50 years ago, Odgers Berndtson today is one of the largest privately owned Human Capital and Leadership Development firms in the world, with 59 strategically located offices in 29 countries. Seventy-three percent of organizations who partner with us are repeat clients. We provide a full range of human capital solutions including executive search, organization development restructuring, and succession planning. We have extensive expertise in pre- and post-M&A integration and cultural assimilation.

Because we are privately owned, we focus our resources on clients, as opposed to external stakeholders. Odgers Berndtson is a member of the Association of Executive Search Consultants (AESC), the internationally recognized search industry professional association that has created the best practices and ethical approach to search.

1. **SEARCH PROCESS**

In conducting any search, Odgers Berndtson utilizes the following search process. However, we are always prepared to modify our proposed methodology and search strategy to suit any special needs of our clients. The methodology presented below is based on presenting candidates as they are developed. If PCCA prefers that we present an agreed upon number of candidates as a “slate” as some clients request, we can certainly alter the methodology.

Our first task is to meet or have a discussion with any additional designated PCCA stakeholders and management team members to develop a recruitment and selection strategy and to establish a mutually agreeable timeline for the search. We will also want to discuss the requirements of the position including reporting relationships, responsibilities, objectives, characteristics, and compensation and benefits.

It will be critical to also discuss the strategic plan and vision and to define the top critical tasks to be addressed by the new COO in the first 12 to 24 months so we can discuss and evaluate each candidate’s ability based on their track record and core competencies to execute the strategy going forward. We then are able to advise PCCA of relative strengths and shortcomings and when a particular task or goal may be a stretch for a candidate.

The follow-on task after the initial strategy meeting is to develop a comprehensive recruitment profile, which includes information about PCCA, its structure, and the necessary and desirable candidate qualifications. We will collaborate with PCCA to refine the position description and mutually establish the four to five key criteria for success in the position.

If during the course of the search we identify any critical or problem areas, we will immediately seek instructions from you. We will keep you fully informed of the process through our bi-weekly status reports, as well as communicate by telephone and email on a regular basis. Finally, we will advise you of any circumstance that would cause a delay in concluding the engagement.

Once the position description is finalized we will commence the research and candidate screening. Odgers Berndtson utilizes a variety of methods in identifying and developing candidates for a role, including an aggressive outreach relative to diversity. Our preferred method is to: 1) reach out to knowledgeable and well-placed industry sources to obtain names of individuals who could be qualified for the role and 2) through research, identify individuals who are not currently seeking employment and who would probably have the requisite skills and experience. It will be important to understand that those who are attracted to the process are not “applicants” in the traditional sense. Identifying the talent you want is one thing, enticing them to engage in a recruitment process and handling them with care, helping to navigate a move, and demonstrating the value to their career if it is not immediately evident, is quite another.

We will screen and evaluate any internal candidates or individuals recommended by PCCA via the identical process used with externally developed candidates so that all interested individuals will participate on a level playing field and thus help protect PCCA from any allegations of preference or discrimination.

Initial screening consists of two parts: 1) review and analysis of a candidate’s resume and other supplemental materials provided to determine initial qualification for the position, and 2) a telephone conversation with those initially qualified candidates to further determine the fit with the key criteria of the position. The most qualified candidates will then be thoroughly evaluated via in-person or videoconference interviews. Interviewing will be based on ensuring that each candidate’s behavioral attributes and core competencies are thoroughly explored and validated. We will focus on three distinct areas: (1) technical skills, (2) cultural fit issues, and (3) management and leadership ability. We will provide detailed candidate reports to leadership on the most qualified candidates.

After presentation of the candidates, we will coordinate the interview process with PCCA as well as preparing Offers of Employment that are consistent with the terms and conditions settled upon between the parties, and obtain the execution of this document by the selected candidate. Further, we will advise leadership relative to market compensation data. We will also counsel and assist in the area of candidate relocation issues, and if there are any unique nuances relative to onboarding issues, (e.g., spousal, special education needs, temporary co-location, etc.) we will counsel and assist to the greatest extent possible.

We offer the option to conduct an assessment to quantify and compare the finalist candidates. We recognize that no candidate is truly perfect and, therefore, recommend bringing science to the search process. Our assessment options vary based on level of desired rigor and customization:

1. BASIC PROFILE – Professional Styles Inventory is an online assessment that provides a candidate profile in terms of solving problems, influencing people, adapting approaches, and delivering results. The standardized report will be reviewed with you.
2. SIGNATURE PROFILE – Odgers Berndtson Benchmark is comprised of three online assessments that evaluate candidates in terms of leadership and personality tendencies, potential for leadership derailment, and individual values and potential culture fit. The customized report, developed by an Odgers organizational psychologist, will be reviewed with you and the successful candidate.
3. PREMIUM PROFILE – Odgers Berndtson Executive builds on the Benchmark by offering an online strategic and tactical ability assessment and a 2- to 3-hour Topgrading and competency-based structured interview with an Odgers organizational psychologist. The customized report, developed by the interviewer, will be reviewed with you and the successful candidate.

Our report debriefs with you will highlight areas for further inquiry during your interviews with the finalist candidates. Debriefs with successful candidates help inform and assist with onboarding and development, which are critical to initial as well as long-term engagement.

Example reports for each of the assessment options above are available upon request.

Note: Additional online assessments, for example, to evaluate a candidate’s agility, emotional intelligence, or cognitive ability, may also be included in the Benchmark and Executive options.

Reference checks will be conducted on the finalist candidate, and at leadership’s request, we can also arrange for a background check. Offers can be made “contingent on completion of reference checks and/or background checks.” Many candidates are reluctant to have references checked until they are at an offer stage due to confidentiality issues in desiring to protect their status as a candidate with their current employer.

We consider ourselves an extension of our client’s organization and all candidates will be dealt with respectfully and in a timely manner. All candidates screened and/or interviewed by Odgers Berndtson will be notified relative to PCCA’s choice to move forward with other candidates and will be thanked for their interest in the Port Corpus Christi Authority and for their participation in the search process.

Odgers Berndtson does not believe that our obligations to our client are over when a hire is consummated. We regularly contact any candidate hired as a result of the search, six (6) months after a search is completed and have a thorough discussion of how he/she perceives things are going. We will report back to you our findings and observations. This can at times become a critical task in the search process, as frequently, minor misgivings and problems can be resolved and a course correction can be plotted.

1. **PROJECT LEADERSHIP**

This entire project will be led by Tim McNamara, Vice Chairman and Partner. Tim has over 25 years of senior level, domestic and international human capital and organization development experience and has consulted to numerous port and maritime clients around the world including 3P entities. He is the Head of the Transportation & Infrastructure Practice.

1. **WARRANTIES**

Replacement Warranty

Odgers Berndtson guarantees any candidate hired through our assistance will continue to work for a period of 12 months from the date of acceptance (“at hire” date), as long as the position for which that candidate was hired does not substantially change and provided that the candidate was evaluated and recommended by Odgers Berndtson. In the event a candidate recommended and hired through our assistance is 1) terminated for cause by PCCA within 12 months of his/her hire date, or 2) employee resigns within 12 months of his/her hire date, but excluding death, serious illness, disability, or significant change in position responsibility or change in venue, we will conduct another search to replace the individual in the identical role that was vacated at no cost to PCCA other than reimbursable expenses.

This warranty is viable only if PCCA both advises us and activates a replacement search for the identical position within thirty (30) days of the departure of the Odgers Berndtson hire. Furthermore, in the event of a replacement search all new internal and internally developed candidates must be referred to Odgers Berndtson for evaluation and consideration in the development of a new candidate pool. If PCCA makes a hire on its own, either internally or externally, Odgers Berndtson’s obligation under the replacement warranty is terminated.

**Non-Recruit Warranty**

Odgers Berndtson warrants that we will not recruit from the Port Corpus Christi Authority for a period of 12 months from the conclusion of this search engagement. We will never recruit from a Client an individual we have recruited into the client’s organization, without the express written permission of the Client.

**Full Disclosure Representation**

We will ascertain if presented candidates have been involved in any other search effort over the last 18 months, either through his/her own efforts, or if facilitated via any search firm, and make a full disclosure of the facts and the disposition of the search.

**Compliance Warranty**

Odgers Berndtson warrants that it shall perform all responsibilities hereunder in compliance with all laws, regulations, and professional standards, including, but not limited to, the Association of Executive Search Consultants’ Standards of Excellence and Code of Professional Practice.

1. **FEES AND EXPENSES**

Our fee is based on one third of the hired candidate’s first year’s total cash compensation (base plus any bonus, including sign-on bonus and targeted year-end bonus), with a minimum fee of $70,000. For this engagement, we will cap the final fee at $80,000.

In addition, we charge an administrative fee equal to 15% of the fee. Administrative expenses are attributable to the assignment, but are expenses that are either difficult or impractical to attribute to each individual assignment. Examples of these expenses include administrative/research support, communications, courier, reproduction costs, computer/IT, and other expenses. For this engagement and because of our long-term relationship with PCCA, we will reduce our administrative fee amount from 15% to 12% of the final fee.

We will base the initial retainers on an estimated fee of $70,000. Retainers are paid in installments as follows:

1/3 of estimated fee + estimated administrative expenses at commencement 1/3 of estimated fee at 30 days from commencement

1/3 of estimated fee at 60 days from commencement or at hire, whichever occurs first

Retainers paid are deducted from the full and final retainer, which is due upon the successful candidate’s acceptance of an offer. Port Corpus Christi Authority agrees to provide Odgers Berndtson with an executed copy of the successful candidate’s employment letter or contract immediately upon acceptance by the candidate.

Beyond the above fees, reimbursable expenses would include travel expenses for Odgers Berndtson consultants and candidates (air fare, lodging and meals, car rental, taxi, parking, tolls, and other direct, travel-related expenses), and finalist candidate background checks. Reimbursable expenses incurred will be invoiced at “actual cost.”

Should you choose to include an assessment in this search, the fees are as follows:

1. BASIC PROFILE – Professional Styles Inventory: Complimentary for up to five finalist candidates
2. SIGNATURE PROFILE – Odgers Berndtson Benchmark: $2,500 per candidate
3. PREMIUM PROFILE – Odgers Berndtson Executive: $6,500 per candidate

Odgers Berndtson works on an exclusive basis in executing search engagements. Should the Port Corpus Christi Authority internally or externally evolve candidates for the position either prior to search commencement or during the assignment, these candidates will be considered part of Odgers Berndtson’s candidate pool. The source of a candidate does not affect our fee.

An assignment may be cancelled in writing at any time. Unbilled retainers will be prorated to the date of cancellation and paid by PCCA so long as it is after the first retainer period. All out-of-pocket expenses incurred, but not yet billed, will also be paid by PCCA.

If there is a significant change to the position description or candidate skill set such that our research efforts must be refocused, then we reserve the right to negotiate an additional fee to reflect these changes. If an assignment is put on hold for over 90 days we will consider it cancelled for billing purposes and will agree to a new fee if asked to restart.

In the event PCCA hires a presented candidate for another position other than the position described in the contract, during the search or within 18 months of its conclusion or cancellation, the fee for the additional hire will be 30% of total annualized first year’s gross compensation.

1. **NON-DISCLOSURE CLAUSE**

Each party will not, and will ensure that its employees do not, make available or disclose to anyone other than the receiving party's employees on a “need-to-know” basis, any Confidential Information of the other party. Disclosure of the Confidential Information shall be restricted to those individuals who are participating in the proposed transaction or business relationship solely on a "need-to-know" basis and who are advised of the confidentiality of the Confidential Information and are subject to the obligation to maintain the confidentiality of such Confidential Information. Neither party shall use any Confidential Information except for the purposes expressly contemplated by the parties.

1. **SUMMARY**

We thank you for your trust and confidence in seeking our assistance with this critical search engagement. I know you will be traveling to DC this week and wish you a most successful trip.

Please do not fail to contact us if you have any questions about this engagement letter. We have no current searches that would compete with this requirement. We highly value our long term relationship with the Port Corpus Christi Authority and appreciate your continued trust and confidence.

Sincerely,

Tim C. McNamara, K.D.

Vice Chairman & Partner

Please execute this engagement document in the space below and return the original to us via e-mail, at which time this engagement letter will constitute the agreement between Odgers Berndtson and the Port Corpus Christi Authority regarding the performance of the services outlined above.

Agreed to and accepted by:

By: Date: ,20XX