



**2017/2018 FISCAL  
YEAR BUDGET  
ADOPTED  
SEPTEMBER 14, 2017**

**PREPARED BY:**

**Mary Campus, Controller**

## TABLE OF CONTENTS

TRANSMITTAL LETTER	1
CASH FLOWS	4
SOURCES AND USES	5
INCOME STATEMENT	6
<b>CAPITAL BUDGET</b>	<b>7</b>
CAPITAL BUDGET	10
CAPITAL EQUIPMENT	12
CAPITAL DESCRIPTIONS	14
CAPITAL MAINTENANCE DESCRIPTIONS	16
CONTRIBUTED CAPITAL DESCRIPTIONS	17
<b>REVENUES</b>	<b>18</b>
REVENUE	19
HARBOR REVENUE	20
TAX REVENUE	21
<b>EXPENSES</b>	<b>26</b>
OPERATING EXPENSE SUMMARY	27
DEBT SERVICE	30



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## BUDGET TRANSMITTAL

September 5, 2017

Members of the Port Commission  
Port Freeport  
Freeport, Texas

Presented herein is the Fiscal Year 2017/18 Budget. This budget was prepared through the collective efforts of staff, directors and commissioners. It represents the planned financial and operating performance of the Port for the coming fiscal year and provides insight to the direction of Port expansion for the next five years. Overall, this budget anticipates a \$6.7 million increase in change in net assets. This year's budget follows the same format as the Fiscal Year 2016/17 Budget with supporting documentation and schedules.

### OPERATING BUDGET

#### Revenue:

When compared to the 2017 Reforecasted Budget, total operating revenue for fiscal year 2018 is expected to increase \$1 million to \$24.1 million, while net non-operating revenue and expenses are expected to decrease by \$835 thousand to \$1.2 million.

Harbor operations revenues have increased \$687 thousand to \$10.4 million primarily due to contractual guaranteed minimums. Lease revenues have increased slightly to \$13.6 million primarily due to contractual inflation increases.

Net non-operating revenues at \$1.2 million include debt service. Debt interest and fees have increased due to projected additional revenue backed debt to be issued in 2018.

The Certification of Appraised Valuations prepared by the Brazoria County Appraisal District reports assessed value for 2017 to be \$13 billion, which is 6.6% higher than the prior year. Increases were observed in market values and significant asset additions, along with offsets in these increases from homestead, abatements, and other exemptions. The budget has been prepared with maintaining the tax rate of \$.04010 per \$100 of valuation. A rate of \$.009173 per \$100 valuation is required for debt service, leaving a rate of \$.030927 per \$100 valuation for maintenance and operations. Assuming a 98.65% collection rate, ad valorem tax collections are projected to be \$5 million, net of appraisal district and tax office fees.

#### Expenditures:

Overall, expenditures, at \$17 million, are anticipated to decrease \$255 thousand over the reforecasted budget for fiscal year 2017. Expenditures, excluding depreciation are expected to be \$10 million, a decrease of \$248 thousand from the budget for fiscal year 2017.

#### PORT COMMISSION

PAUL KRESTA, CHAIRMAN; JOHN HOSS, VICE CHAIRMAN; SHANE PIRTLE, SECRETARY; BILL TERRY, ASST. SECRETARY;  
RUDY SANTOS, COMMISSIONER; RAVI K. SINGHANIA, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

**Port Salaries and Wages:** The total amount budgeted for Port salaries and wages is \$3.4 million, an increase of \$161 thousand or 5%. The budget includes a maximum of 3% for merit/cost-of-living increase as well as a market/internal equity pool and assumes full staffing.

**Port Employee Benefits:** The total amount budgeted employee benefits is \$1.3 million, an increase of \$147 thousand or 12% from the 2017 budget. The primary reason for the increase comes from an anticipated increase in medical (20%), dental and vision plan premiums (10%), full participation in the retirement plan, and assumes full staffing.

**Professional Services:** The budget for consultant services has decreased \$139 thousand or 62% from the 2017 budget to \$2.1 million. The largest line item in the professional services category is security service fees, which decreased slightly to \$1,302,700 due to contracted rates and reduced manpower to be utilized. Fiscal year 2018 includes funds for a feasibility study and surveying.

**Training, Travel & Promotional:** The training, travel and promotional category budget is \$564 thousand which has increased from the 2017 budget by 4% or \$23,500. Commercial business development, which includes commercial trade shows, advertising, economic development, and promotional items, has been increased \$55 thousand or 34% from last year. Sales and promotion has decreased by \$15 thousand or 19%. Government relations travel is decreased 21% or \$13 thousand due to a decreased involvement and meetings related to the Freeport Harbor Channel Improvement Project. Community relations has decreased 10% or \$8 thousand. Technical training and related travel expense is increased from the 2017 budget by 5% or \$5 thousand. Automobile expense is at the same budgeted levels as 2017.

**Supplies:** The supplies budget is \$145 thousand which has decreased \$47,900 or 25%. Purchase of pallets account for this decrease.

**Utilities:** The utilities budget has increased by \$9,900 or 2% to \$520 thousand. Increased cost of telephone services account for the majority of the increase.

**Business Insurance:** Business insurance is being budgeted for \$929 thousand which is a \$71,800 or 7.1%, a decrease from fiscal year 2017 budget. Contracted insurance premiums, primarily the liability insurance account for this decrease.

**Other Services & Charges:** The \$385 thousand budget for other services and charges is planned to increase 6% or \$21,600 from the 2017 budget. This category includes contract labor, contract services, lease expense and memberships and subscriptions. The renewal of the Vessel traffic software services accounts for the majority of the increase.

**Maintenance & Repair:** The \$766 thousand budget for 2018 is \$246,100 or 24% less than the 2017 with increases in some areas and decreases in others. Significant line items in this category include maintenance expense for the crane, security lighting repairs, mowing services, and security systems maintenance.

**Depreciation expense:** Depreciation expense for fiscal year 2018 budget is projected at \$7 million, which has decreased slightly over fiscal year 2017 budget. Depreciation additions from new assets are expected to be \$37,500.

## CAPITAL BUDGET

### Port Expansion:

Continuing from fiscal year 2017, the most significant projects planned over the next five-years are the construction of Velasco Terminal and related development of backland property to support the berths. The permitting of the next 1,600 feet has started. Improvements to OEM/Logistics facilities include rail development and additional storage areas. Other projects include increasing dredge disposal management area capacity. \$63 million in total has been budgeted for Port expansion projects for fiscal year 2018. It should be noted, that \$27.8 million of the \$63 million in improvements are on hold pending business case justification. Cash flow requirements of the capital expansion plans will be funded from current cash flows, reserves or debt financing.

### Capital Contributed to Others:

Capital contributions to others include a \$1.9 million in stabilization of the hurricane flood protection levee. Additional projects include \$90 thousand for road improvements in the City of Freeport, and \$50 thousand to the Brazoria/Ft. Bend Rail District.

### Capitalized Maintenance & Repair:

The \$2.2 million in capitalized maintenance and repair projects include the continuation of the repairs of the dock concrete joints along with railroad track renovations, light pole upgrades, cathodic protection system repairs and road repairs.

### Capital Outlay:

Capital outlay includes equipment purchases over \$5,000 that will be capitalized and depreciated over a short life span of 3-20 years. The capital outlay budget for fiscal year 2018 is \$1.1 million. The major items in fiscal year 2018 are equipment purchases include financial software, security improvements, administration, safety and maintenance vehicles. Cash flow requirements for the capital outlay plans will be funded by \$551 thousand in Port Security Grant funds and \$549 thousand from current cash flows, reserves or financing.

## CONCLUSION

The proposed budget for fiscal year 2017/18 continues to demonstrate the Port's commitment to the expansion and development of Port Freeport. Budgeted operating revenues exceed operating expenses by \$7.1 million and planned capital expenditures are \$40 million. The tax rate is being maintained at \$0.04010 per \$100 of assessed valuation. This budget is fiscally conservative without impeding the Port's continuing commitment to provide well-maintained, safe and secure port facilities to our customers and to further the growth and development of Port Freeport.

Respectfully submitted,



Mary Campus  
Controller

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

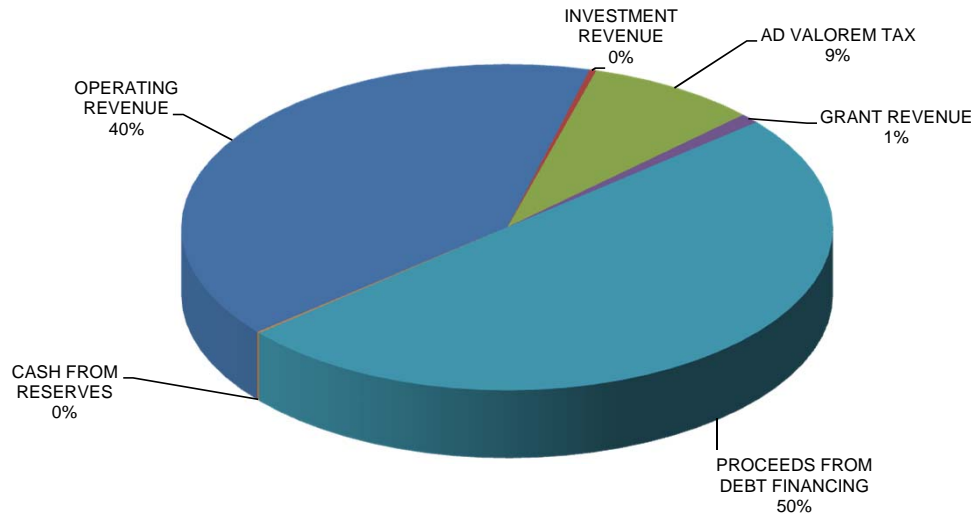
**CASH FLOW WORKSHEET**

Operating Revenue	\$ 24,147,400	
Operating Expenses	( 17,027,900)	
Operating Income (Loss)	7,119,500	
Net Non-Operating Revenues	1,252,050	
<b>Net Income</b>		<b>\$ 8,371,550</b>
Add Back Non-cash Items		
Depreciation	6,987,700	
Interest Expense	4,047,250	
Loss on Disposition of Assets	-	
Total Net Non-cash Expenses		<u>11,034,950</u>
<b>Cash Flow from Operations, Taxes, Investments</b>		<b>19,406,500</b>
<b>Debt Service Payments</b>		<b>( 9,505,350)</b>
<b>Net Cash Flow Before Capital Expenditures</b>		<b>9,901,150</b>
<b>Capital Expenditures and Contributed to Others:</b>		
Funded by Grant Programs	( 688,500)	
USCOE Tipping Fee Reserve	( 4,374,900)	
Funded from Capital Improvement Reserve	( 5,740,000)	
Cash Flow or General Reserve Funded	( 3,773,400)	
Proceeds from Debt Funding	( 25,975,000)	
<b>Total Additions to Assets</b>		<b>( 40,551,800)</b>
<b>Reimbursement Resolution/Financing Proceeds</b>		<b>30,000,000</b>
Contributed Capital From Grants		581,950
<b>Cash To (From) Reserves</b>		<b>\$ ( 68,700)</b>
July 2017 Reserves Balance:		
Unrestricted	\$ 36,935,597	
Reserve for Capital Improvements	7,013,194	
Restricted for Debt Service	4,391,906	
Restricted for Capital Improvements	14,338	
<b>Approximate FY 2018 Year-end Reserves:</b>		
Unrestricted	\$ 38,788,641	
Reserve for Capital Improvements	5,083,894	
Restricted for Debt Service	4,400,000	
Restricted for Capital Improvements	13,800	

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

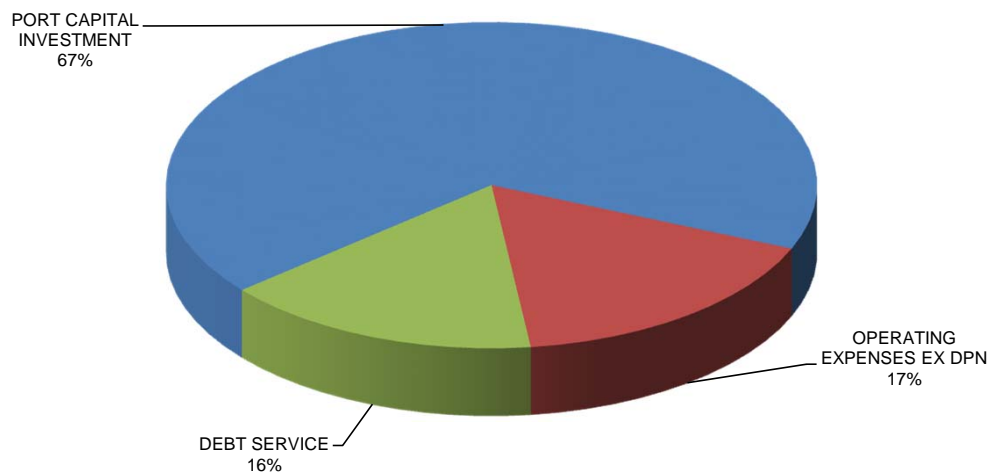
**SOURCES OF FUNDS**

OPERATING REVENUE	\$ 24,147,400
INVESTMENT REVENUE	200,000
AD VALOREM TAX	5,099,300
GRANT REVENUE	581,950
PROCEEDS FROM DEBT FINANCING	30,000,000
CASH FROM RESERVES	68,700
<b>TOTAL</b>	<b>\$ 60,097,350</b>



**USES OF FUNDS**

PORT CAPITAL INVESTMENT	\$ 40,551,800
OPERATING EXPENSES EX DPN	10,040,200
DEBT SERVICE	9,505,350
	<b>\$ 60,097,350</b>



**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

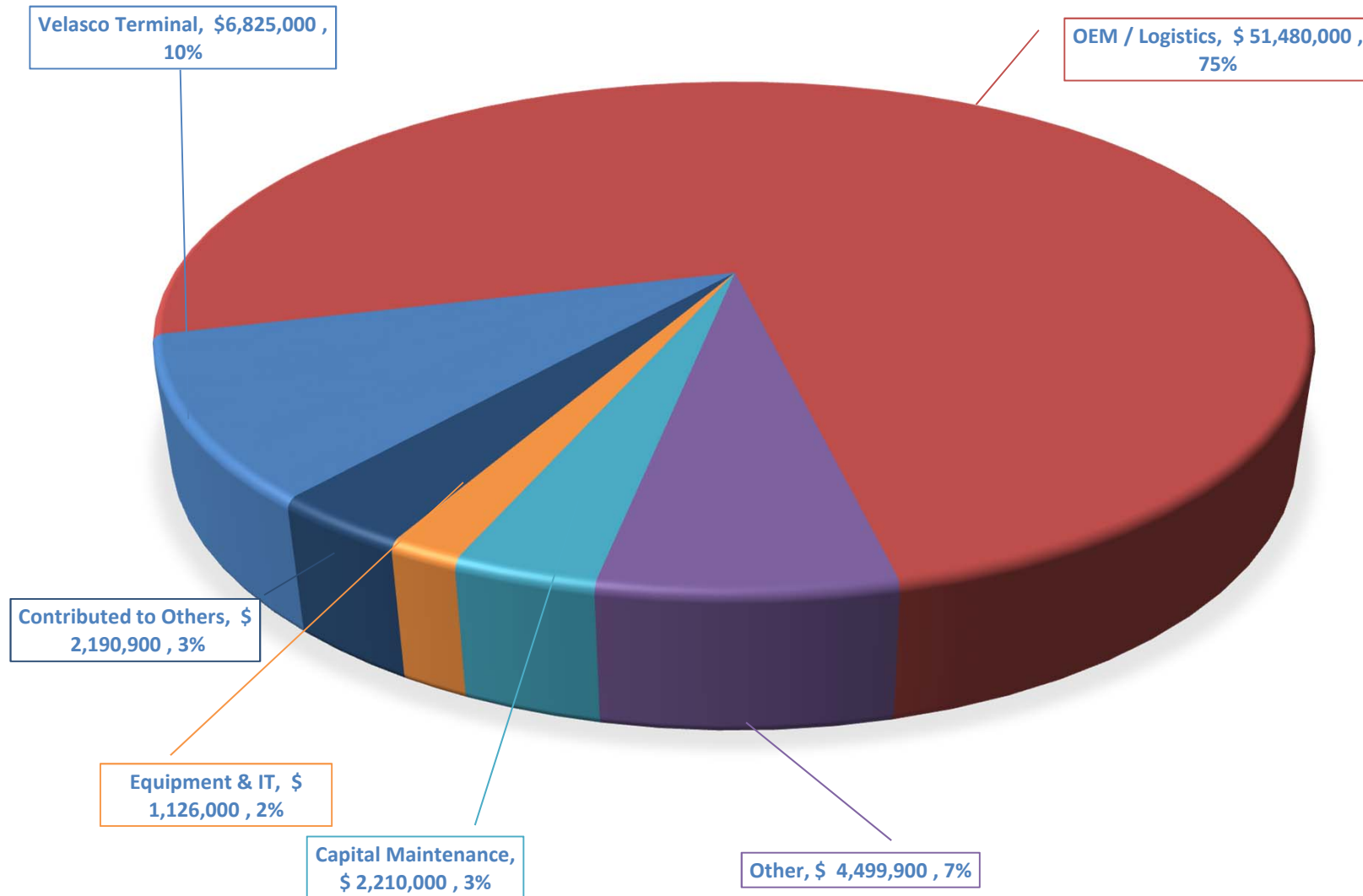
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2017 Budget Reforcast	5/31/2017 Actual	2017 Projected	2018 Budget
<b>OPERATING REVENUES:</b>								
Wharfage	\$ 3,896,689	\$ 3,567,652	\$ 4,334,632	\$ 6,429,600	\$ 5,565,300	\$ 4,016,079	\$ 5,130,576	\$ 6,003,700
Dockage & Deep Water Berth	1,763,042	1,324,691	1,556,143	1,761,500	1,480,100	841,835	1,439,473	1,487,300
Freight Handling	1,267,599	48,870	-	-	-	-	-	-
Equipment & Pallet Use Fees	808,240	1,350,442	1,223,119	1,342,000	903,600	592,174	896,000	1,137,600
Facility Use Fees	383,323	442,978	233,852	287,700	287,700	213,199	305,000	295,000
Cool Storage Facility Use Fee	295,326	-	-	-	-	-	-	-
Security Fees	524,212	463,699	764,089	789,500	708,000	417,327	607,500	704,200
Other Customer Service Fees	913,057	780,181	757,025	813,500	813,500	547,863	804,000	817,800
Ground Leases	6,220,066	9,889,531	11,788,233	12,213,700	12,264,200	8,145,284	12,289,695	12,621,000
Other Leases	735,423	674,754	1,008,231	1,080,800	1,083,300	721,774	1,066,029	1,055,800
Other Revenue	188,619	47,938	19,420	20,000	36,500	40,325	43,000	25,000
Total Operating Revenue	\$ 16,995,596	\$ 18,590,736	\$ 21,684,744	\$ 24,738,300	\$ 23,142,200	\$ 15,535,860	\$ 22,581,273	\$ 24,147,400
<b>OPERATING EXPENSES:</b>								
Port Salaries/Wages	2,429,012	2,702,276	3,052,922	3,304,100	3,304,100	1,903,112	3,066,853	3,365,500
Port Employee Benefits	778,369	825,554	945,922	1,169,100	1,146,000	605,424	1,033,136	1,286,500
Freight Handling Wages & Benefits	798,065	43,737	-	-	-	-	-	-
Professional Services	1,432,874	1,731,551	1,916,293	2,217,600	2,217,600	1,097,519	1,871,545	2,077,900
Training, Travel & Promotional	345,886	306,412	408,762	541,000	541,000	212,857	353,646	564,500
Supplies	301,000	204,514	176,874	192,800	192,800	83,602	132,557	144,900
Utilities	494,540	563,185	517,133	510,100	510,100	305,760	473,372	520,000
Business Insurance	1,316,962	1,299,623	1,053,120	1,001,300	1,001,300	632,186	860,000	929,500
Other Services & Charges	525,484	565,530	421,310	363,600	363,600	206,898	332,284	385,200
Maintenance & Repair	760,062	998,168	671,077	1,012,300	1,012,300	508,108	748,129	766,200
Depreciation	5,310,410	6,425,843	6,834,914	7,670,800	6,994,400	4,702,683	6,918,640	6,987,700
Total Operating Expenses	14,492,664	15,666,393	15,998,327	17,982,700	17,283,200	10,258,149	15,790,162	17,027,900
<b>OPERATING INCOME (LOSS)</b>	<b>2,502,932</b>	<b>2,924,343</b>	<b>5,686,417</b>	<b>6,755,600</b>	<b>5,859,000</b>	<b>5,277,711</b>	<b>6,791,111</b>	<b>7,119,500</b>
<b>OPERATING MARGIN</b>	<b>15%</b>	<b>16%</b>	<b>26%</b>	<b>27%</b>	<b>25%</b>	<b>34%</b>	<b>30%</b>	<b>29%</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Ad Valorem Tax Collections	4,672,390	4,750,726	4,701,307	4,781,700	4,781,700	4,841,721	4,835,924	5,099,300
Investment Net Revenue	265,046	116,636	289,226	290,000	290,000	231,790	267,240	200,000
Gain (Loss) on Sale of Assets	-	3,500	( 4,541,318)	-	( 25,800)	( 25,722)	( 25,800)	-
Debt Interest and Fees	( 1,285,213)	( 1,922,217)	( 3,165,710)	( 2,958,000)	( 2,958,000)	( 1,992,825)	( 2,958,000)	( 4,047,250)
Other	-	-	381,872	-	-	-	-	-
Non-Operating Revenues, Net	3,652,223	2,948,645	( 2,334,623)	2,113,700	2,087,900	3,054,964	2,119,364	1,252,050
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>6,155,155</b>	<b>5,872,988</b>	<b>3,351,794</b>	<b>8,869,300</b>	<b>7,946,900</b>	<b>8,332,675</b>	<b>8,910,475</b>	<b>8,371,550</b>
<b>CAPITAL CONTRIBUTIONS-Grants</b>	<b>1,042,216</b>	<b>270,367</b>	<b>351,434</b>	<b>215,200</b>	<b>215,200</b>	<b>28,663</b>	<b>89,100</b>	<b>581,950</b>
<b>NET CAPITAL CONTRIBUTIONS (To)/From Others</b>	<b>( 1,381,819)</b>	<b>( 836,997)</b>	<b>( 1,417,291)</b>	<b>( 7,297,000)</b>	<b>( 2,042,000)</b>	<b>( 1,339,065)</b>	<b>( 2,042,000)</b>	<b>( 2,190,900)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 5,815,552</b>	<b>\$ 5,306,358</b>	<b>\$ 2,285,937</b>	<b>\$ 1,787,500</b>	<b>\$ 6,120,100</b>	<b>\$ 7,022,273</b>	<b>\$ 6,957,575</b>	<b>\$ 6,762,600</b>

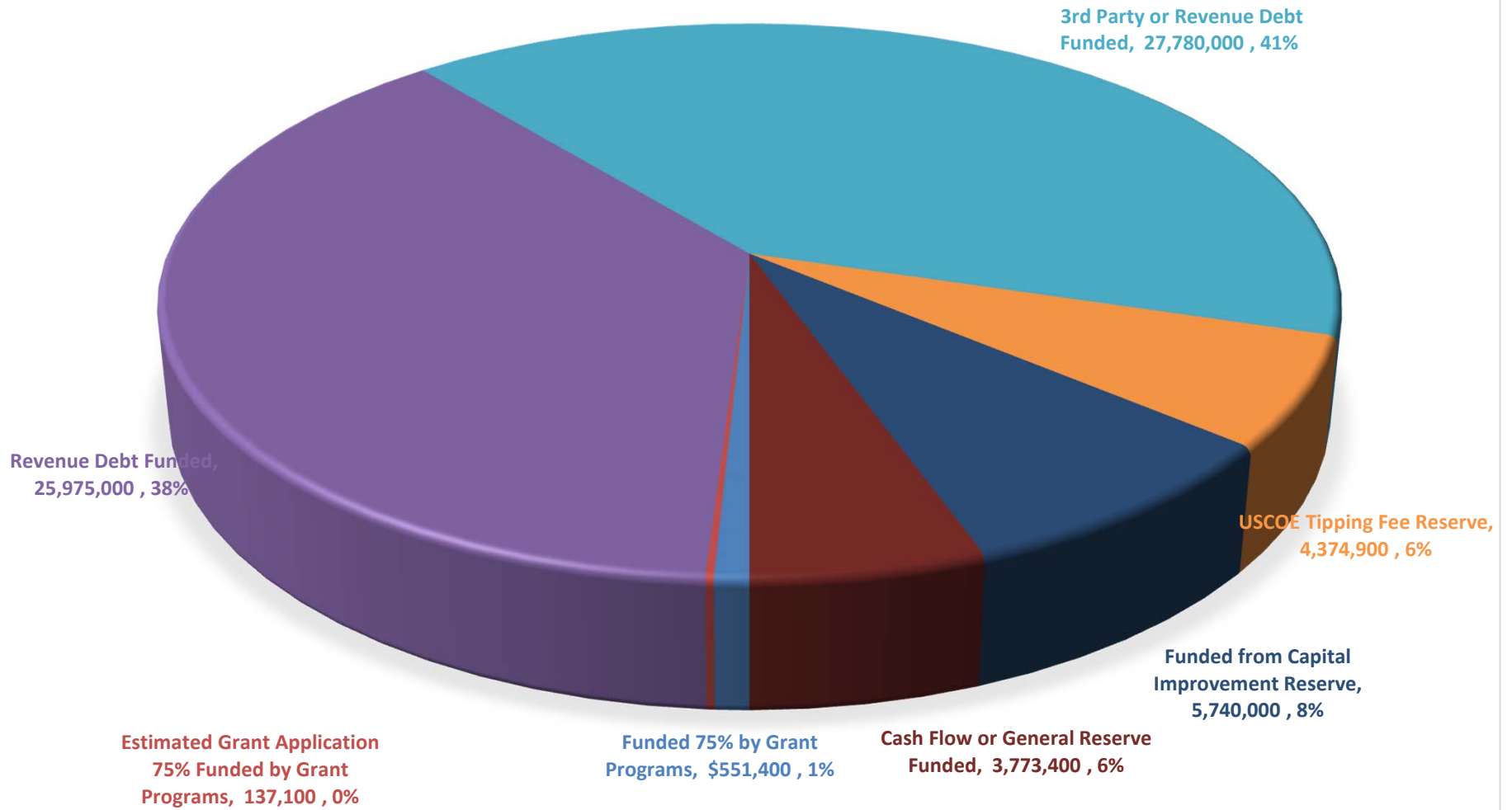


# CAPITAL EXPANSION

## PORT FREEPORT ALLOCATION OF CAPEX



# PORT FREEPORT 2018 CAPITAL BY FUNDING



PORT FREEPORT  
PROPOSED PORT CAPITAL EXPANSION PLAN  
FY 2018 to 2025

PROJECT	2017	Proposed 2018	2019	2020	2021	2022	2023	2024	2025	2018-2025 TOTAL
VELASCO TERMINAL & RELATED INFRASTRUCTURE DEVELOPMENT (Excludes East End Expansion Area)										
VELASCO TERMINAL, Phase II 408 Permit & Berth 8&9 Design Services	388,000		250,000	250,000				250,000	250,000	1,000,000
VELASCO TERMINAL, Phase II Backland Areas 3 (10 AC)				10,000,000						10,000,000
VELASCO TERMINAL, Phase II Backland Areas 4 (10 AC)									10,500,000	10,500,000
VELASCO TERMINAL, Phase II Berth 8 (800 FT)			55,000,000	27,500,000						82,500,000
VELASCO TERMINAL, Phase III Berth 9 (800 FT)								43,000,000	21,000,000	64,000,000
VELASCO TERMINAL, Phase III Berth 10 (RAMP)									4,000,000	4,000,000
VELASCO TERMINAL, Backland Areas 5 (15 AC-temp laydown)		2,275,000								2,275,000
VELASCO TERMINAL, Backland Areas 5 (15 AC)									15,000,000	15,000,000
VELASCO TERMINAL, Phase III Backland Areas 6 (13 AC)	818,000			10,000,000						10,000,000
VELASCO TERMINAL, Phase III Entrance (GATE 12)								15,500,000		15,500,000
VELASCO TERMINAL, Development Study		50,000								50,000
VELASCO TERMINAL, Land Acquisitions	2,800,000	4,500,000								4,500,000
										241,325,000
OEM / LOGISTICS CENTER										
PARCEL 14, Rail Development	2,300,000	23,700,000								23,700,000
PARCEL 14, Warehouse Development (150,000 sf)		27,780,000								27,780,000
PARCEL 19 North , Phase II - development - 15 acres	288,000									-
SECURITY RELATED										
Customs and Border Protection Buildout at EOC	1,150,000									-
OTHER PROJECTS										
DMPA-1 LEVEE RAISE		4,374,900								4,374,900
SEDIMENT SAMPLING @ DMPA #85		125,000								125,000
CAPITALIZED MAINTENANCE & REPAIR PLAN										
JOINT REPAIRS		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	160,000
RAILROAD TRACK RENOVATIONS		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	200,000
LIGHTPOLE UPGRADES		125,000	125,000	125,000	125,000	100,000				600,000
DOCKS CATHODIC PROTECTION	1,153,300	350,000								350,000
DOCKS -FENDER REPLACEMENT AND UPGRADE		300,000								300,000
SECURITY FENCING PARCEL 25		40,000								40,000
TRENCH DRAIN REPAIRS, VELASCO TERMINAL	22,000	50,000								50,000
LAYDOWN YARD, WESTSIDE OF WH 51	622,000									-
ASPHALT PAVEMENT REPAIR (Roads.)	30,000	50,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,450,000
PORT ROAD OVERLAY		1,250,000								1,250,000
FIVE YEAR CAPITAL OUTLAY SUMMARY (from detailed schedule)	529,300	1,126,000	1,122,400	22,783,500	1,433,800	103,000	-	33,000,000	-	59,568,700
CAPITAL CONTRIBUTED TO OTHERS										
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT-GRR (PED)	999,000	2,050,900								2,050,900
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT-GRR & LPP			37,039,400	15,154,500	8,063,500	46,012,000	13,988,000			120,257,400
VELASCO TERMINAL, WIK CHANNEL DREDGING	-			3,000,000						3,000,000
REPAIRS TO TRUCK ROUTE, EAST END	593,000	90,000								90,000
BRAZORIA/FT. BEND RAIL DISTRICT	50,000	50,000								50,000
BERTH 2 FLOODWALL, Modifications	400,000									-
TOTAL	\$ 12,142,600	\$ 68,331,800	\$ 93,781,800	\$ 89,058,000	\$ 9,867,300	\$ 46,460,000	\$ 14,233,000	\$ 91,995,000	\$ 50,995,000	\$ 464,721,900

PORT FREEPORT  
PROPOSED PORT CAPITAL EXPANSION PLAN  
FY 2018 to 2025

PROJECT	2017	Proposed 2018	2019	2020	2021	2022	2023	2024	2025	2018-2025 TOTAL	
CapEx Category Summary											
Velasco Terminal	\$ 4,006,000	\$ 6,825,000	\$ 55,250,000	\$ 69,750,000	\$ -	\$ -	\$ -	\$ 91,750,000	\$ 50,750,000	\$ 241,325,000	
OEM / Logistics	2,588,000	51,480,000	-	-	-	-	-	-	-	\$ 51,480,000	
Security Related	1,150,000	-	706,500	700,000	555,800	-	-	-	-	\$ 1,962,300	
Other	-	4,499,900	-	-	-	-	-	-	-	\$ 4,499,900	
Capital Maintenance	1,827,300	2,210,000	370,000	370,000	370,000	345,000	245,000	245,000	245,000	\$ 4,400,000	
Equipment & IT	529,300	1,126,000	415,900	83,500	878,000	103,000	-	-	-	\$ 35,606,400	
Contributed to Others	2,042,000	2,190,900	37,039,400	18,154,500	8,063,500	46,012,000	13,988,000	-	-	\$ 125,448,300	
Total	\$ 12,142,600	\$ 68,331,800	\$ 93,781,800	\$ 89,058,000	\$ 9,867,300	\$ 46,460,000	\$ 14,233,000	\$ 91,995,000	\$ 50,995,000	\$ 464,721,900	\$ -
Targeted Funding Sources											
Funded 75% by Grant Programs	\$ 89,100	\$ 551,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,400	
Estimated Grant Application 75% Funded by Grant Programs	-	137,100	663,150	525,000	416,850	-	-	-	-	1,742,100	
General Obligation Debt Funded	-	-	37,039,400	15,154,500	8,063,500	46,012,000	13,988,000	-	-	120,257,400	
Revenue Debt Funded	3,118,000	25,975,000	55,000,000	69,500,000	-	-	-	58,500,000	35,500,000	244,475,000	
3rd Party or Revenue Debt Funded		27,780,000	-	-	-	-	-	-	-	27,780,000	
USCOE Tipping Fee Reserve		4,374,900	-	-	-	-	-	-	-	4,374,900	
Funded from Capital Improvement Reserve	-	5,740,000	-	3,000,000	-	-	-	-	-	8,740,000	
Cash Flow or General Reserve Funded	8,935,500	3,773,400	1,079,250	878,500	1,386,950	448,000	245,000	33,495,000	15,495,000	56,801,100	

PORT FREEPORT  
CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)  
FY 2018 to 2024

PROJECT	2017	Proposed 2018	2019	2020	2021	2022	2023	2024	2018-2024 TOTAL
COMPUTER EQUIPMENT:									
SERVER/DATA STORAGE (SAN) UPGRADE/REPLACE						40,000			40,000
UPS UPDATES/UPGRADES		10,000	34,200						44,200
SERVER UPDATE/UPGRADE				15,000		30,000			45,000
GANTRY CRANE-SHIP PROFILE SYSTEM					180,000				180,000
ADM WIFI UPGRADE			12,500						12,500
COMPUTER SOFTWARE:									
FINANCIAL SOFTWARE	350,000	50,000							50,000
INVENTORY MANAGEMENT SYSTEM			60,000						60,000
PORTWIDE EMERGENCY NOTIFICATION SYSTEM			177,700						177,700
OFFICE FURNITURE:									
EPD OFFICE FURNITURE		15,000							15,000
OFFICE EQUIPMENT:									
COPY/SCANNER MACHINE - ADMIN		20,000							20,000
COPY/SCANNER MACHINE - EOC					20,000				20,000
COPY/SCANNER MACHINE - OPS				14,000					14,000
BADGE PRINTER		6,500							6,500
EQUIPMENT:									
SHIP TO SHORE GANTRY CRANES (2 UNITS)				22,000,000					22,000,000
SHIP TO SHORE GANTRY CRANES (3 UNITS)								33,000,000	33,000,000
AIR COMPRESSOR				6,000					6,000
WELDING MACHINE			10,000						10,000
GANTRY CRANE TWIN PICK SPREADER BARS (3)					600,000				600,000
SPECIALTY TOOLS FOR GANTRY CRANES	15,000		15,000		15,000				30,000
WIFI ANALYZER		5,000							5,000
RAIL CAR COUNTER EQUIPMENT (2 UNITS)		25,000							25,000
COPPER & FIBER CABLE TESTING AND METER			20,000						20,000
ADM BUILDING BACK UP GENERATOR		182,800							182,800
SECURITY:									
CAMERA UPGRADE PROJECT	118,800	168,200							168,200
PHYSICAL SECURITY INFORMATION MANAGEMENT					555,800				555,800
PARCEL 14 SECURITY			600,000						600,000
MARINE RESPONSE TRAINING PROP				400,000					400,000

PORT FREEPORT  
CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)  
FY 2018 to 2024

PROJECT	2017	Proposed 2018	2019	2020	2021	2022	2023	2024	2018-2024 TOTAL
RADAR UPGRADE				300,000					300,000
TWIC READERS			106,500						106,500
VEHICLES:									
MAINTENANCE TRUCK			30,000			33,000			63,000
MAINTENANCE UTILITY VEHICLES	10,500	10,500	11,500	12,500	13,000				47,500
OPERATIONS VEHICLE				36,000					36,000
SAFETY VEHICLE		28,000							28,000
ENGINEERING 4 X 4 VEHICLE	35,000								-
VAN FOR PORT TOURS		38,000							38,000
PATROL VEHICLE			45,000		50,000				95,000
OTHER:									
CBRN SECURITY BOAT		567,000							567,000
TOTAL	\$ 529,300	\$ 1,126,000	\$ 1,122,400	\$ 22,783,500	\$ 1,433,800	\$ 103,000	\$ -	\$ 33,000,000	\$ 59,568,700
CapEx Category Summary									
Security	118,800	168,200	706,500	700,000	555,800	-	-	-	2,130,500
Other:									
Computer Equipment	-	10,000	46,700	15,000	180,000	70,000	-	-	321,700
Computer Software	350,000	50,000	237,700	-	-	-	-	-	287,700
Office Furniture	-	15,000	-	-	-	-	-	-	15,000
Office Equipment	-	26,500	-	14,000	20,000	-	-	-	60,500
Equipment	15,000	212,800	45,000	22,006,000	615,000	-	-	33,000,000	55,878,800
Vehicles	45,500	76,500	86,500	48,500	63,000	33,000	-	-	307,500
Other	-	567,000	-	-	-	-	-	-	567,000
Total	529,300	1,126,000	1,122,400	22,783,500	1,433,800	103,000	-	33,000,000	59,568,700
Targeted Funding Sources									
Grant Funded @ 75% Fed.	\$ 89,100	\$ 551,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,400
Submitted or Future Grant Application @ 75% Fed.	-	137,100	663,150	525,000	416,850	-	-	-	1,742,100
Debt Funded	-	-	-	-	-	-	-	-	-
Revenue Debt Funded	-	-	-	22,000,000	-	-	-	-	22,000,000
Cash Flow or Reserve Funded	440,200	437,500	459,250	258,500	1,016,950	103,000	-	33,000,000	35,275,200

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET  
PORT CAPITAL EXPANSION PLAN  
PROJECT DESCRIPTIONS**

**CAPITAL EXPANSION PROJECTS FOR FY 2018:**

**1818 Velasco Terminal, (Backland temp. laydown, Area 5 15 acres)**

Project includes design and plan approval for the development of a temporary flex base storage yard inside the levee, north of the drainage ditch known as Area 5. Anticipated project completion in FY 2018.

**1818 Velasco Terminal Development Study**

Project includes a study to understand the construction cost to develop Velasco Terminal to a full-scale container terminal ready to receive cargo volumes associated with Panamax and Post-Panamax vessels.

**1829 Land Acquisition**

The purpose is to purchase property in the East End of Freeport for the Velasco Terminal Entrance and support industries.

**1816 Rail Development – Phase I**

Project includes the construction and development of rail facilities at Parcel 14. The purpose is to increase the capacity and diversity for the movement of rail cargo to and from the Port. Anticipated project completion in FY 2018.

**1816 Warehouse Development**

Project includes the construction and development of warehousing facilities at Parcel 14. This project is pending business case justification.

**1827 DMPA-1 Levee Raise**

This project is the Port's contribution to the U. S. Army Corps of Engineers to raise the levee at dredge management area number one to increase capacity of dredge material disposal for the Port.

**1827 Sediment Sampling**

This project is to sample the materials at dredge management area number eighty-five to determine quality of materials for reuse in other projects.

**PROPOSED FUTURE CAPITAL EXPANSION PROJECTS:**

**1813 Velasco Terminal, Section 408/Section 10/404 Permitting (2019-2020)**

Project includes the permitting of the balance of the Velasco Terminal for modifications to the Corps of Engineers-constructed Storm Protection System (Section 408) and construction, including dredging, for Berths 8 and 9 (Section 10/404). Anticipated completion in FY 2020.

**1818 Velasco Terminal, (Backland Development, Area 3 10 acres) (FY 2020)**

Project includes design and plan approval for the development of the area behind proposed Dock 8. Development to include High Mast lighting, and concrete paving. The remaining construction will begin at the direction of the EPD. Anticipated project completion in FY 2020.

**1818 Velasco Terminal, (Backland Development, Area 4 10 acres) (FY 2025)**

Project includes design and plan approval for the development of the area behind proposed Dock 9. Development to include High Mast lighting, and concrete paving. Anticipated project completion in FY 2025.



1813 Velasco Terminal, (800' Berth) (FY 2019-2020)

Project includes an 800-foot extension of dock (Berth 8), creating 1,600 lineal feet of berth. The purpose is to provide additional berthing capacity. Anticipate completion of the design in FY 2019 and construction in FY 2020.

1813 Velasco Terminal, (Berth 9) (FY 2024-2025)

Project includes 800 lineal feet of berth (Berth 9), creating 2,400 linear feet of berth. The purpose is to provide additional berthing capacity. Anticipate completion of the design in FY 2024 and construction in FY 2025.

1813 Velasco Terminal, (Berth 10) (FY 2025)

Project includes a RO-RO barge Ramp. The purpose is to provide additional berthing capacity. Anticipate completion of the design in FY 2025 and construction in FY 2025.

1818 Velasco Terminal, (Backland Development, Area 6 13 acres) I (FY 2020)

Project includes design and plan approval for the development of the area behind proposed Dock 8. Development to include High Mast lighting, and concrete paving. Anticipated project completion in FY 2020.

1816 Velasco Terminal Entrance (Gate 12), (FY 2021)

Project includes the design and construction of the Full Build-Out gate providing for increased gate throughput from Navigation Blvd. to Port Road. Anticipate the start of design and construction in FY 2021. It is anticipated the project will be partially funded through various grant programs.

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET  
CAPITALIZED MAINTENANCE & REPAIR PLAN  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2018:**

**1813 Joint Repairs**

Project includes the cleaning and resealing of concrete pavement joints throughout the Port. The purpose is to reduce water intrusion into the subgrade, the leading cause of pavement failures. This will be an ongoing project.

**1816 Railroad Track Renovations**

Project includes the systematic replacement of the deteriorated timber rail ties and crossings with steel ties and precast concrete panels. This will be an ongoing project.

**1820 Light pole Upgrades**

Project includes the replacement and upgrades of security and terminal lighting. Deteriorating exposed systems will be identified and systematically replaced with more efficient and dependable lighting. This will be an ongoing project until all have been upgraded.

**1815 Docks 1, 2 & 3 Cathodic Protection**

Project includes replacement of broken impressed current cathodic protection system in the inner harbor and replacing it with a passive, sacrificial anode system. The purpose is to protect the docks from deterioration from the salt water. Anticipate project completion in 2018

**1813 Dock Fender Replacement and Upgrade**

Project includes replacement of aged dock fenders with new fenders. The purpose is to protect the docks from damage during vessel dockage. Anticipate project completion in 2018.

**1821 Security Fencing Parcel 25**

Project is to relocate fencing at parcel 25. The purpose is to enhance cargo movement to and from rail and to secure the area. Anticipate project completion in 2018.

**1818 Trench Drain Repair – Velasco Terminal**

Project is to address a safety issue with the trench drains installed on the Velasco Terminal where the drain grates over repeated vehicle traffic have become dislodged. This project will entail welding the grates in place.

**1816 Asphalt Pavement Repair and Port Road Overlay**

Project includes overlay of Port Road and other asphalt paved areas with a 1.5" layer of Hot-mix asphalt. The purpose is to improve the life of the existing pavement. This will be an ongoing project due to increase traffic.

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET  
CAPITAL CONTRIBUTED TO OTHERS  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2018:**

Improvements to Truck Route, East End

Project includes improvements at the intersection of 5<sup>th</sup> Street at FM 1495. The purpose is to establish 5<sup>th</sup> Street as a new truck route. The expenditure is expected to be completed in FY 2018.

Brazoria Fort Bend Rail District

To provided operational funding to the District. The District was formed by Fort Bend Co., Brazoria Co. and Port Freeport for the express purpose to develop a rail connection from the Port to Rosenberg.

**PROPOSED FUTURE CAPITAL EXPANSION PROJECTS:**

Freeport Harbor Channel Improvement Project (2019-2023)

Project includes the construction of the WRRDA 2014 approved project. The purpose is to accommodate larger vessels, increase vessel traffic volumes and increase the allowance for two-way traffic and reduce daylight-only restrictions. The project funding is cost-shared 50-50 with the U. S. Army Corps of Engineers.

Velasco Terminal WIK Channel Dredging at Berth 7 (2020)

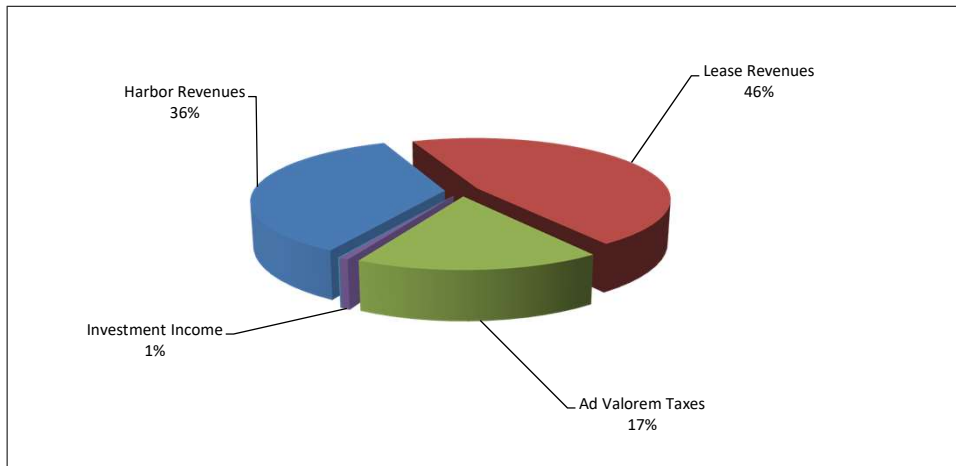
Project includes dredging an area approximately 300' by 800', in the Lower Stauffer Channel, adjacent to Berth 7 to allow for easier ingress and egress to Berth 7.

# REVENUES

**PORT FREEPORT  
2017/2018 BUDGET**

**TOTAL REVENUE**

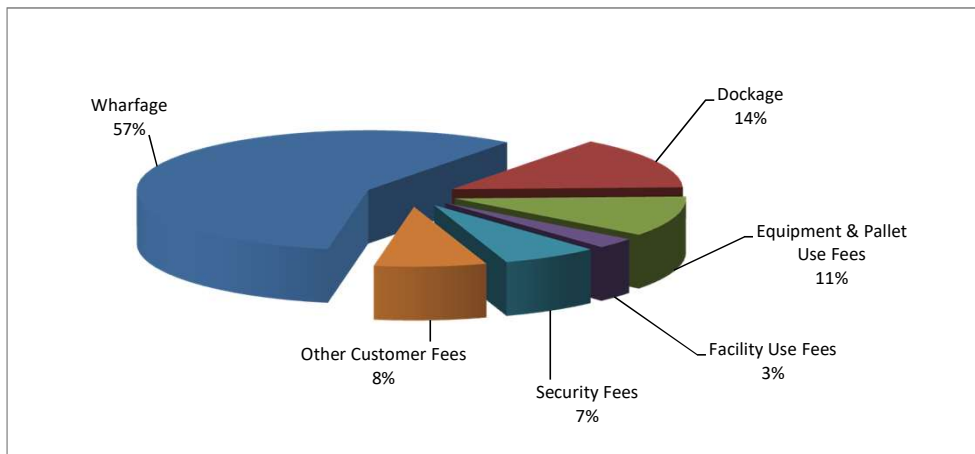
	2014 Actual	2015 Actual	2016 Actual	2017 Budget Reforecast	2017 Projected	2018 Budget
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,896,689	\$3,567,652	\$4,334,632	\$ 5,565,300	\$ 5,130,576	\$ 6,003,700
Dockage	1,763,042	1,324,691	1,556,143	1,480,100	1,439,473	1,487,300
Freight Handling	1,267,599	48,870	-	-	-	-
Equipment & Pallet Use Fees	808,240	1,350,442	1,223,119	903,600	896,000	1,137,600
Facility Use Fees	383,323	442,978	233,852	287,700	305,000	295,000
Cool Storage Facility Use Fee	295,326	-	-	-	-	-
Security Fees	524,212	463,699	764,089	708,000	607,500	704,200
Other Customer Service Fees	913,057	780,181	757,025	813,500	804,000	817,800
Ground Leases	6,220,066	9,889,531	11,788,233	12,264,200	12,289,695	12,621,000
Other Leases	735,423	674,754	1,008,231	1,083,300	1,066,029	1,055,800
Other Revenue	188,619	47,938	19,420	36,500	43,000	25,000
Total Operating Revenue	\$16,995,596	\$18,590,736	\$21,684,744	\$23,142,200	\$22,581,273	\$ 24,147,400
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Ad Valorem Tax Collections	4,672,390	4,750,726	4,701,307	4,781,700	4,835,924	5,099,300
Investment Income	265,046	116,636	289,226	290,000	267,240	200,000
Gain (loss) on Sale of Assets	-	3,500	( 4,541,318)	( 25,800)	( 25,800)	-
Debt Interest and Fees	( 1,285,213)	( 1,922,217)	( 3,165,710)	( 2,958,000)	( 2,958,000)	( 4,047,250)
Other	-	-	381,872	-	-	-
Non-Operating Revenues, Net	\$ 3,652,223	\$ 2,948,645	\$ (2,334,623)	\$ 2,087,900	\$ 2,119,364	\$ 1,252,050
<b>TOTAL REVENUE BEFORE CONTRIBUTIONS</b>	<b>\$ 20,647,819</b>	<b>\$ 21,539,381</b>	<b>\$ 19,350,121</b>	<b>\$ 25,230,100</b>	<b>\$ 24,700,637</b>	<b>\$ 25,399,450</b>
Capital Contributions - Grants	1,042,216	270,367	351,434	215,200	89,100	581,950
Capital Contributions (To)From Others	( 1,381,819)	( 836,997)	( 1,417,291)	( 2,042,000)	( 2,042,000)	( 2,190,900)
<b>TOTAL REVENUE</b>	<b>\$ 20,308,216</b>	<b>\$ 20,972,751</b>	<b>\$ 18,284,264</b>	<b>\$ 23,403,300</b>	<b>\$ 22,747,737</b>	<b>\$ 23,790,500</b>



**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

**HARBOR OPERATIONS**

	2014 Actual	2015 Actual	2016 Actual	2017 Budget Reforecast	2017 Projected	2018 Budget
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,896,689	\$3,567,652	\$4,334,632	\$ 5,565,300	\$ 5,130,576	\$ 6,003,700
Dockage	1,763,042	1,324,691	1,556,143	1,480,100	1,439,473	1,487,300
Freight Handling	1,267,599	48,870	-	-	-	-
Equipment & Pallet Use Fees	808,240	1,350,442	1,223,119	903,600	896,000	1,137,600
Facility Use Fees	383,323	442,978	233,852	287,700	305,000	295,000
Cool Storage Facility Use Fee	295,326	-	-	-	-	-
Security Fees	524,212	463,699	764,089	708,000	607,500	704,200
Other Customer Fees	913,057	780,181	757,025	813,500	804,000	817,800
<b>TOTAL HARBOR REVENUE</b>	<b>\$ 9,851,488</b>	<b>\$ 7,978,513</b>	<b>\$ 8,868,860</b>	<b>\$ 9,758,200</b>	<b>\$ 9,182,549</b>	<b>\$ 10,445,600</b>
<b>TONNAGE:</b>						
Import/Export	2,524,507	2,872,828	2,907,859	2,159,500	2,023,500	2,224,000
Domestic	112,365	122,927	152,886	135,000	123,000	130,000
<b>TOTAL TONNAGE</b>	<b>2,636,872</b>	<b>2,995,755</b>	<b>3,060,745</b>	<b>2,294,500</b>	<b>2,146,500</b>	<b>2,354,000</b>
<b>SHIP CALLS</b>	<b>283</b>	<b>250</b>	<b>258</b>	<b>270</b>	<b>266</b>	<b>269</b>
<b>BARGE CALLS</b>	<b>24</b>	<b>33</b>	<b>43</b>	<b>61</b>	<b>56</b>	<b>75</b>



**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

**TAX RATE**

	<b>TAX RATE PER \$100</b>	<b>PERCENT OF TOTAL</b>
2016 LEVY TAX RATE	0.040100	
2017 EFFECTIVE TAX RATE	0.041042	
2017 ROLLBACK RATE	0.042716	
2017 NOTICE & HEARING LIMIT	0.041042	
<b>2017 TAX RATE:</b>		
<b>M &amp; O</b>	<b>0.030927</b>	<b>77.12%</b>
<b>DEBT SERVICE</b>	<b>0.009173</b>	<b>22.88%</b>
<b>TOTAL TAX RATE</b>	<b>0.040100</b>	<b>100.00%</b>

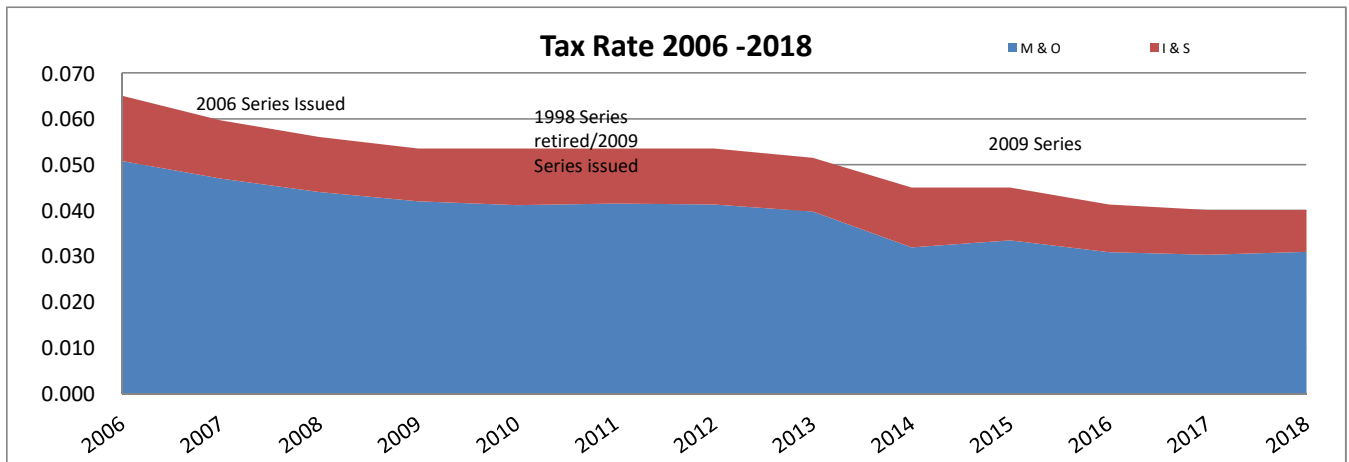
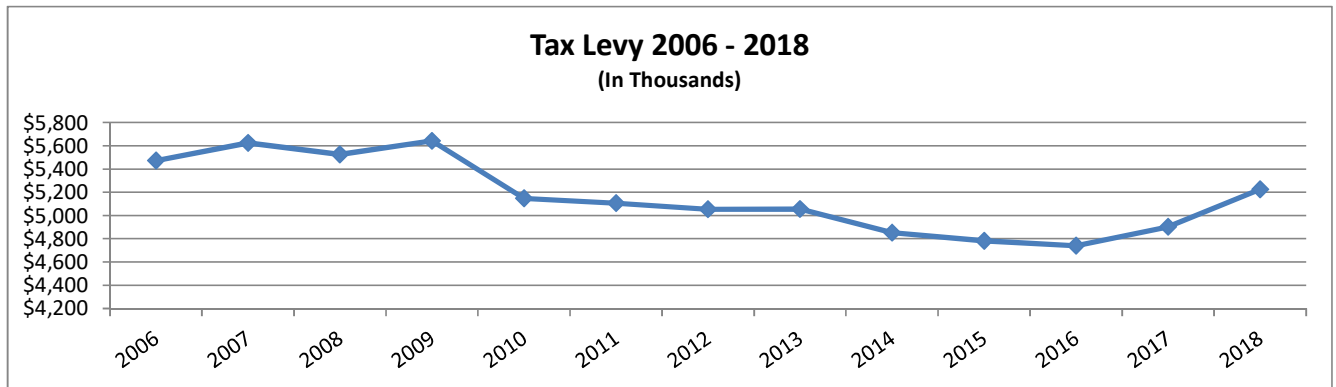
**LEVY CALCULATION**

<b>TAXABLE VALUE FOR 2017 APPRAISAL ROLL</b>	<b>\$ 13,032,191,233</b>
<b>2017 LEVY:</b>	
M & O	4,030,466
DEBT SERVICE	1,195,443
<b>TOTAL LEVY</b>	<b>5,225,909</b>
<b>ESTIMATED AMOUNT TO BE UNCOLLECTED (98.65% COLLECTION RATE)</b>	<b>70,609</b>
<b>APPRAISAL DISTRICT AND TAX OFFICE FEES</b>	<b>56,000</b>
<b>NET AD VALOREM TAX REVENUE BUDGETED</b>	<b>\$ 5,099,300</b>

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

**VALUATION AND TAX RATE HISTORY**

	FISCAL YEAR					2018
	2013	2014	2015	2016	2017	
TAXABLE VALUE	\$9,817,453,078	\$10,781,524,423	\$10,630,394,691	\$11,476,807,894	\$12,229,254,524	<b>\$ 13,032,191,223</b> <sup>1</sup>
TAX RATE:						
M&O	0.039731	0.031938	0.033447	0.030908	0.030346	<b>0.030927</b>
DEBT SERVICE	0.011769	0.013062	0.011553	0.010396	0.009754	<b>0.009173</b>
TOTAL TAX RATE	0.051500	0.045000	0.045000	0.041304	0.040100	<b>0.040100</b>
LEVY AMOUNT	\$5,055,988	\$4,851,686	\$4,783,677	\$4,740,381	\$4,903,931	<b>\$5,225,909</b>
% OF LEVY COLLECTED <sup>3</sup>	98.65%	98.65%	98.65%	98.65%	98.65%	98.65% <sup>2</sup>



<sup>1</sup> TAXABLE VALUE FOR CURRENT YEAR HAS BEEN CERTIFIED BY THE BRAZORIA COUNTY APPRAISAL DISTRICT.  
TAXABLE VALUE FOR PAST YEARS ARE TAKEN FROM THE CERTIFIED ROLL FROM BRAZORIA COUNTY.

<sup>2</sup> PROPOSED OR ESTIMATED

<sup>3</sup> INCLUDES COLLECTION OF CURRENT & DELINQUENT TAXES AND PENALTIES & INTEREST.



## **RESOLUTION ADOPTING 2017 TAX RATE**

At a Regular Meeting of the Port Commission of Port Freeport held at the office of said Port at 1100 Cherry Street, Freeport, Texas on the 14<sup>th</sup> day of September 2017, among other business came on to be considered the following Resolution, which was upon motion duly made and seconded, adopted by a unanimous vote of six Commissioners present, which Resolution is as follows:

### **FINDINGS:**

The Port Commission finds:

- (1) Notice of the date, time, place and purpose of the meeting at which this Resolution has been considered and adopted has been duly given in accordance with the requirements of Section 551.001, Texas Government Code, et. sec.
- (2) A quorum of the members of the Port Commission were present and participated in the deliberation and adoption of this Resolution.
- (3) The deliberation and vote on this Resolution has been conducted in open meeting as defined in Section 551.001, Texas Government Code, et. sec.
- (4) The deliberation and vote on this Resolution was separate from the vote adopting the budget for Port Freeport for the Fiscal Year 2017/2018.
- (5) The designated Officer of the Port has publicized the Effective Tax Rate and the calculation used to determine it in the manner required by Section 26.04, Texas Property Tax Code, and has submitted same to the Port Commission.
- (6)
  - (A) A tax rate of three and 0927/100 (\$0.030927) cents on each \$100 valuation for the purpose of maintenance and operations;
  - (B) A tax rate of zero and 9173/100 (\$0.009173) cents on each \$100 valuation for the payment of principal and interest on debts of the Port;
  - (C) A total tax rate of four and 0100/100 (\$0.040100) cents for each \$100 valuation to be applied to the total taxable value of all taxable property located within Port Freeport, subject to taxation and calculated as provided in Sections 26.04 and 26.05, Texas Property Tax Code, should be proposed for adoption as the tax rate of Port Freeport for the year 2017.
  - (D) **THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.**

## **RESOLUTION**

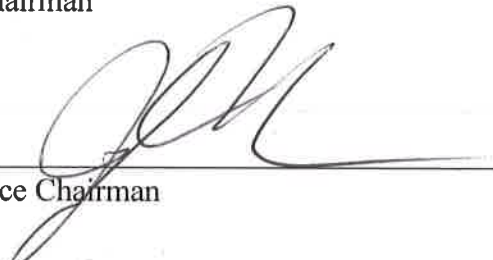
NOW THEREFORE, BE IT RESOLVED, ORDAINED AND ORDERED, by the Port Commission of Port Freeport, that: a tax rate of three and 0927/100 (\$0.030927) cents on each \$100 valuation for the purpose of maintenance and operations, and a tax rate of zero and 9173/100 (\$0.009173) cents on each \$100 valuation for the payment of principal and interest on debts of the Port, for a total tax rate of four and 0100/100 (\$0.040100) cents on each \$100 valuation to be applied to the total taxable value of all taxable property located within Port Freeport, subject to taxation and is hereby levied or adopted as the tax rate of Port Freeport for the year 2017.

The following members of the Port Commission present and participating in the deliberation and vote on the above and foregoing Resolution and the manner in which each member voted is evidenced by the signature of each member present as indicated below:

Absent  
Chairman

---

VOTED

  
Vice Chairman

---

VOTED Yes

  
Secretary

---

VOTED Aye

Absent  
Assistant Secretary

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VOTED

  
Commissioner

---

VOTED Yes

  
Commissioner

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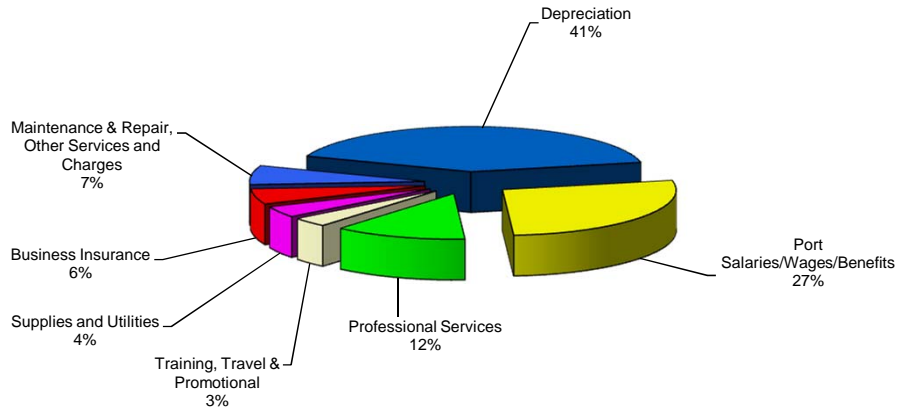
VOTED yes

# EXPENSES

**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

**OPERATING EXPENSES**

	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Budget- Ref</b>	<b>2017 Projected</b>	<b>2018 Budget</b>
Port Salaries/Wages	\$ 2,429,012	\$ 2,702,276	\$ 3,052,922	\$ 3,304,100	\$ 3,066,853	\$ 3,365,500
Port Employee Benefits	778,369	825,554	945,922	1,146,000	1,033,136	1,286,500
Freight Handling Wages & Benefits	798,065	43,737	-	-	-	-
Professional Services	1,432,874	1,731,551	1,916,293	2,217,600	1,871,545	2,077,900
Training, Travel & Promotional	345,886	306,412	408,762	541,000	353,646	564,500
Supplies	301,000	204,514	176,874	192,800	132,557	144,900
Utilities	494,540	563,185	517,133	510,100	473,372	520,000
Business Insurance	1,316,962	1,299,623	1,053,120	1,001,300	860,000	929,500
Other Services & Charges	525,484	565,530	421,310	363,600	332,284	385,200
Maintenance & Repair	760,062	998,168	671,077	1,012,300	748,129	766,200
<b>TOTAL GENERAL OPERATING</b>	<b>9,182,254</b>	<b>9,240,550</b>	<b>9,163,413</b>	<b>10,288,800</b>	<b>8,871,522</b>	<b>10,040,200</b>
Depreciation	5,310,410	6,425,843	6,834,914	6,994,400	6,918,640	6,987,700
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 14,492,664</b>	<b>\$ 15,666,393</b>	<b>\$ 15,998,327</b>	<b>\$ 17,283,200</b>	<b>\$ 15,790,162</b>	<b>\$ 17,027,900</b>



**PORT FREEPORT  
2017/2018 FISCAL YEAR BUDGET**

**OPERATING EXPENSES DETAIL**

	2014 Actual	2015 Actual	2016 Actual	2017 Rereforecast	2017 Projected	2018 Budget
<b>OPERATING EXPENSES:</b>						
Port Salaries/Wages						
Administration	\$ 889,664	\$ 1,059,582	\$ 941,273	\$ 1,038,000	\$ 851,138	\$ 1,045,600
Engineering	253,669	372,624	361,050	358,800	368,570	369,250
Operations & Maintenance	701,278	790,349	930,687	1,037,900	1,049,723	1,066,400
Oper. & Maint. - Overtime	143,751	152,821	126,430	150,000	94,331	80,000
Business Development	167,146	60,494	338,472	321,900	336,055	372,400
Protective Services	273,504	266,406	355,010	362,500	367,036	345,700
Variable Pay & Other	-	-	-	35,000	-	86,150
<b>TOTAL PORT SALARIES &amp; WAGES</b>	<b>2,429,012</b>	<b>2,702,276</b>	<b>3,052,922</b>	<b>3,304,100</b>	<b>3,066,853</b>	<b>3,365,500</b>
Port Employee Benefits						
Social Security Expense	172,346	194,180	217,253	248,000	223,880	242,300
Unemployment Ins.	6,314	804	6,680	7,100	716	7,000
Group Health & Life Ins.	419,281	439,924	501,513	609,600	531,465	738,800
Retirement Fund	163,783	168,080	195,213	247,050	247,050	266,500
Workers' Comp. Ins.	16,645	22,566	25,263	34,250	30,025	31,900
<b>TOTAL PORT EMPLOYEE BENEFITS</b>	<b>778,369</b>	<b>825,554</b>	<b>945,922</b>	<b>1,146,000</b>	<b>1,033,136</b>	<b>1,286,500</b>
Freight Handling Wages & Benefits:						
Wages	559,897	23,170	-	-	-	-
Social Security Expense	43,334	1,913	-	-	-	-
Unemployment Ins.	6,141	188	-	-	-	-
Worker's Comp. Ins.	8,688	3,917	-	-	-	-
Fringe Benefits	180,005	14,549	-	-	-	-
<b>TOTAL FREIGHT HANDLING WAGES/BENEFITS</b>	<b>798,065</b>	<b>43,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional Services:						
Commission Fees	49,200	50,400	50,400	50,400	50,400	57,600
Legal Service Fees/Expenses	321,146	214,072	284,443	343,500	206,591	231,600
Audit Service Fees	22,524	20,888	25,300	28,000	28,000	30,000
Election Expenses	-	-	-	25,000	28,669	-
Security Service Fees	814,086	1,015,007	1,353,463	1,313,200	1,304,751	1,302,700
Consultant Services	225,918	431,184	202,687	457,500	253,134	456,000
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>1,432,874</b>	<b>1,731,551</b>	<b>1,916,293</b>	<b>2,217,600</b>	<b>1,871,545</b>	<b>2,077,900</b>
Training, Travel & Promotional:						
Commercial Business Development	91,320	99,853	169,571	163,350	123,530	219,150
Sales/Promotion Travel	83,993	33,938	79,695	81,000	29,423	65,550
Governmental Relations Travel	4,119	20,437	17,238	62,350	37,742	48,900
Community Relations	43,933	48,585	55,118	82,000	52,982	73,250
Technical Training	61,892	46,008	31,753	94,900	57,784	100,250
Automobile Expense	60,629	57,591	55,387	57,400	52,185	57,400
<b>TOTAL TRAINING TRAVEL &amp; PROMOTIONAL</b>	<b>345,886</b>	<b>306,412</b>	<b>408,762</b>	<b>541,000</b>	<b>353,646</b>	<b>564,500</b>
Supplies, Furniture & Equipment						
Supplies	64,193	74,151	73,017	72,300	62,721	76,300
Furniture & Equipment	57,209	38,689	43,821	13,000	14,677	8,600
Postage & Freight	4,512	4,836	4,304	4,000	4,320	4,000
Maintenance & Operation	32,687	24,514	23,289	17,000	22,643	19,000
Cargo Pallets	-	-	-	38,000	-	-
Fuel/Oil	142,399	62,324	32,443	48,500	28,196	37,000
<b>TOTAL SUPPLIES, FURNITURE &amp; EQUIPMENT</b>	<b>301,000</b>	<b>204,514</b>	<b>176,874</b>	<b>192,800</b>	<b>132,557</b>	<b>144,900</b>
Utilities						
Telephone	56,277	73,615	75,887	70,100	72,326	70,500
Electricity	370,998	322,045	360,646	339,200	323,994	345,100
Water & Gas	67,265	167,525	80,600	100,800	77,052	104,400
<b>TOTAL UTILITIES</b>	<b>494,540</b>	<b>563,185</b>	<b>517,133</b>	<b>510,100</b>	<b>473,372</b>	<b>520,000</b>
Business Insurance						
Business Insurance Expense	1,316,962	1,299,623	1,053,120	1,001,300	860,000	929,500
<b>TOTAL BUSINESS INSURANCE</b>	<b>1,316,962</b>	<b>1,299,623</b>	<b>1,053,120</b>	<b>1,001,300</b>	<b>860,000</b>	<b>929,500</b>
Other Services & Charges:						
Contract Labor Expense	152,639	133,005	45,556	21,200	15,614	21,200
Contract Services	87,167	155,698	152,080	173,100	163,203	192,000
Dues, Memberships & Subscriptions	49,440	49,499	46,674	63,150	52,527	74,450
Lease Expense	236,238	227,328	177,000	106,150	100,940	97,550
<b>TOTAL OTHER SERVICES &amp; CHARGES</b>	<b>525,484</b>	<b>565,530</b>	<b>421,310</b>	<b>363,600</b>	<b>332,284</b>	<b>385,200</b>
Maintenance & Repair:						
Equipment	330,547	389,085	222,148	376,000	280,090	338,550
Vehicles	19,925	18,295	15,553	9,000	13,926	11,250
Office Buildings	69,484	199,473	90,299	114,050	124,300	110,300
Warehouses	32,073	32,707	20,031	23,050	5,637	16,000
Transit Sheds	58,221	47,757	61,536	50,900	37,640	42,200
Cool Storage Facility	38,948	6,951	277	-	-	-
Terminal Facilities	53,023	159,119	71,344	245,900	114,070	132,900
Leased Facilities	76,459	64,274	81,340	49,500	59,721	37,000
Other	81,382	80,507	108,549	143,900	112,745	78,000
<b>TOTAL MAINTENANCE &amp; REPAIR</b>	<b>760,062</b>	<b>998,168</b>	<b>671,077</b>	<b>1,012,300</b>	<b>748,129</b>	<b>766,200</b>
<b>TOTAL GENERAL OPERATING</b>	<b>9,182,254</b>	<b>9,240,550</b>	<b>9,163,413</b>	<b>10,288,800</b>	<b>8,871,522</b>	<b>10,040,200</b>
<b>DEPRECIATION</b>	<b>5,310,410</b>	<b>6,425,843</b>	<b>6,834,914</b>	<b>6,994,400</b>	<b>6,918,640</b>	<b>6,987,700</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 14,492,664</b>	<b>\$ 15,666,393</b>	<b>\$ 15,998,327</b>	<b>\$ 17,283,200</b>	<b>\$ 15,790,162</b>	<b>\$ 17,027,900</b>

**PORT FREEPORT  
2017/18 FISCAL YEAR BUDGET  
DEBT INTEREST AND FEES SCHEDULE**

**SCHEDULED BOND INTEREST AND PRINCIPAL PAYMENTS**

	Interest	Principal	Total Principal & Interest
Unlimited Tax Refunding Bonds Series 2006	\$ 90,000	\$ 1,105,000	\$ 1,195,000
Senior Lien Refunding Bonds Series 2013A	789,558	1,990,000	2,779,558
Equipment Financing	235,260	1,359,680	1,594,940
2015A Series Revenue Bonds	1,770,838	665,000	2,435,838
Est New 2018 Issuance	1,500,000	-	1,500,000
Total Debt Service	<u>\$ 4,385,656</u>	<u>\$ 5,119,680</u>	<u>\$ 9,505,336</u>

**INTEREST EXPENSE RECOGNIZED - FY 2018**

	Interest & Fees	Amortized Premiums	Total
Unlimited Tax Refunding Bonds Series 2006	\$ 84,975	\$ (15,518)	\$ 69,457
Senior Lien Refunding Bonds Series 2013A	770,127	\$ 1,163	771,290
Equipment Financing	235,260	-	235,260
2015A Series Revenue Bonds	1,760,755	(40,516)	1,720,239
Est New 2018 Issuance	1,251,000	-	1,251,000
Total Interest Expense Recognized	<u>\$ 4,102,117</u>	<u>\$ (54,871)</u>	<u>\$ 4,047,246</u>

**PORT FREEPORT**  
Unlimited Tax Refunding Bonds, Series 2006  
September 30, 2017

Fiscal Year Ending September 30	Coupon	Interest Due February 15	Interest Due August 15	Principal Due August 15	Total Principal & Interest	Principal Balance
2017						\$ 2,250,000
2018	4.00 %	\$ 45,000	\$ 45,000	\$ 1,105,000	\$ 1,195,000	1,145,000
2019	4.00	22,900	22,900	1,145,000	1,190,800	0
		\$ 67,900	\$ 67,900	\$ 2,250,000	\$ 2,385,800	



**PORT FREEPORT**  
Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)  
September 30, 2017

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2017						\$ 25,635,000
2018	3.08 %	\$ 394,779	\$ 394,779	\$ 1,990,000	\$ 2,779,558	23,645,000
2019	3.08	364,133	364,133	2,055,000	2,783,266	21,590,000
2020	3.08	332,486	332,486	2,115,000	2,779,972	19,475,000
2021	3.08	299,915	299,915	2,185,000	2,784,830	17,290,000
2022	3.08	266,266	266,266	2,250,000	2,782,532	15,040,000
2023	3.08	231,616	231,616	2,320,000	2,783,232	12,720,000
2024	3.08	195,888	195,888	2,395,000	2,786,776	10,325,000
2025	3.08	159,005	159,005	2,465,000	2,783,010	7,860,000
2026	3.08	121,044	121,044	2,540,000	2,782,088	5,320,000
2027	3.08	81,928	81,928	2,620,000	2,783,856	2,700,000
2028	3.08	41,580	41,580	2,700,000	2,783,160	0
		\$ 2,488,640	\$ 2,488,640	\$ 25,635,000	\$ 30,612,280	

\$13,670,000 Senior Lien Revenue Notes, Series 2013B (AMT) mature on June 1, 2016.

Interest rate is set monthly at 70% of 1-month BBA LIBOR rate plus 66 basis points.

Interest is paid on first business day of each month.

**PORT FREEPORT**  
Senior Lien Revenue and Refunding Bonds, Series 2015A  
September 30, 2017

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2017						\$ 37,810,000
2018	5.00	885,419	885,419	665,000	2,435,838	37,145,000
2019	5.00	868,794	868,794	700,000	2,437,588	36,445,000
2020	5.00	851,294	851,294	735,000	2,437,588	35,710,000
2021	5.00	832,919	832,919	770,000	2,435,838	34,940,000
2022	5.00	813,669	813,669	815,000	2,442,338	34,125,000
2023	5.00	793,294	793,294	855,000	2,441,588	33,270,000
2024	5.00	771,919	771,919	895,000	2,438,838	32,375,000
2025	5.00	749,544	749,544	945,000	2,444,088	31,430,000
2026	5.00	725,919	725,919	990,000	2,441,838	30,440,000
2027	5.00	701,169	701,169	1,035,000	2,437,338	29,405,000
2028	5.00	675,294	675,294	1,090,000	2,440,588	28,315,000
2029	5.00	648,044	648,044	1,145,000	2,441,088	27,170,000
2030	4.00	619,419	619,419	1,200,000	2,438,838	25,970,000
2031	4.13	595,419	595,419	1,250,000	2,440,838	24,720,000
2032	4.13	569,638	569,638	1,300,000	2,439,275	23,420,000
2033	4.25	542,825	542,825	1,355,000	2,440,650	22,065,000
2034	4.25	514,031	514,031	1,410,000	2,438,063	20,655,000
2035	4.25	484,069	484,069	1,475,000	2,443,138	19,180,000
2036	5.00	452,725	452,725	1,535,000	2,440,450	17,645,000
2037	5.00	414,350	414,350	1,610,000	2,438,700	16,035,000
2038	5.00	374,100	374,100	1,690,000	2,438,200	14,345,000
2039	5.00	331,850	331,850	1,775,000	2,438,700	12,570,000
2040	5.00	287,475	287,475	1,860,000	2,434,950	10,710,000
2041	4.50	240,975	240,975	1,955,000	2,436,950	8,755,000
2042	4.50	196,988	196,988	2,045,000	2,438,975	6,710,000
2043	4.50	150,975	150,975	2,140,000	2,441,950	4,570,000
2044	4.50	102,825	102,825	2,235,000	2,440,650	2,335,000
2045	4.50	52,538	52,538	2,335,000	2,440,075	0
		\$ 15,247,475	\$ 15,247,475	\$ 37,810,000	\$ 68,304,950	

**PORT FREEPORT**

Capital Lease

September 30, 2017

TABLE 19

Fiscal Year Ending September 30	Coupon	Interest Due Sept. 30	Principal Due Sept. 30	Total Principal & Interest	Principal Balance
2017					\$ 10,202,097
2018	2.31	235,260	1,359,680	1,594,940	8,842,417
2019	2.31	203,906	1,391,034	1,594,940	7,451,383
2020	2.31	171,829	1,423,112	1,594,941	6,028,271
2021	2.31	139,012	1,455,929	1,594,941	4,572,342
2022	2.31	105,438	1,489,502	1,594,940	3,082,840
2023	2.31	71,090	1,523,850	1,594,940	1,558,990
2024	2.31	35,950	1,558,990	1,594,940	0
		\$ 962,485	\$ 10,202,097	\$ 11,164,582	

**PORT FREEPORT  
2017/18 FISCAL YEAR BUDGET**

**\$30,000,000 Revenue Bond**

CRITERIA USED FOR BUDGETING:

ISSUANCE - APRIL 2017

AMORTIZATION PERIOD - 30 YEARS

RATE - 5.00%

PAYMENTS - SEMI-ANNUAL

TOTAL ANNUAL PAYMENTS - \$1,951,543

FISCAL YEAR 2018 INTEREST - \$1,250,000