



**2018/2019 FISCAL  
YEAR BUDGET  
SEPTEMBER 27, 2018**

**PREPARED BY:**

**Mary Campus, Controller**

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## BUDGET TRANSMITTAL

September 17, 2018

Members of the Port Commission  
Port Freeport  
Freeport, Texas

Presented herein is the Fiscal Year 2018/19 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 \$30.7 million decrease in change in net assets which will be offset by anticipated general obligation bond issuance for the Port Freeport Harbor Improvement Project. This year's budget follows the same format as the Fiscal Year 2017/18 Budget with supporting documentation and schedules.

### OPERATING BUDGET

#### Revenue:

When compared to the 2018 Budget, total operating revenue for fiscal year 2019 is expected to increase \$2.6 million to \$26.8 million, while net non-operating revenue and expenses are expected to decrease by \$744 thousand to \$508 thousand.

Harbor operations revenues have increased \$1.9 million to \$12.3 million primarily due to additional scheduled containerized cargo volumes and vessel calls. Lease revenues have increased \$772 thousand to \$14.4 million primarily due to contractual inflation increases.

Net non-operating revenues at \$579 thousand include debt service. Debt interest and fees have increased \$1.1 million due to additional revenue-backed debt issued in 2018 as well as an estimated accrual of interest for issuance of General Obligation Debt in 2019.

The Certification of Appraised Valuations prepared by the Brazoria County Appraisal District reports assessed value for 2018 to be \$13.7 billion, which is 5.6% higher than the prior year. Increases were observed in industrial values and there was an overall decrease in residential values, along with offsets in from homestead, abatements, and other exemptions. The industrial and residential mix in taxable values is estimated to be 70% and 30% respectively. The budget has been prepared with maintaining the tax rate of \$0.04010 per \$100 of valuation. A rate of \$0.008649 per \$100 valuation is required for debt service, leaving a rate of \$0.031451 per \$100 valuation for maintenance and operations. Assuming a 98.65% collection rate, ad valorem tax collections are projected to be \$5.3 million, net of appraisal district and tax office fees. This includes an estimated \$84,107 reduction due to the increase in the 65 and over or disabled exemption which was raised to \$150,000 by Port Commission on August 23, 2018. With the adopted tax rate of \$0.04010 per \$100 of valuation, the amount of taxes imposed this year on the average home will be \$42.84.

#### Expenditures:

Overall, expenditures, at \$18.6 million, are anticipated to increase \$1.6 million over the budget for fiscal year 2018. Expenditures, excluding depreciation are expected to be \$11.4 million, an increase of \$1.4 million from the budget for fiscal year 2018.

#### 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

ADOPTED 9/27/2018  
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Port Salaries and Wages: The total amount budgeted for Port salaries and wages is \$3.5 million, an increase of \$164 thousand or 4.9%. The budget includes a maximum of 4% 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 \$25 thousand or 1.9% from the 2018 budget. The primary reason for the increase comes from an anticipated increase in medical (12%), dental and vision plan premiums (10%), full participation in the retirement plan, and assumes full staffing.

Professional Services: The budget for consultant services has increased \$713 thousand or 34% from the 2018 budget to \$2.8 million. The largest line item in the professional services category is security service fees, which increased 3.3% to \$1.3 million due to contracted rates and increased manpower to be utilized. Fiscal year 2019 includes funds for a future planning effort study, election service fees, surveying and fire protection evaluation.

Training, Travel & Promotional: The training, travel and promotional category budget is \$642 thousand which has increased from the 2018 budget by 13.6% or \$77 thousand. Commercial business development at \$271 thousand, which includes commercial trade shows, advertising, economic development, and promotional items, has been increased \$51 thousand or 23.5% from last year due to increased trade show marketing events. Sales and promotion has increased by \$4 thousand or 6.1% to \$70 thousand due to increased sales travel/marketing. Government relations travel is increased 3.8% or \$2 thousand to \$51 thousand due to increased involvement and meetings related to the Freeport Harbor Channel Improvement Project. Community relations at \$70 thousand has decreased 4.6% or \$3 thousand due to decreased community events. Technical training and related travel expense is increased from the 2018 budget by 16.8% or \$17 thousand to \$117 thousand due to increased staff development needs. Automobile expense at \$64 thousand is increased \$6 thousand or 10.6% due to an additional allowance.

Supplies: The supplies budget is \$162 thousand which has increased \$17 thousand or 11.9%. Increased fuel usage for the equipment accounts for the majority of the increase.

Utilities: The utilities budget has decreased by \$18 thousand or 3.4% to \$502 thousand. Decreased cost of telephone services account for the majority of the decrease.

Business Insurance: Business insurance is being budgeted for \$1 million, which is a \$96 thousand or 10.3% increase from fiscal year 2018 budget. Contracted insurance premiums, primarily the property insurance account for this increase.

Other Services & Charges: The \$448 thousand budget for other services and charges is planned to increase 16.1% or \$62 thousand from the 2018 budget. This category includes contract labor, contract services, lease expense and memberships and subscriptions. The renewal of the vessel traffic software services and subscription to industry statistics accounts for the majority of the increase.

Maintenance & Repair: The \$1 million budget for 2018 is \$237 thousand or 30.9% more than the 2018 with increases in some areas and decreases in others. Significant line items in this category include maintenance expense for the crane, software and computer support services, bi-annual underwater berth inspections, maintenance for the cathodic protection system, mowing services, and security systems maintenance.

Depreciation expense: Depreciation expense for fiscal year 2019 budget is projected at \$7.2 million, which has increased 3.5% or \$250 thousand over fiscal year 2018 budget. Depreciation additions from new assets are expected to be \$514 thousand.

## CAPITAL BUDGET

### Port Expansion:

Continuing from fiscal year 2018, 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 is expected to be released. Improvements to OEM/Logistics facilities include completion of the phase I rail project and transit shed modifications. \$47.1 million in total has been budgeted for Port expansion projects for fiscal year 2018. Cash flow requirements of the capital expansion plans will be funded from current cash flows, grant funds, reserves or debt financing.

Capital Contributed to Others:

Capital contributions to others include a \$39.6 million for the Port Freeport Harbor Channel Improvement Project which will be funded by partially by the Capital Improvements Reserve and General Obligation Bond issuance that was approved by the voters on May 5, 2018. Additional projects include \$600 thousand in floodwall modifications and \$50 thousand to the Brazoria/Ft. Bend Rail District.

Capitalized Maintenance & Repair:

The \$937 thousand in capitalized maintenance and repair projects include the continuation of the repairs of the dock concrete joints, railroad track renovations, security lighting upgrades for energy efficiency, building 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 2019 is \$5.9 million. The major items in fiscal year 2019 are equipment purchases include security improvements, administration, safety, and maintenance vehicles. Cash flow requirements for the capital outlay plans will be funded by \$969 thousand in Port Security Grant funds and \$551 thousand from current cash flows, reserves or financing. In addition, a possible down payment on two new gantry cranes for Berth 8 which would be equipment financed is being considered.

**CONCLUSION**

The proposed budget for fiscal year 2018/19 continues to demonstrate the Port's commitment to the expansion and development of Port Freeport. Budgeted operating revenues exceed operating expenses by \$8.1 million and planned capital expenditures are \$47.1 million. The tax rate is being maintained at \$0.04010 per \$100 of assessed valuation as communicated to the taxpayers during the bond election. 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,

A handwritten signature in cursive script that reads "Mary Campus".

Mary Campus  
Controller

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

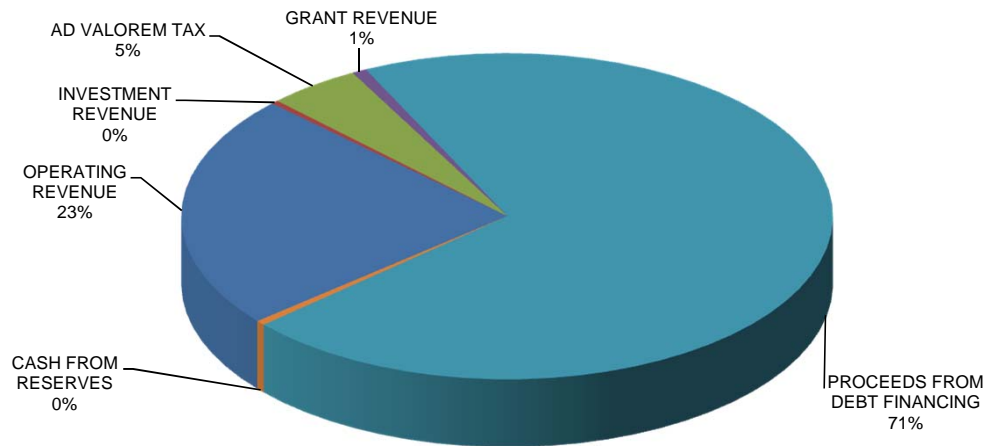
**CASH FLOW WORKSHEET**

Operating Revenue	\$	26,787,800	
Operating Expenses	(	18,657,000)	
Operating Income (Loss)		8,130,800	
Net Non-Operating Revenues		578,700	
<b>Net Income</b>			<b>\$ 8,709,500</b>
Add Back Non-cash Items			
Depreciation		7,238,300	
Interest Expense		5,129,600	
Loss on Disposition of Assets		-	
Total Net Non-cash Expenses			12,367,900
<b>Cash Flow from Operations, Taxes, Investments</b>			<b>21,077,400</b>
<b>Debt Service Payments</b>			<b>( 9,504,000)</b>
<b>Net Cash Flow Before Capital Expenditures</b>			<b>11,573,400</b>
<b>Capital Expenditures and Contributed to Others:</b>			
Funded by Grant Programs	(	969,300)	
Funded from Capital Improvement Reserve	(	14,000,000)	
Cash Flow or General Reserve Funded	(	20,390,700)	
Proceeds from Debt Funding	(	58,875,000)	
<b>Total Additions to Assets</b>			<b>( 94,235,000)</b>
<b>Reimbursement Resolution/Financing Proceeds- Go Bond</b>			<b>48,000,000</b>
<b>Reimbursement Resolution/Financing Proceeds</b>			<b>33,275,000</b>
Contributed Capital From Grants			839,700
<b>Cash To (From) Reserves</b>	<b>\$</b>	<b>(</b>	<b>546,900)</b>
July 2018 Reserves Balance:			
Unrestricted	\$		42,436,048
Reserve for Capital Improvements			10,908,385
Restricted for Debt Service			4,429,926
Restricted for Capital Improvements			14,005
2018 Series Issuance Sept 18			33,000,000
<b>Approximate FY 2019 Year-end Reserves:</b>			
Unrestricted	\$		27,793,879
Reserve for Capital Improvements			1,300,000
Restricted for Debt Service			5,459,080
Restricted for Capital Improvements			13,505
2018 Series Project Fund			-
2019 Series GO Project Fund			22,400,000
Expected Proceeds from Future Revenue Bond Issuance for Capital Improvements			33,275,000

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

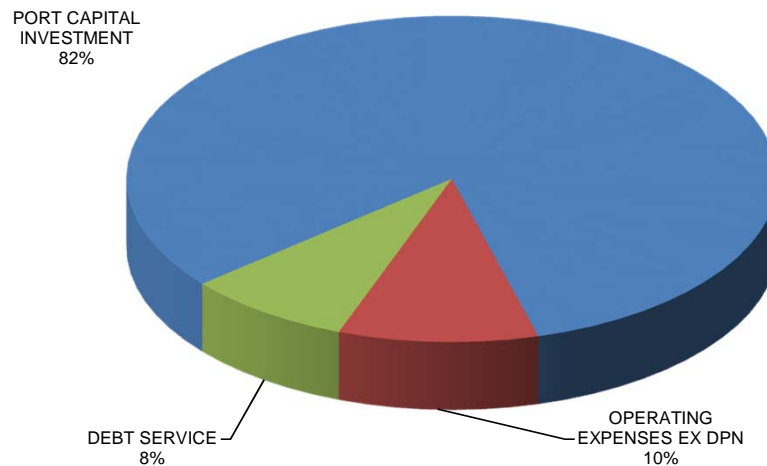
**SOURCES OF FUNDS**

OPERATING REVENUE	\$ 26,787,800
INVESTMENT REVENUE	400,000
AD VALOREM TAX	5,308,300
GRANT REVENUE	839,700
PROCEEDS FROM DEBT FINANCING	81,275,000
CASH FROM RESERVES	<u>546,900</u>
TOTAL	\$ 115,157,700



**USES OF FUNDS**

PORT CAPITAL INVESTMENT	\$ 94,235,000
OPERATING EXPENSES EX DPN	11,418,700
DEBT SERVICE	<u>9,504,000</u>
	\$ 115,157,700



**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

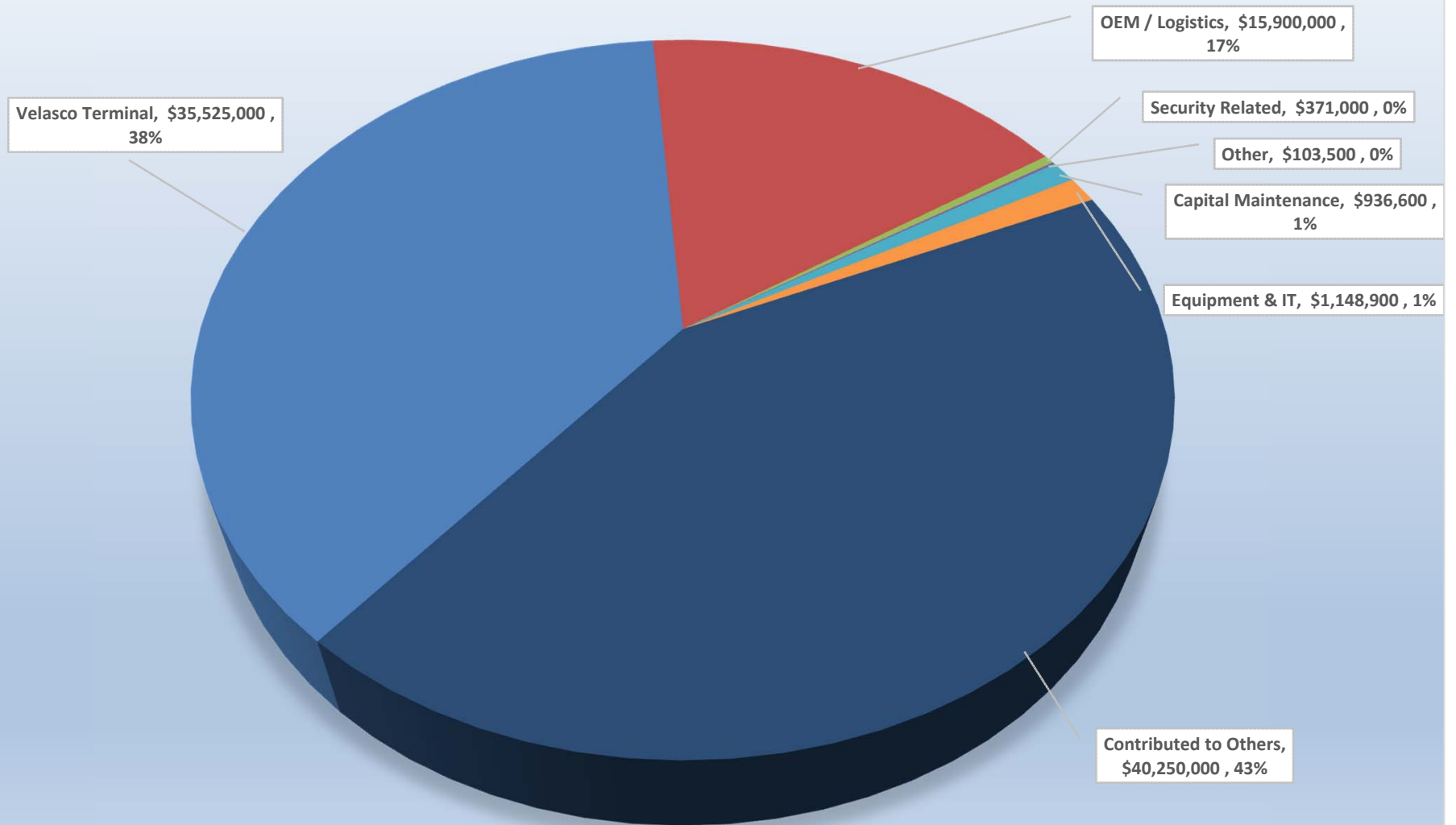
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

	2015 Actual	2016 Actual	2017 Actual	2018 Budget	5/31/2018 Actual	2018 Forecasted	2019 Budget
<b>OPERATING REVENUES:</b>							
Wharfage	\$ 3,567,652	\$ 4,334,632	\$ 4,847,411	\$ 6,003,700	\$ 5,561,687	\$ 7,087,907	\$ 6,704,000
Dockage & Deep Water Berth	1,324,691	1,556,143	1,246,826	1,487,300	1,080,807	1,597,476	1,848,700
Freight Handling	48,870	-	-	-	-	-	-
Equipment & Pallet Use Fees	1,350,442	1,223,119	851,941	1,137,600	575,221	745,600	1,184,800
Facility Use Fees	442,978	233,852	304,852	295,000	240,746	340,000	688,000
Security Fees	463,699	764,089	614,865	704,200	498,956	750,000	840,800
Other Customer Service Fees	780,181	757,025	799,691	817,800	597,668	880,000	1,047,800
Ground Leases	9,889,531	11,788,233	12,293,090	12,621,000	8,597,500	12,972,112	13,357,500
Other Leases	674,754	1,008,231	1,066,536	1,055,800	702,023	1,056,051	1,091,200
Other Revenue	47,938	19,420	58,580	25,000	38,215	23,193	25,000
<b>Total Operating Revenue</b>	<b>\$ 18,590,736</b>	<b>\$ 21,684,744</b>	<b>\$ 22,083,792</b>	<b>\$ 24,147,400</b>	<b>\$ 17,892,823</b>	<b>\$ 25,452,339</b>	<b>\$ 26,787,800</b>
<b>OPERATING EXPENSES:</b>							
Port Salaries/Wages	2,702,276	3,052,922	3,009,936	3,365,500	1,872,064	3,053,200	3,529,900
Port Employee Benefits	825,554	945,922	1,012,383	1,286,500	586,088	1,110,891	1,311,400
Freight Handling Wages & Benefits	43,737	-	-	-	-	-	-
Professional Services	1,731,551	1,916,293	1,886,579	2,077,900	1,304,601	1,968,690	2,791,300
Training, Travel & Promotional	306,412	408,762	322,077	564,500	270,639	516,586	641,600
Supplies	204,514	176,874	139,459	144,900	108,204	162,306	162,200
Utilities	563,185	517,133	531,284	520,000	307,314	460,971	502,100
Business Insurance	1,299,623	1,053,120	877,326	929,500	640,684	993,784	1,025,300
Other Services & Charges	565,530	421,310	314,996	385,200	241,439	371,159	451,600
Maintenance & Repair	998,168	671,077	722,054	766,200	363,169	544,754	1,003,300
Depreciation	6,425,843	6,834,914	6,909,554	6,987,700	4,625,053	6,877,754	7,238,300
<b>Total Operating Expenses</b>	<b>15,666,393</b>	<b>15,998,327</b>	<b>15,725,648</b>	<b>17,027,900</b>	<b>10,319,255</b>	<b>16,060,095</b>	<b>18,657,000</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,924,343</b>	<b>5,686,417</b>	<b>6,358,144</b>	<b>7,119,500</b>	<b>7,573,568</b>	<b>9,392,244</b>	<b>8,130,800</b>
<b>OPERATING MARGIN</b>	<b>16%</b>	<b>26%</b>	<b>29%</b>	<b>29%</b>	<b>42%</b>	<b>37%</b>	<b>30%</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Ad Valorem Tax Collections	4,750,726	4,701,307	4,841,680	5,099,300	5,171,914	5,171,914	5,308,300
Investment Net Revenue	116,636	289,226	414,302	200,000	360,316	360,316	400,000
Gain (Loss) on Sale of Assets	3,500	( 4,541,318)	( 25,722)	-	-	-	-
Debt Interest and Fees	( 1,922,217)	( 3,165,710)	( 2,957,986)	( 4,047,250)	( 1,884,555)	( 2,796,246)	( 5,129,600)
Other	-	381,872	( 16,650)	-	( 7,176)	( 7,176)	-
<b>Non-Operating Revenues, Net</b>	<b>2,948,645</b>	<b>( 2,334,623)</b>	<b>2,255,624</b>	<b>1,252,050</b>	<b>3,640,499</b>	<b>2,728,808</b>	<b>578,700</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>5,872,988</b>	<b>3,351,794</b>	<b>8,613,768</b>	<b>8,371,550</b>	<b>11,214,067</b>	<b>12,121,052</b>	<b>8,709,500</b>
<b>CAPITAL CONTRIBUTIONS-Grants</b>	<b>270,367</b>	<b>351,434</b>	<b>83,385</b>	<b>581,950</b>	<b>10,886</b>	<b>288,000</b>	<b>839,700</b>
<b>NET CAPITAL CONTRIBUTIONS (To)/From Others</b>	<b>( 836,997)</b>	<b>( 1,417,291)</b>	<b>( 1,748,304)</b>	<b>( 2,190,900)</b>	<b>( 990,307)</b>	<b>( 2,408,309)</b>	<b>( 40,250,000)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 5,306,358</b>	<b>\$ 2,285,937</b>	<b>\$ 6,948,849</b>	<b>\$ 6,762,600</b>	<b>\$ 10,234,646</b>	<b>\$ 10,000,743</b>	<b>\$ (30,700,800)</b>

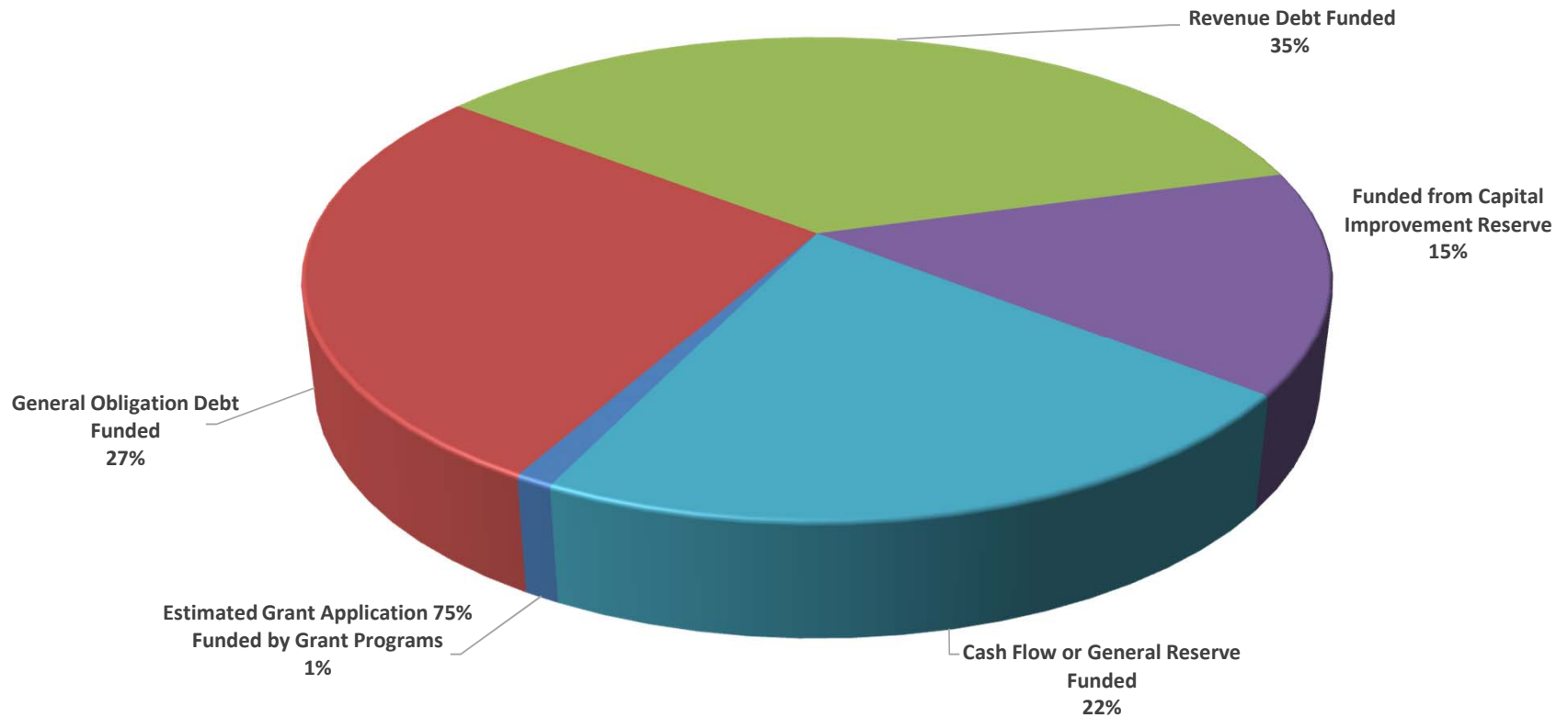


# CAPITAL EXPANSION

## Port Freeport Allocation of CapEx



## PORT FREEPORT 2019 CAPITAL BY FUNDING



PORT FREEPORT  
PROPOSED PORT CAPITAL EXPANSION PLAN  
FY 2019 to 2026

PROJECT	Estimated 2018	Proposed 2019	2020	2021	2022	2023	2024	2025	2026	2019-2026 TOTAL
VELASCO TERMINAL & RELATED INFRASTRUCTURE DEVELOPMENT (Excludes East End Expansion Area)										
VELASCO TERMINAL, Phase II Berth Construction Observation and Materials Testing		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)	21,000	28,875,000	53,625,000							82,500,000
VELASCO TERMINAL, Phase III Berth 9 (800 FT)	21,000						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)	2,821,000									-
VELASCO TERMINAL, Backland Areas 5 (15 AC)					15,000,000					15,000,000
VELASCO TERMINAL, Phase III Backland Areas 6 (13 AC)				10,000,000						10,000,000
VELASCO TERMINAL, Phase III Entrance (GATE 12)					10,000,000		13,000,000			23,000,000
VELASCO TERMINAL, Phase III Entrance (GATE 12) - Landside Access								12,800,000	50,000,000	62,800,000
VELASCO TERMINAL, Phase IV Backland Area			5,500,000							5,500,000
VELASCO TERMINAL, Development Study	216,300									-
VELASCO TERMINAL, Land Acquisitions	3,200,000	2,000,000	1,000,000	1,000,000						4,000,000
OEM / LOGISTICS CENTER										
PARCEL 14, Rail Development	14,000,000	11,500,000								11,500,000
PARCEL 14, Rail Development Phase II			10,000,000							10,000,000
PARCEL 14 Open Storage Yard (20 acres)			10,500,000							10,500,000
TRANSIT SHED MODIFICATIONS		4,400,000								4,400,000
SECURITY RELATED										
Customs and Border Protection Buildout at EOC	313,500									-
GATE 8 - New Building and IT			165,300	110,000						275,300
OTHER PROJECTS										
DMPA-1 LEVEE RAISE	4,399,945									-
SEDIMENT SAMPLING @ DMPA #85	125,000									-
ELECTRICAL BREAKER CABINET	25,000	103,500								103,500
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	-	162,600	25,000	25,000	25,000	25,000	25,000	25,000	25,000	337,600
LIGHT POLE UPGRADES	280,000	301,000								301,000
DOCKS CATHODIC PROTECTION	1,138,505									-
DOCKS -FENDER REPLACEMENT AND UPGRADE	180,000									-
SECURITY FENCING PARCEL 25	30,000									-
TRENCH DRAIN REPAIRS, VELASCO TERMINAL	50,000									-
ASPHALT PAVEMENT REPAIR (Roads.)	30,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,600,000
PORT ROAD OVERLAY	485,000									-
OPERATIONS BUILDING UPGRADE		125,000								125,000
MAINTENANCE SHOP REPAIRS		100,000								100,000
TRANSIT SHED 5 MODIFICATIONS	25,000	28,000								28,000

PORT FREEPORT  
PROPOSED PORT CAPITAL EXPANSION PLAN  
FY 2019 to 2026

PROJECT	Estimated 2018	Proposed 2019	2020	2021	2022	2023	2024	2025	2026	2019-2026 TOTAL
FIVE YEAR CAPITAL OUTLAY SUMMARY (from detailed schedule)	250,000	5,919,900	18,711,500	1,148,700	130,000	6,645,000	26,833,000	-	-	59,388,100
CAPITAL CONTRIBUTED TO OTHERS										
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT-GRR (PED)	2,050,900									-
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT		25,600,000	6,400,000	47,500,000	29,500,000	33,000,000				142,000,000
REACH 3 DREDGING		14,000,000	16,000,000							30,000,000
MAINTENANCE DREDGING						750,000	750,000	1,030,000	750,000	3,280,000
REPAIRS TO TRUCK ROUTE, EAST END	90,000									-
BRAZORIA/FT. BEND RAIL DISTRICT	50,000	50,000	50,000							100,000
BERTH 2 & 3 FLOODWALL, Modifications		600,000	2,000,000							2,600,000
TOTAL	\$ 29,802,150	\$ 94,235,000	\$ 134,446,800	\$ 60,003,700	\$ 54,875,000	\$ 40,640,000	\$ 84,078,000	\$ 49,825,000	\$ 50,995,000	\$ 569,098,500
CapEx Category Summary										
Velasco Terminal	\$ 6,279,300	\$ 35,525,000	\$ 87,975,000	\$ 11,000,000	\$ 25,000,000	\$ -	\$ 62,850,000	\$ 48,550,000	\$ 50,000,000	\$ 320,900,000
OEM / Logistics	14,000,000	\$ 15,900,000	20,500,000	-	-	-	-	-	-	\$ 36,400,000
Security Related	313,500	\$ 371,000	705,300	110,000	-	-	-	-	-	\$ 1,186,300
Other	4,549,945	\$ 103,500	-	-	-	-	-	-	-	\$ 103,500
Capital Maintenance	2,218,505	\$ 936,600	245,000	245,000	245,000	245,000	245,000	245,000	245,000	\$ 2,651,600
Equipment & IT	250,000	\$ 1,148,900	571,500	1,148,700	130,000	6,645,000	20,233,000	-	-	\$ 29,877,100
Contributed to Others	2,190,900	\$ 40,250,000	24,450,000	47,500,000	29,500,000	33,750,000	750,000	1,030,000	750,000	\$ 177,980,000
Total	\$ 29,802,150	\$ 94,235,000	\$ 134,446,800	\$ 60,003,700	\$ 54,875,000	\$ 40,640,000	\$ 84,078,000	\$ 49,825,000	\$ 50,995,000	\$ 569,098,500
Targeted Funding Sources										
Estimated Grant Application 75% Funded by Grant Programs	-	\$ 969,300	7,994,475	215,775	-	-	-	-	-	9,179,550
General Obligation Debt Funded	-	\$ 25,600,000	22,400,000	47,500,000	29,500,000	33,000,000	-	-	-	158,000,000
Revenue Debt Funded	16,863,000	\$ 33,275,000	91,725,000	10,000,000	25,000,000	-	56,000,000	48,300,000	50,000,000	314,300,000
Funded from Capital Improvement Reserve	-	\$ 14,000,000	16,000,000	-	-	750,000	750,000	1,030,000	750,000	33,280,000
Cash Flow or General Reserve Funded	8,539,205	\$ 20,390,700	(3,672,675)	2,287,925	375,000	6,890,000	27,328,000	495,000	245,000	54,338,950

PORT FREEPORT  
CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)  
FY 2019 to 2026

PROJECT	Proposed 2019	2020	2021	2022	2023	2024	2025	2026	2019-2026 TOTAL
COMPUTER EQUIPMENT:									
SERVER/DATA STORAGE (SAN) UPGRADE/REPLACE				40,000					40,000
UPS UPDATES/UPGRADES				40,000					40,000
SERVER UPDATE/UPGRADE		15,000		30,000					45,000
GANTRY CRANE-SHIP PROFILE SYSTEM			180,000						180,000
TRUCK SCALE AUTOMATION AND UPGRADE	26,000								26,000
COMPUTER SOFTWARE:									
PORTWIDE EMERGENCY NOTIFICATION SYSTEM			177,700						177,700
OFFICE FURNITURE:									
OFFICE EQUIPMENT:									
COPY/SCANNER MACHINE - ADMIN	25,000								25,000
COPY/SCANNER MACHINE - EOC			20,000						20,000
COPY/SCANNER MACHINE - OPS		14,000							14,000
BADGE PRINTER				5,000					5,000
EQUIPMENT:									
SHIP TO SHORE GANTRY CRANES (2 UNITS)	4,400,000	17,600,000							22,000,000
SHIP TO SHORE GANTRY CRANES (3 UNITS)					6,600,000	26,400,000			33,000,000
AIR COMPRESSOR			6,000						6,000
WELDING MACHINE			12,000						12,000
GANTRY CRANE TWIN PICK SPREADER BARS			600,000			400,000			1,000,000
SPECIALTY TOOLS FOR GANTRY CRANES			15,000						15,000
RAIL CAR COUNTER EQUIPMENT (2 UNITS)	25,000								25,000
COPPER & FIBER CABLE TESTING AND METER	30,000								30,000
ADM BUILDING BACK UP GENERATOR	182,800								182,800
PORTABLE PORT WIDE GENERATOR	234,000								234,000
ZERO TURN LAWNMOWER				15,000					15,000
100 HP FARM TRACTOR - USED			60,000						60,000
CUTTER - 15'			20,000						20,000
SECURITY:									
CAMERA UPGRADE	141,600	248,000							389,600
CYBER SECURITY	141,000								141,000
PARCEL 14 SECURITY	60,000	540,000							600,000
RADAR UPGRADE	120,000								120,000
SECURITY BOAT CBRN AND ACCESSORIES	72,000								72,000
SECURITY BOAT JET DOCK MODIFICATIONS	40,000								40,000

PORT FREEPORT  
CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)  
FY 2019 to 2026

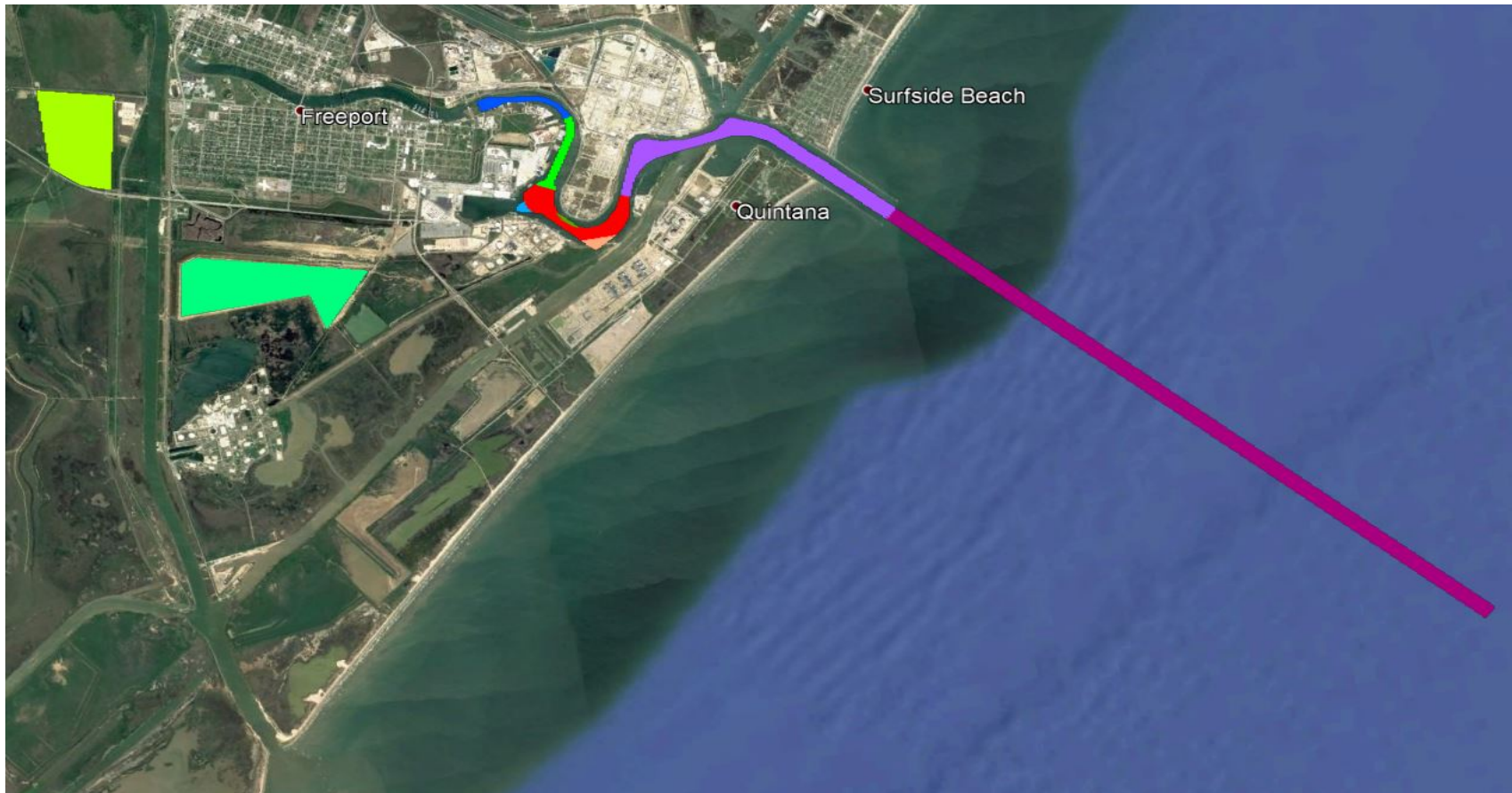
PROJECT	Proposed 2019	2020	2021	2022	2023	2024	2025	2026	2019-2026 TOTAL
SOLAR COASTAL SECURITY LIGHTING	79,000								79,000
VEHICLES:									
MAINTENANCE TRUCK			45,000			33,000			78,000
MAINTENANCE UTILITY VEHICLES	11,500	12,500	13,000						37,000
OPERATIONS VEHICLE		36,000							36,000
SECURITY PATROL VEHICLE					45,000				45,000
WATER TRUCK- USED	50,000								50,000
MOBILE FIRE PUMP TRAILER	282,000	246,000							528,000
OTHER:									
TOTAL	\$ 5,919,900	\$ 18,711,500	\$ 1,148,700	\$ 130,000	\$ 6,645,000	\$ 26,833,000	\$ -	\$ -	\$ 59,388,100
CapEx Category Summary									
Security	653,600	788,000	-	-	-	-	-	-	1,441,600
Other:									
Computer Equipment	26,000	15,000	180,000	110,000	-	-	-	-	331,000
Computer Software	-	-	177,700	-	-	-	-	-	177,700
Office Furniture	-	-	-	-	-	-	-	-	-
Office Equipment	25,000	14,000	20,000	5,000	-	-	-	-	64,000
Equipment	4,871,800	17,600,000	713,000	15,000	6,600,000	26,800,000	-	-	56,599,800
Vehicles	343,500	294,500	58,000	-	45,000	33,000	-	-	774,000
Other	-	-	-	-	-	-	-	-	-
Total	5,919,900	18,711,500	1,148,700	130,000	6,645,000	26,833,000	-	-	59,388,100
Targeted Funding Sources									
Submitted or Future Grant Application @ 75% Fed.	969,300	370,500	133,275	-	-	-	-	-	1,473,075
Debt Funded	-	-	-	-	-	-	-	-	-
Revenue Debt Funded	4,400,000	17,600,000	-	-	-	-	-	-	22,000,000
Cash Flow or Reserve Funded	550,600	741,000	1,015,425	130,000	6,645,000	26,833,000	-	-	35,915,025

# PORT FREEPORT

## Freeport Harbor Channel Improvement Project

	2019	2020	2021	2022	2023
Levee Stabilization Feature	\$ 25,600,000.00	\$ 6,400,000.00	\$ -	\$ -	\$ -
Reach 3 Dredging	14,000,000.00				
Reach 3 Dredging		16,000,000.00			
Reach 2 and Build PA8			18,000,000.00		
Portion of Reach 1			29,500,000.00		
Portion of Reach 1				29,500,000.00	
Portion of Reach 1 and Reach 4					33,000,000.00
TOTALS	\$ 39,600,000.00	\$ 22,400,000.00	\$ 47,500,000.00	\$ 29,500,000.00	\$ 33,000,000.00





Project First Costs (includes construction, PED, construction management, etc.)

PED cost included

58'	Reach 1	\$177,386,000	\$12,525,000
56'	Reach 2	\$49,620,000	\$2,771,000
51'	Reach 3	\$29,460,000	\$1,898,000
26'	Reach 4	\$3,400,000	\$210,900
New	PA#8	\$12,264,000	\$2,164,000
Maint.	PA#1		

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET  
PORT CAPITAL EXPANSION PLAN  
PROJECT DESCRIPTIONS**

**CAPITAL EXPANSION PROJECTS FOR FY 2019:**

Velasco Terminal, Phase II Berth Construction Observation and Materials Testing (2019-2020)

Project includes the engineering construction observation as well as materials testing for the construction of Berth 8. Anticipated completion in FY 2020.

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 construction in FY 2019-2020.

Land Acquisition

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

Rail Development – Phase I

Project includes the completion of 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 2019.

Transit Shed Modifications

Project includes modifications to the Transit Shed for greater Berth utilization. The purpose is to alleviate berth congestion. Anticipated project completion in FY 2019.

Electrical Breaker Cabinet

Project is to renovate one of main electrical breaker cabinets servicing the Port. The purpose is to upgrade aging infrastructure. Anticipated project completion in FY 2019.

**PROPOSED FUTURE CAPITAL EXPANSION PROJECTS:**

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.

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.

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.

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.

Velasco Terminal, (Backland Development, Area 5 15 acres) (FY 2022)

Project includes continuation of the development of Area 5 behind proposed Dock 8. Development to include High Mast lighting, and concrete paving. Anticipated project completion in FY 2022.

Velasco Terminal, (Backland Development, Area 6 13 acres) I (FY 2021)

Project includes continuation of the development of Area 6 behind proposed Dock 8. Development to include High Mast lighting, and concrete paving. Anticipated project completion in FY 2021.

Velasco Terminal Entrance (Gate 12), (FY 2022-26)

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 2022. It is anticipated the project will be partially funded through various grant programs.

Velasco Terminal Phase IV Backland Area (FY 2020)

Project includes improvement to backlands to include reefer plugs. Anticipate design and construction in 2020.

Parcel 14 Rail Development Phase II (FY 2020)

Project includes the design, construction and development of Phase II of the 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 2020.

Parcel 14 Open Storage Yard 20 acres (FY 2020)

Project includes the design, construction and development of open storage yard facilities at Parcel 14. The purpose is to support rail cargo movement to and from the Port. Anticipated project completion in FY 2020.

Gate 8 (FY 202-2021)

Project includes the design and construction of a new building and related infrastructure at Gate 8. The purpose is to support security activities at the main gate and upgrade outdated infrastructure. Anticipated project completion in FY 2021.

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET  
CAPITALIZED MAINTENANCE & REPAIR PLAN  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2019:**

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.

Railroad Track Renovations

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

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.

Asphalt Pavement Repair

Project includes base repair and overlay of existing asphalt road and open parking lots. The purpose is to improve the life of the existing pavement. This will be an ongoing project due to increase traffic.

Operations Building Upgrade

Project includes new exterior metal siding, and windows for the Port Operations Building. The purpose is to improve the life of the building.

Maintenance Shop Repairs

Project includes new overhead door frame and reskin of the east wall of the Port Maintenance Shop. The purpose is to improve the life of the building.

Transit Shed 5 Modifications

Project includes filling in the pit that was used by the previous tenant in Transit Shed 5. The purpose is to improve the safety and usability of the building.

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET  
CAPITAL CONTRIBUTED TO OTHERS  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2019:**

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 (2019)

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.

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.

Berth 2 & 3 Floodwall Modifications

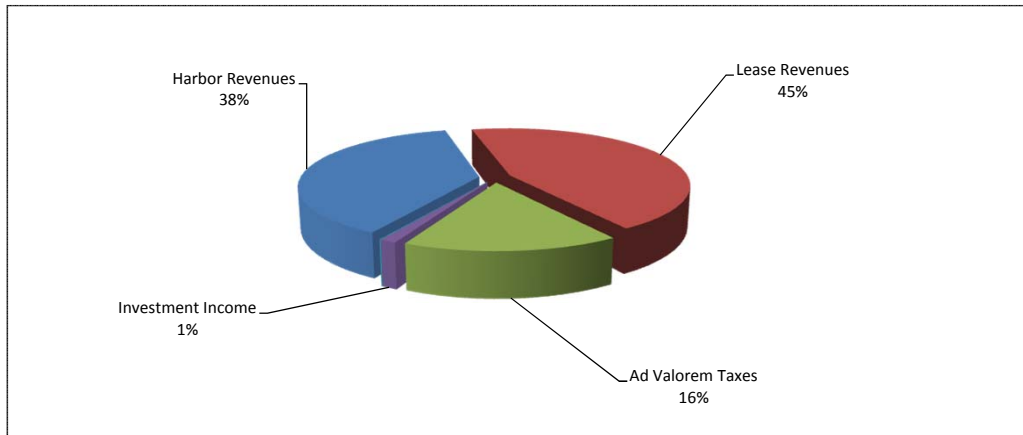
Project is to further modify Berths 2 and 3 to accommodate Ro-Ro vessels to allow greater flexibility in docking.

# REVENUES

**PORT FREEPORT  
2018/2019 BUDGET**

**TOTAL REVENUE**

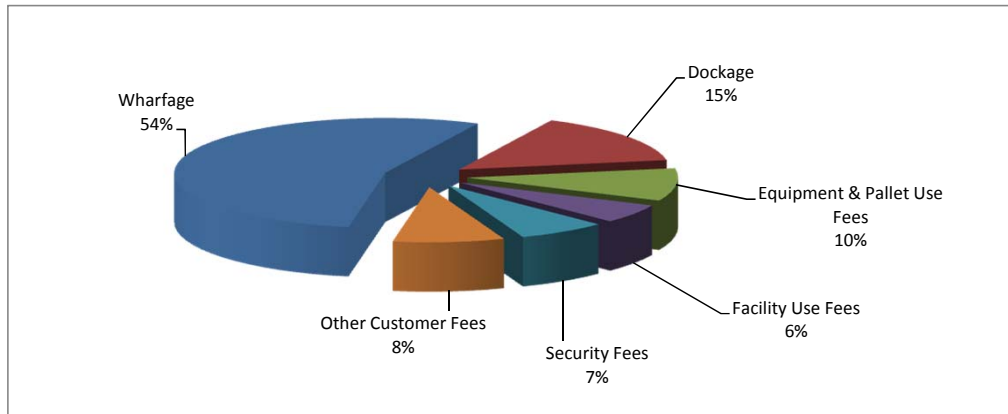
	2015 Actual	2016 Actual	2017 Actual	2018 Budget	2018 Forecasted	2019 Budget
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,567,652	\$4,334,632	\$4,847,411	\$ 6,003,700	\$ 7,087,907	\$ 6,704,000
Dockage	1,324,691	1,556,143	1,246,826	1,487,300	1,597,476	1,848,700
Freight Handling	48,870	-	-	-	-	-
Equipment & Pallet Use Fees	1,350,442	1,223,119	851,941	1,137,600	745,600	1,184,800
Facility Use Fees	442,978	233,852	304,852	295,000	340,000	688,000
Security Fees	463,699	764,089	614,865	704,200	750,000	840,800
Other Customer Service Fees	780,181	757,025	799,691	817,800	880,000	1,047,800
Ground Leases	9,889,531	11,788,233	12,293,090	12,621,000	12,972,112	13,357,500
Other Leases	674,754	1,008,231	1,066,536	1,055,800	1,056,051	1,091,200
Other Revenue	47,938	19,420	58,580	25,000	23,193	25,000
Total Operating Revenue	\$18,590,736	\$21,684,744	\$22,083,792	\$24,147,400	\$25,452,339	\$ 26,787,800
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Ad Valorem Tax Collections	4,750,726	4,701,307	4,841,680	5,099,300	5,171,914	5,308,300
Investment Income	116,636	289,226	414,302	200,000	360,316	400,000
Gain (loss) on Sale of Assets	3,500	( 4,541,318)	( 25,722)	-	-	-
Debt Interest and Fees	( 1,922,217)	( 3,165,710)	( 2,957,986)	( 4,047,250)	( 2,796,246)	( 5,129,600)
Other	-	381,872	( 16,650)	-	( 7,176)	-
Non-Operating Revenues, Net	\$ 2,948,645	\$ (2,334,623)	\$ 2,255,624	\$ 1,252,050	\$ 2,728,808	\$ 578,700
<b>TOTAL REVENUE BEFORE CONTRIBUTIONS</b>	<b>\$ 21,539,381</b>	<b>\$ 19,350,121</b>	<b>\$ 24,339,416</b>	<b>\$ 25,399,450</b>	<b>\$ 28,181,147</b>	<b>\$ 27,366,500</b>
Capital Contributions - Grants	270,367	351,434	83,385	581,950	288,000	839,700
Capital Contributions (To)From Others	( 836,997)	( 1,417,291)	( 1,748,304)	( 2,190,900)	( 2,408,309)	( 40,250,000)
<b>TOTAL REVENUE</b>	<b>\$ 20,972,751</b>	<b>\$ 18,284,264</b>	<b>\$ 22,674,497</b>	<b>\$ 23,790,500</b>	<b>\$ 26,060,838</b>	<b>\$ (12,043,800)</b>



**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

**HARBOR OPERATIONS**

	2015 Actual	2016 Actual	2017 Actual	2018 Budget	2018 Forecasted	2019 Budget
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,567,652	\$4,334,632	\$4,847,411	\$ 6,003,700	\$ 7,087,907	\$ 6,704,000
Dockage	1,324,691	1,556,143	1,246,826	1,487,300	1,597,476	1,848,700
Freight Handling	48,870	-	-	-	-	-
Equipment & Pallet Use Fees	1,350,442	1,223,119	851,941	1,137,600	745,600	1,184,800
Facility Use Fees	442,978	233,852	304,852	295,000	340,000	688,000
Security Fees	463,699	764,089	614,865	704,200	750,000	840,800
Other Customer Fees	780,181	757,025	799,691	817,800	880,000	1,047,800
<b>TOTAL HARBOR REVENUE</b>	<b>\$ 7,978,513</b>	<b>\$ 8,868,860</b>	<b>\$ 8,665,586</b>	<b>\$ 10,445,600</b>	<b>\$ 11,400,983</b>	<b>\$ 12,314,100</b>
<b>TONNAGE:</b>						
Import/Export	2,872,828	2,907,859	2,011,404	2,224,000	2,061,006	1,948,700
Domestic	122,927	152,886	117,071	130,000	108,800	111,000
<b>TOTAL TONNAGE</b>	<b>2,995,755</b>	<b>3,060,745</b>	<b>2,128,475</b>	<b>2,354,000</b>	<b>2,169,806</b>	<b>2,059,700</b>
<b>SHIP CALLS</b>	<b>250</b>	<b>258</b>	<b>265</b>	<b>269</b>	<b>261</b>	<b>327</b>
<b>BARGE CALLS</b>	<b>33</b>	<b>43</b>	<b>21</b>	<b>75</b>	<b>35</b>	<b>36</b>





**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

**TAX RATE**

	<b>TAX RATE PER \$100</b>	<b>PERCENT OF TOTAL</b>
2017 LEVY TAX RATE	0.040100	
2018 EFFECTIVE TAX RATE	0.038679	
2018 ROLLBACK RATE	0.040866	
2018 NOTICE & HEARING LIMIT	0.038679	
<b>2018 TAX RATE:</b>		
<b>M &amp; O</b>	<b>0.031451</b>	<b>78.43%</b>
<b>DEBT SERVICE</b>	<b>0.008649</b>	<b>21.57%</b>
<b>TOTAL TAX RATE</b>	<b>0.040100</b>	<b>100.00%</b>

**LEVY CALCULATION**

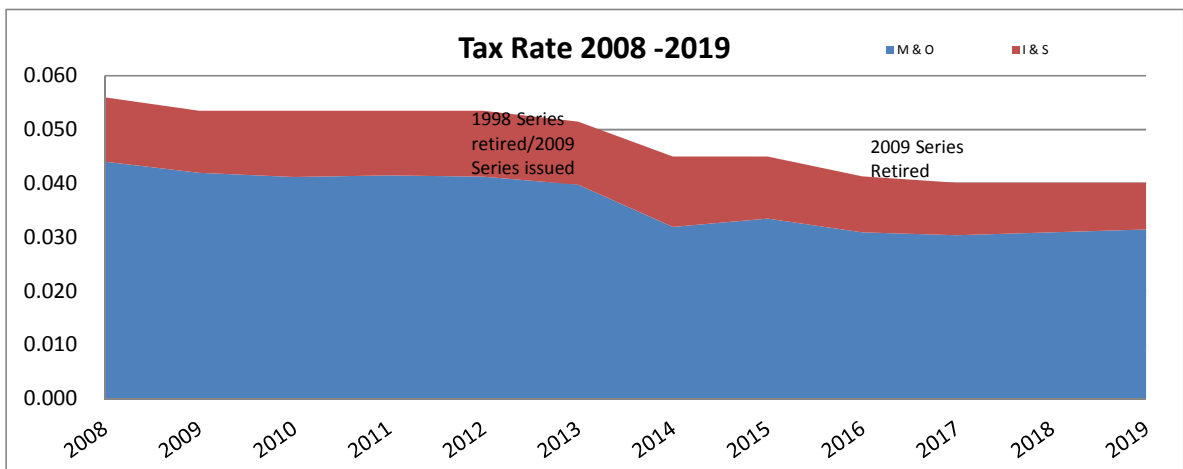
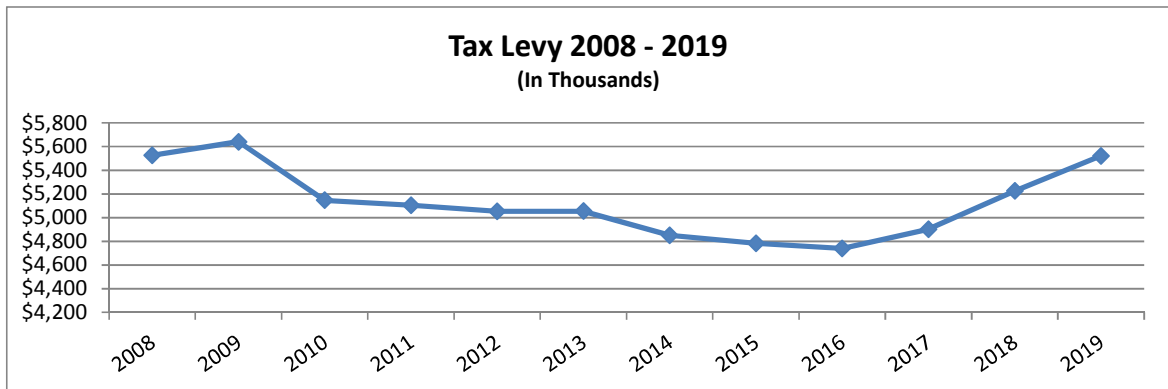
<b>TAXABLE VALUE FOR 2018 APPRAISAL ROLL</b>	<b>\$ 13,772,985,905</b>
2018 LEVY:	
M & O	4,331,742
DEBT SERVICE	1,191,226
<b>TOTAL LEVY</b>	<b>5,522,968</b>
ESTIMATED AMOUNT TO BE UNCOLLECTED (98.65% COLLECTION RATE)	74,561
APPRAISAL DISTRICT AND TAX OFFICE FEES	56,000
Adjusted	(84,107) *
<b>NET AD VALOREM TAX REVENUE BUDGETED</b>	<b>\$ 5,308,300</b>

\* Adjusted by an estimated \$84,107 due to change in the 65 and over or disabled exemption which was raised to \$150,000 by Port Commission on August 23, 2018.

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

**VALUATION AND TAX RATE HISTORY**

	FISCAL YEAR				2019
	2015	2016	2017	2018	
TAXABLE VALUE	\$10,630,394,691	\$ 11,476,807,894	\$ 12,229,254,524	\$ 13,032,191,223	<b>\$ 13,772,985,905</b> <sup>1</sup>
TAX RATE:					
M&O	0.033447	0.030908	0.030346	0.030927	<b>0.031451</b>
DEBT SERVICE	0.011553	0.010396	0.009754	0.009173	<b>0.008649</b>
TOTAL TAX RATE	0.045000	0.041304	0.040100	0.040100	<b>0.040100</b>
LEVY AMOUNT	\$4,783,677	\$4,740,381	\$4,903,931	\$5,225,909	<b>\$5,522,967</b>
% OF LEVY COLLECTED <sup>3</sup>	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 APPROVING PROPERTY TAX EXEMPTION

At a regular meeting of the Port Commission of Port Freeport of Brazoria County, Texas (the "Port") held at the office of the Port at 1100 Cherry Street, Freeport, Texas, on the 23<sup>rd</sup> day of August, 2018, among other business, on motion duly made and seconded, the following resolution was passed and adopted:

### FINDINGS

1. Due and proper notice of the date, time, place and purpose of this meeting has been duly given in accordance with the provisions of the Texas Open Meetings Act, and such meeting has been conducted in accordance with said Open Meetings Act.
2. In accordance with Section 11.13 of the Texas Tax Code the Port has adopted a general residence homestead exemption the greater of: (a) twenty percent (20%) of the property's assessed value; or (b) Five Thousand Dollars (\$5,000); and
3. In accordance with Section 11.13 of the Texas Tax Code the Port has adopted an additional residence homestead exemption of One Hundred Thousand Dollars (\$100,000) for an individual who is sixty-five (65) years of age or older or is disabled; and
4. The Port finds and determines that it is in the best interest of Port Freeport to approve increasing such additional residence homestead exemption to One Hundred Fifty Thousand Dollars (\$150,000).

**NOW, THEREFORE, BE IT RESOLVED** by the Port Commission of Port Freeport, pursuant to Section 11.13 of the Texas Tax Code, that the additional residence homestead exemption shall be increased to One Hundred Fifty Thousand Dollars (\$150,000) of the assessed value of a residence homestead of an individual who is sixty-five (65) years of age or older or is disabled and shall be exempt from ad valorem taxes hereinafter levied by Port Freeport, effective the 23<sup>rd</sup> of August, 2018.

Commissioners voting "Aye": 6  
Commissioners voting "No": 0

  
\_\_\_\_\_  
Paul Kresta, Chairman

  
\_\_\_\_\_  
Shane Pirtle, Secretary

## **RESOLUTION ADOPTING 2018 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 10<sup>th</sup> day of September 2018, among other business came on to be considered the following Resolution, which was upon motion duly made and seconded, adopted by an 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 2018/2019.
- (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 1451/100 (\$0.031451) cents on each \$100 valuation for the purpose of maintenance and operations;
  - (B) A tax rate of zero and 8649/100 (\$0.008649) 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 2018.
  - (D) **THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 5.43 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$0.52.**

## **RESOLUTION**

NOW THEREFORE, BE IT RESOLVED, ORDAINED AND ORDERED, by the Port Commission of Port Freeport, that: a tax rate of three and 1451/100 (\$0.031451) cents on each \$100 valuation for the purpose of maintenance and operations, and a tax rate of zero and 8649/100 (\$0.008649) 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 2018.

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:

Paul Krut VOTED yes  
Chairman

[Signature] VOTED yes  
Vice Chairman

[Signature] VOTED yes  
Secretary

[Signature] VOTED yes [Signature]  
Assistant Secretary

Ravi K. Rephain 9/10/18 VOTED yes  
Commissioner

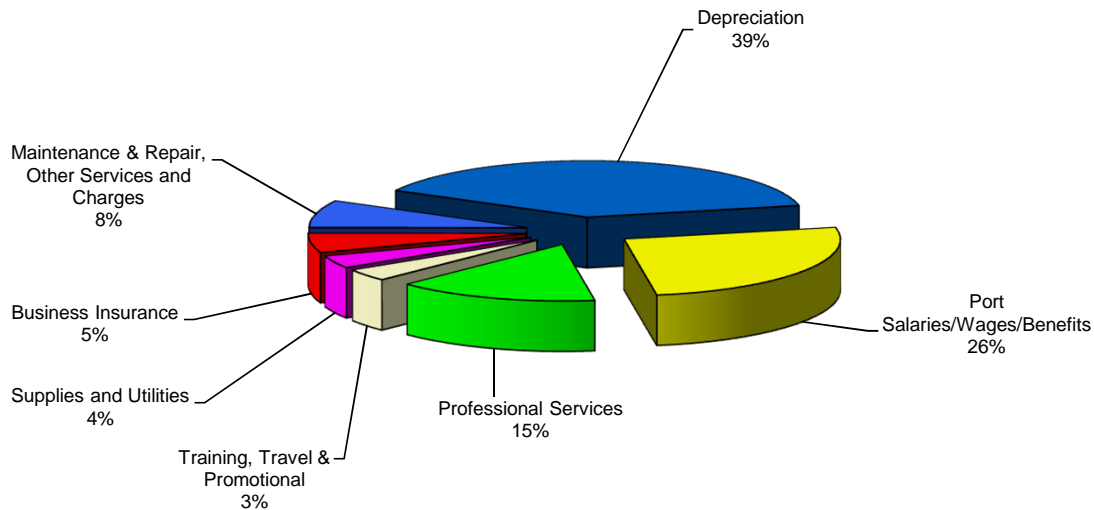
[Signature] a/w/re VOTED yes  
Commissioner

## EXPENSES BY MAJOR CLASSIFICATIONS

**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

**OPERATING EXPENSES**

	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Forecasted</b>	<b>2019 Budget</b>
Port Salaries/Wages	\$ 2,702,276	\$ 3,052,922	\$ 3,009,936	\$ 3,365,500	\$ 3,053,200	\$ 3,529,900
Port Employee Benefits	825,554	945,922	1,012,383	1,286,500	1,110,891	1,311,400
Freight Handling Wages & Benefits	43,737	-	-	-	-	-
Professional Services	1,731,551	1,916,293	1,886,579	2,077,900	1,968,690	2,791,300
Training, Travel & Promotional	306,412	408,762	322,077	564,500	516,586	641,600
Supplies	204,514	176,874	139,459	144,900	162,306	162,200
Utilities	563,185	517,133	531,284	520,000	460,971	502,100
Business Insurance	1,299,623	1,053,120	877,326	929,500	993,784	1,025,300
Other Services & Charges	565,530	421,310	314,996	385,200	371,159	451,600
Maintenance & Repair	998,168	671,077	722,054	766,200	544,754	1,003,300
<b>TOTAL GENERAL OPERATING</b>	<b>9,240,550</b>	<b>9,163,413</b>	<b>8,816,094</b>	<b>10,040,200</b>	<b>9,182,341</b>	<b>11,418,700</b>
Depreciation	6,425,843	6,834,914	6,909,554	6,987,700	6,877,754	7,238,300
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 15,666,393</b>	<b>\$ 15,998,327</b>	<b>\$ 15,725,648</b>	<b>\$ 17,027,900</b>	<b>\$ 16,060,095</b>	<b>\$ 18,657,000</b>





**PORT FREEPORT  
2018/2019 FISCAL YEAR BUDGET**

**OPERATING EXPENSES DETAIL**

	2015 Actual	2016 Actual	2017 Actual	2018 Budget	2018 Forecasted	2019 Budget
<b>OPERATING EXPENSES:</b>						
Port Salaries/Wages						
Administration	\$ 1,059,582	\$ 941,273	\$ 840,128	\$ 1,045,600	\$ 911,885	\$ 1,073,000
Engineering	372,624	361,050	362,724	369,250	367,752	387,400
Operations & Maintenance	790,349	930,687	1,015,273	1,066,400	1,033,532	1,214,300
Oper. & Maint. - Overtime	152,821	126,430	91,626	80,000	77,680	80,000
Business Development	60,494	338,472	334,415	372,400	309,791	362,000
Protective Services	266,406	355,010	365,770	345,700	352,560	393,200
Variable Pay & Other	-	-	-	86,150	-	20,000
<b>TOTAL PORT SALARIES &amp; WAGES</b>	<b>2,702,276</b>	<b>3,052,922</b>	<b>3,009,936</b>	<b>3,365,500</b>	<b>3,053,200</b>	<b>3,529,900</b>
Port Employee Benefits						
Social Security Expense	194,180	217,253	213,112	242,300	221,512	254,100
Unemployment Ins.	804	6,680	703	7,000	6,036	5,500
Group Health & Life Ins.	439,924	501,513	531,381	738,800	590,003	724,700
Retirement Fund	168,080	195,213	237,161	266,500	267,306	295,300
Workers' Comp. Ins.	22,566	25,263	30,026	31,900	26,034	31,800
<b>TOTAL PORT EMPLOYEE BENEFITS</b>	<b>825,554</b>	<b>945,922</b>	<b>1,012,383</b>	<b>1,286,500</b>	<b>1,110,891</b>	<b>1,311,400</b>
<b>TOTAL FREIGHT HANDLING WAGES/BENEFITS</b>	<b>43,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional Services:						
Commission Fees	50,400	50,400	50,400	57,600	128,327	160,800
Legal Service Fees/Expenses	214,072	284,443	296,673	231,600	177,580	231,600
Audit Service Fees	20,888	25,300	25,700	30,000	30,000	28,500
Election Expenses	-	-	28,669	-	25,000	29,000
Security Service Fees	1,015,007	1,353,463	1,303,960	1,302,700	1,317,083	1,346,000
Consultant Services	431,184	202,687	181,177	456,000	290,700	995,400
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>1,731,551</b>	<b>1,916,293</b>	<b>1,886,579</b>	<b>2,077,900</b>	<b>1,968,690</b>	<b>2,791,300</b>
Training, Travel & Promotional:						
Commercial Business Development	99,853	169,571	107,905	219,150	219,100	270,700
Sales/Promotion Travel	33,938	79,695	29,446	65,550	45,943	69,580
Governmental Relations Travel	20,437	17,238	32,630	48,900	42,691	50,800
Community Relations	48,585	55,118	54,726	73,250	73,582	69,850
Technical Training	46,008	31,753	46,673	100,250	79,637	117,150
Automobile Expense	57,591	55,387	50,697	57,400	55,633	63,520
<b>TOTAL TRAINING TRAVEL &amp; PROMOTIONAL</b>	<b>306,412</b>	<b>408,762</b>	<b>322,077</b>	<b>564,500</b>	<b>516,586</b>	<b>641,600</b>
Supplies, Furniture & Equipment						
Supplies	74,151	73,017	60,268	76,300	59,433	74,000
Furniture & Equipment	38,689	43,821	14,018	8,600	14,170	12,500
Postage & Freight	4,836	4,304	3,877	4,000	2,896	3,700
Maintenance & Operation	24,514	23,289	25,387	19,000	33,389	21,000
Fuel/Oil	62,324	32,443	35,909	37,000	52,418	51,000
<b>TOTAL SUPPLIES, FURNITURE &amp; EQUIPMENT</b>	<b>204,514</b>	<b>176,874</b>	<b>139,459</b>	<b>144,900</b>	<b>162,306</b>	<b>162,200</b>
Utilities						
Telephone	73,615	75,887	77,772	70,500	51,657	58,500
Electricity	322,045	360,646	364,239	345,100	275,797	313,900
Water & Gas	167,525	80,600	89,273	104,400	133,517	129,700
<b>TOTAL UTILITIES</b>	<b>563,185</b>	<b>517,133</b>	<b>531,284</b>	<b>520,000</b>	<b>460,971</b>	<b>502,100</b>
Business Insurance						
Business Insurance Expense	1,299,623	1,053,120	877,326	929,500	993,784	1,025,300
<b>TOTAL BUSINESS INSURANCE</b>	<b>1,299,623</b>	<b>1,053,120</b>	<b>877,326</b>	<b>929,500</b>	<b>993,784</b>	<b>1,025,300</b>
Other Services & Charges:						
Contract Labor Expense	133,005	45,556	16,668	21,200	-	8,200
Contract Services	155,698	152,080	147,035	192,000	180,647	212,000
Dues, Memberships & Subscriptions	49,499	46,674	44,336	74,450	91,219	130,800
Lease Expense	227,328	177,000	106,957	97,550	99,293	100,600
<b>TOTAL OTHER SERVICES &amp; CHARGES</b>	<b>565,530</b>	<b>421,310</b>	<b>314,996</b>	<b>385,200</b>	<b>371,159</b>	<b>451,600</b>
Maintenance & Repair:						
Equipment	389,085	222,148	268,192	338,550	218,344	344,050
Vehicles	18,295	15,553	12,229	11,250	13,470	11,000
Office Buildings	199,473	90,299	120,106	110,300	121,585	157,650
Warehouses	32,707	20,031	6,730	16,000	18,698	16,000
Transit Sheds	47,757	61,536	42,308	42,200	21,421	42,700
Cool Storage Facility	6,951	277	-	-	-	-
Terminal Facilities	159,119	71,344	112,893	132,900	39,878	194,900
Leased Facilities	64,274	81,340	43,573	37,000	50,107	154,000
Other	80,507	108,549	116,023	78,000	61,251	83,000
<b>TOTAL MAINTENANCE &amp; REPAIR</b>	<b>998,168</b>	<b>671,077</b>	<b>722,054</b>	<b>766,200</b>	<b>544,754</b>	<b>1,003,300</b>
<b>TOTAL GENERAL OPERATING</b>	<b>9,240,550</b>	<b>9,163,413</b>	<b>8,816,094</b>	<b>10,040,200</b>	<b>9,182,341</b>	<b>11,418,700</b>
<b>DEPRECIATION</b>	<b>6,425,843</b>	<b>6,834,914</b>	<b>6,909,554</b>	<b>6,987,700</b>	<b>6,877,754</b>	<b>7,238,300</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 15,666,393</b>	<b>\$ 15,998,327</b>	<b>\$ 15,725,648</b>	<b>\$ 17,027,900</b>	<b>\$ 16,060,095</b>	<b>\$ 18,657,000</b>

**PORT FREEPORT  
2018/19 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 ①	\$ 45,800	\$ 1,145,000	\$ 1,190,800
Senior Lien Refunding Bonds Series 2013A	728,266	2,055,000	2,783,266
2015A Series Revenue Bonds	1,737,588	700,000	2,437,588
Equipment Financing	203,906	1,391,034	1,594,940
Senior Lien Revenue Refunding Bonds, Series 2018 (AMT)	997,418	500,000	1,497,418
Est New 2019 GO Bond Issuance	-	-	-
Total Debt Service	<u>\$ 3,712,978</u>	<u>\$ 5,791,034</u>	<u>\$ 9,504,012</u>

① Final Payment 8-15-2019

**INTEREST EXPENSE RECOGNIZED - FY 2018**

	Interest & Fees	Amortized Premiums	Total
Unlimited Tax Refunding Bonds Series 2006	\$ 40,575	\$ (13,689)	\$ 26,886
Senior Lien Refunding Bonds Series 2013A	708,168	1,163	709,331
2015A Series Revenue Bonds	1,726,921	(40,516)	1,686,405
Equipment Financing	203,906	-	203,906
Senior Lien Revenue Refunding Bonds, Series 2018 (AMT)	1,470,021	-	1,470,021
Est New 2019 GO Bond Issuance	1,033,000	-	1,033,000
Total Interest Expense Recognized	<u>\$ 5,182,592</u>	<u>\$ (53,043)</u>	<u>\$ 5,129,549</u>

**PORT FREEPORT**  
 Unlimited Tax Refunding Bonds, Series 2006  
 September 30, 2018

Fiscal Year Ending September 30	Coupon	Interest Due February 15	Interest Due August 15	Principal Due August 15	Total Principal & Interest	Principal Balance
2018						\$ 1,145,000
2019	4.00 %	\$ 22,900	\$ 22,900	\$ 1,145,000	\$ 1,190,800	0
		\$ 22,900	\$ 22,900	\$ 1,145,000	\$ 1,190,800	

**PORT FREEPORT**  
Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)  
September 30, 2018

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2018						\$ 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
		\$ 2,093,861	\$ 2,093,861	\$ 23,645,000	\$ 27,832,722	

\$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, 2018

TABLE 18

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2018						\$ 37,145,000
2019	5.00 %	868,794	868,794	700,000	2,437,588	34,707,413
2020	5.00	851,294	851,294	735,000	2,437,588	33,972,413
2021	5.00	832,919	832,919	770,000	2,435,838	33,202,413
2022	5.00	813,669	813,669	815,000	2,442,338	32,387,413
2023	5.00	793,294	793,294	855,000	2,441,588	31,532,413
2024	5.00	771,919	771,919	895,000	2,438,838	30,637,413
2025	5.00	749,544	749,544	945,000	2,444,088	29,692,413
2026	5.00	725,919	725,919	990,000	2,441,838	28,702,413
2027	5.00	701,169	701,169	1,035,000	2,437,338	27,667,413
2028	5.00	675,294	675,294	1,090,000	2,440,588	26,577,413
2029	5.00	648,044	648,044	1,145,000	2,441,088	25,432,413
2030	4.00	619,419	619,419	1,200,000	2,438,838	24,232,413
2031	4.13	595,419	595,419	1,250,000	2,440,838	22,982,413
2032	4.13	569,638	569,638	1,300,000	2,439,275	21,682,413
2033	4.25	542,825	542,825	1,355,000	2,440,650	20,327,413
2034	4.25	514,031	514,031	1,410,000	2,438,063	18,917,413
2035	4.25	484,069	484,069	1,475,000	2,443,138	17,442,413
2036	5.00	452,725	452,725	1,535,000	2,440,450	15,907,413
2037	5.00	414,350	414,350	1,610,000	2,438,700	14,297,413
2038	5.00	374,100	374,100	1,690,000	2,438,200	12,607,413
2039	5.00	331,850	331,850	1,775,000	2,438,700	10,832,413
2040	5.00	287,475	287,475	1,860,000	2,434,950	8,972,413
2041	4.50	240,975	240,975	1,955,000	2,436,950	7,017,413
2042	4.50	196,988	196,988	2,045,000	2,438,975	4,972,413
2043	4.50	150,975	150,975	2,140,000	2,441,950	2,832,413
2044	4.50	102,825	102,825	2,235,000	2,440,650	597,413
2045	4.50	52,538	52,538	2,335,000	2,440,075	(1,737,588)
		\$ 14,362,056	\$ 14,362,056	\$ 37,145,000	\$ 65,869,113	

# PORT FREEPORT

## Senior Lien Revenue Refunding Bonds, Series 2018 (AMT) September 30, 2018

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2018						\$ 32,865,000
2019	4.00 %	\$ 261,618	\$ 735,800	\$ 500,000	\$ 1,497,418	32,365,000
2020	4.00	725,800	725,800	535,000	1,986,600	31,830,000
2021	5.00	715,100	715,100	560,000	1,990,200	31,270,000
2022	5.00	701,100	701,100	585,000	1,987,200	30,685,000
2023	5.00	686,475	686,475	615,000	1,987,950	30,070,000
2024	5.00	671,100	671,100	645,000	1,987,200	29,425,000
2025	5.00	654,975	654,975	680,000	1,989,950	28,745,000
2026	5.00	637,975	637,975	710,000	1,985,950	28,035,000
2027	5.00	620,225	620,225	750,000	1,990,450	27,285,000
2028	5.00	601,475	601,475	785,000	1,987,950	26,500,000
2029	5.00	581,850	581,850	825,000	1,988,700	25,675,000
2030	5.00	561,225	561,225	865,000	1,987,450	24,810,000
2031	5.00	539,600	539,600	910,000	1,989,200	23,900,000
2032	5.00	516,850	516,850	955,000	1,988,700	22,945,000
2033	5.00	492,975	492,975	1,000,000	1,985,950	21,945,000
2034	5.00	467,975	467,975	1,050,000	1,985,950	20,895,000
2035	5.00	441,725	441,725	1,105,000	1,988,450	19,790,000
2036	5.00	414,100	414,100	1,160,000	1,988,200	18,630,000
2037	5.00	385,100	385,100	1,220,000	1,990,200	17,410,000
2038	5.00	354,600	354,600	1,280,000	1,989,200	16,130,000
2039	4.00	322,600	322,600	1,345,000	1,990,200	14,785,000
2040	4.00	295,700	295,700	1,395,000	1,986,400	13,390,000
2041	4.00	267,800	267,800	1,455,000	1,990,600	11,935,000
2042	4.00	238,700	238,700	1,510,000	1,987,400	10,425,000
2043	4.00	208,500	208,500	1,570,000	1,987,000	8,855,000
2044	4.00	177,100	177,100	1,635,000	1,989,200	7,220,000
2045	4.00	144,400	144,400	1,700,000	1,988,800	5,520,000
2046	4.00	110,400	110,400	1,770,000	1,990,800	3,750,000
2047	4.00	75,000	75,000	1,840,000	1,990,000	1,910,000
2048	4.00	38,200	38,200	1,910,000	1,986,400	0
		\$ 12,910,243	\$ 13,384,425	\$ 32,865,000	\$ 59,159,668	

**PORT FREEPORT**

Capital Lease

September 30, 2018

TABLE 19

Fiscal Year Ending September 30	Coupon	Interest Due Sept. 30	Principal Due Sept. 30	Total Principal & Interest	Principal Balance
2018					\$ 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
		\$ 727,225	\$ 8,842,417	\$ 9,569,642	

**PORT FREEPORT  
2018/19 FISCAL YEAR BUDGET**

**\$48,000,000 General Obligation Tax Bond**

CRITERIA USED FOR BUDGETING:

ISSUANCE - June 2019

AMORTIZATION PERIOD - 30 YEARS

RATE - 4%

PAYMENTS - SEMI-ANNUAL

FIRST YEAR PAYMENT - \$2,775,845

FISCAL YEAR 2019 INTEREST ACCRUAL- \$642,000

ISSUANCE COSTS EST \$391,000