



**2016/2017 FISCAL YEAR  
BUDGET ADOPTED  
SEPTEMBER 22, 2016**

**PREPARED BY:**

**Jeff Strader, Chief Financial Officer  
Mary Campus, Controller**

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## BUDGET TRANSMITTAL

September 1, 2016

Members of the Port Commission  
Port Freeport  
Freeport, Texas

Presented herein is the Fiscal Year 2016/17 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 \$1.8 million increase in net assets. This year's budget follows the same format as the Fiscal Year 2015/16 Budget with supporting documentation and schedules.

### OPERATING BUDGET

#### Revenue:

When compared to the 2016 budget, total operating revenue for fiscal year 2016 is expected to increase \$1.9 million to \$24.7 million, while net non-operating revenue and expenses are expected to increase by \$486 thousand to \$2.1 million. Both harbor operations revenues as well as lease revenue have increased due increased ro-ro business and project cargo anticipated with the continuation of the industrial expansion projects.

Net non-operating revenues include debt service. Debt interest and fees have increased due to additional revenue backed debt issued in 2015.

The Certification of Appraised Valuations prepared by the Brazoria County Appraisal District reports assessed value for 2016 to be \$12.2 billion, which is 6.5% 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 a tax rate of \$.04010 per \$100 of valuation. A rate of \$0.009754 per \$100 valuation is required for debt service, leaving a rate of \$0.030346 per \$100 valuation for maintenance and operations. Assuming a 98.65% collection rate, ad valorem tax collections are projected to be \$4.8 million, net of appraisal district and tax office fees.

#### Expenditures:

Overall, expenditures, at \$18 million, are anticipated to increase \$579 thousand over the budget for fiscal year 2016. Expenditures, excluding depreciation are expected to be \$10.3 million, a decrease of \$70 thousand from the budget for fiscal year 2016.

**Port Salaries and Wages:** The total amount budgeted for Port salaries and wages is \$3.3 million, essentially flat from the amount budgeted last year. The budget includes a maximum of 3% for merit/cost-of-living increase as well as a market/internal equity pool and two new positions.

Port Employee Benefits: The total amount budgeted for employee benefits is \$1.2 million an increase of 2% from the 2016 budget. The primary reason for the increase comes from an anticipated increase in medical, dental, and vision plan premiums of 10% plus full participation in the retirement plan.

Professional Services: The budget for consultant services has increased 25% from the 2016 budget to \$2.2 million. The largest line item in the professional services category is security service fees, which increased 10% to \$1,313,200 due to additional manpower to be utilized. Fiscal year 2017 includes funds for a feasibility study, a market study, surveying, a compensation consultant, and security audit services.

Training, Travel & Promotional: The training, travel and promotional category budget is \$541 thousand which has increased from the 2016 budget by 8% or \$43,100. Commercial business development, which includes commercial trade shows, advertising, economic development, and promotional items, has been increased \$13,750 or 9% from last year. Sales and promotion has decreased 13% or \$11,900. Government relations travel is increased 57% or \$22,550 due to an increased involvement and meetings related to the Freeport Harbor Channel Improvement Project. Community relations has increased \$14,550 or 22% due to increased participation in Port involved community events. Technical training and related travel expense is increased from the 2016 budget by 10% or \$9,250. Automobile expense has decreased 8% or \$5,100 due to reduced staff mileage.

Supplies: The supplies budget is \$193 thousand which has decreased \$19,750 or 9%. Pallets, furniture and equipment purchases less than \$5,000 account for this decrease.

Utilities: The utilities budget has decreased by \$87,600 or 15% to \$510 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 \$410,600 or 29% decrease from fiscal year 2016 budget. Contracted insurance premiums, primarily the property insurance account for this decrease.

Other Services & Charges: The \$364 thousand budget for other services and charges is planned to decrease 27% or \$137,550. This category includes contract labor, contract services, lease expense and memberships and subscriptions. Reduced office lease expense accounts for the majority of the reduction.

Maintenance & Repair: The \$1 million budget for 2017 is \$90,850 or 10% higher than the 2016 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, bi-annual underwater berth inspection, storm water outfall and security systems maintenance.

Depreciation expense: Depreciation expense for fiscal year 2017 budget is projected at \$7.7 million, which has increased \$649,300 or 9% over fiscal year 2016 budget. Depreciation additions from new assets are expected to be \$600,000.

## CAPITAL BUDGET

### Port Expansion:

Continuing from fiscal year 2016, 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 1,400 feet has started. Improvements to OEM/Logistics facilities include rail development and additional storage areas. Other projects include increasing dredge disposal management area capacity. \$40 million in total has been budgeted for Port expansion projects for fiscal year 2017. It should be noted, that \$26.2 million of the \$40 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 \$710 thousand contribution to the U.S. Army Corps of Engineers for the Port's share of work associated with the General Reevaluation Review process for the 45-foot Channel Project. In addition, \$5.5 million has been budgeted to include a contribution to the U.S. Army Corps of Engineers to perform dredging of the Federal Channel at Berth 7. Additional projects include \$400,000 to City of Freeport for road repairs, \$637,000 for Berth 2 floodwall repairs and \$50,000 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 2017 is \$802 thousand. The major items in fiscal year 2017 are equipment purchases include financial software, security improvements, an engineering vehicle and a maintenance utility vehicle. Cash flow requirements for the capital outlay plans will be funded by \$215 thousand in Port Security Grant funds and \$587 thousand from current cash flows, reserves or financing.

CONCLUSION

The proposed budget for fiscal year 2016/17 continues to demonstrate the Port's commitment to the expansion and development of Port Freeport. Budgeted operating revenues exceed operating expenses by \$6.7 million and planned capital expenditures are \$48 million. The tax rate is being lowered to \$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  
2016/2017 FISCAL YEAR BUDGET**

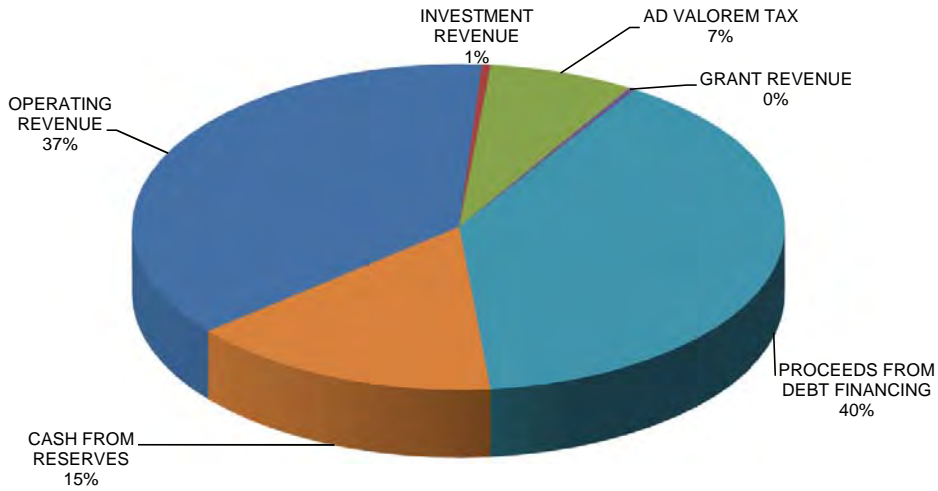
**CASH FLOW WORKSHEET**

Operating Revenue	\$ 24,738,300	
Operating Expenses	( 17,982,700)	
Operating Income (Loss)	<u>6,755,600</u>	
Net Non-Operating Revenues	<u>2,113,700</u>	
<b>Net Income</b>		<b>\$ 8,869,300</b>
Add Back Non-cash Items		
Depreciation	7,670,800	
Interest Expense	2,958,000	
Loss on Disposition of Assets	-	
Total Net Non-cash Expenses		<u>10,628,800</u>
<b>Cash Flow from Operations, Taxes, Investments</b>		<b>19,498,100</b>
<b>Debt Service Payments</b>		<u>( 8,013,200)</u>
<b>Net Cash Flow Before Capital Expenditures</b>		<b>11,484,900</b>
<b>Capital Expenditures and Contributed to Others:</b>		
Inventory Parts and Equipment	( 112,000)	
Funded by Grant Programs	( 215,250)	
USCOE Tipping Fee Reserve	( 4,374,864)	
Funded from Capital Improvement Reserve	( 5,500,000)	
Cash Flow or General Reserve Funded	( 11,743,750)	
Proceeds from Debt Funding	( 26,200,000)	
<b>Total Additions to Assets</b>		<b>( 48,145,864)</b>
<b>Reimbursement Resolution Financing Proceeds</b>		<b>26,200,000</b>
Contributed Capital From Grants		215,200
<b>Cash To (From) Reserves</b>		<b>\$ ( 10,245,764)</b>
May 2016 Reserves Balance:		
Unrestricted	\$ 40,755,287	
Reserve for Capital Improvements	3,423,398	
Restricted for Debt Service	4,658,497	
Restricted for Capital Improvements	14,869	
<b>Approximate FY 2017 Year-end Reserves:</b>		
Unrestricted	\$ 33,188,236	
Reserve for Capital Improvements	1,803,251	
Restricted for Debt Service	3,600,000	
Restricted for Capital Improvements	14,800	

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

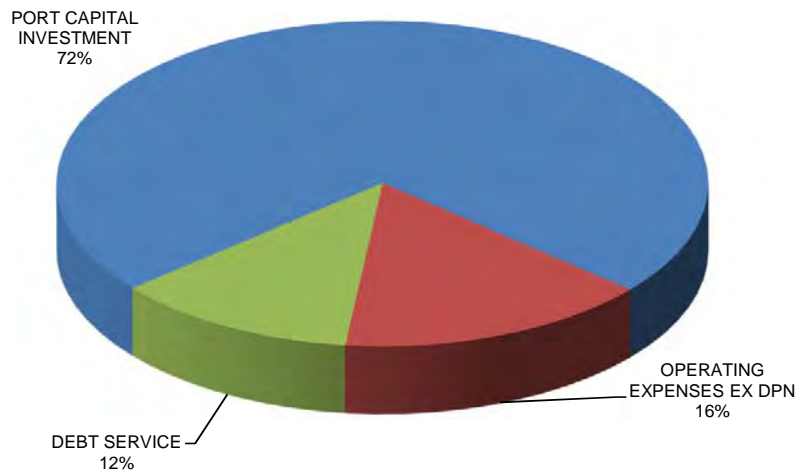
**SOURCES OF FUNDS**

OPERATING REVENUE	\$ 24,738,300
INVESTMENT REVENUE	290,000
AD VALOREM TAX	4,781,700
GRANT REVENUE	215,200
PROCEEDS FROM DEBT FINANCING	26,200,000
CASH FROM RESERVES	<u>10,245,764</u>
TOTAL	\$ 66,470,964



**USES OF FUNDS**

PORT CAPITAL INVESTMENT	\$ 48,145,864
OPERATING EXPENSES EX DPN	10,311,900
DEBT SERVICE	<u>8,013,200</u>
	\$ 66,470,964



**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

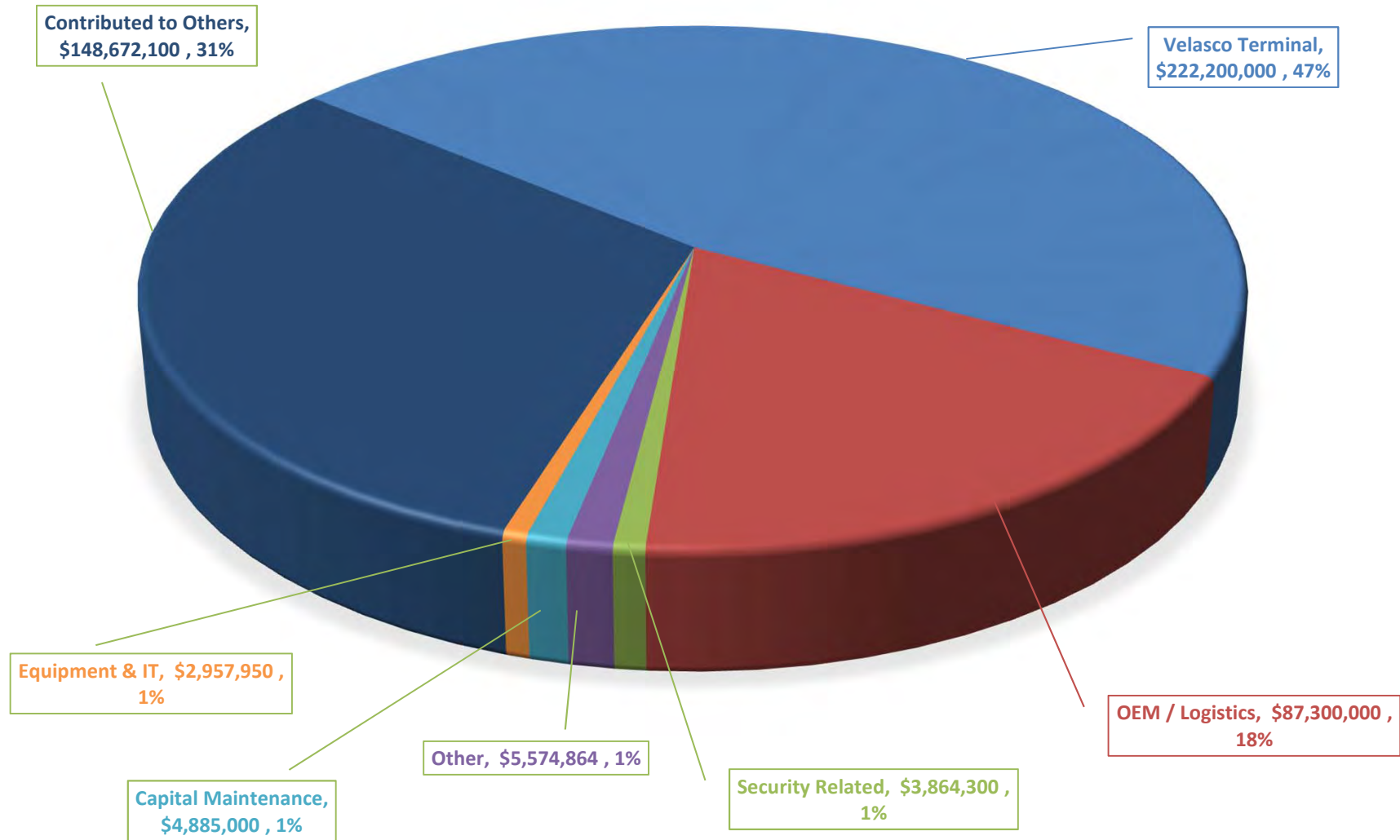
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

	2013 Actual	2014 Actual	2015 Actual	2016 Budget	5/31/2016 Annualized	2016 Projected	2017 Budget
<b>OPERATING REVENUES:</b>							
Wharfage	\$ 3,149,424	\$ 3,896,689	\$ 3,567,652	\$ 5,209,300	\$ 4,868,409	\$ 4,841,547	\$ 6,429,600
Dockage & Deep Water Berth	1,353,106	1,763,042	1,324,691	1,742,700	1,686,011	1,535,819	1,761,500
Freight Handling	1,097,879	1,267,599	48,870	-	-	-	-
Equipment & Pallet Use Fees	815,803	808,240	1,350,442	1,479,000	1,288,562	1,314,700	1,342,000
Facility Use Fees	366,521	383,323	442,978	250,000	216,483	230,000	287,700
Cool Storage Facility Use Fee	475,636	295,326	-	-	-	-	-
Security Fees	400,124	544,420	516,006	862,700	794,600	785,000	789,500
Other Customer Service Fees	956,149	892,849	727,874	718,300	778,230	775,000	813,500
Ground Leases	5,941,315	6,220,066	9,889,531	11,703,800	11,752,889	11,785,147	12,213,700
Other Leases	403,028	735,423	674,754	818,900	956,144	1,008,393	1,080,800
Other Revenue	35,402	188,619	47,938	20,000	25,767	17,500	20,000
<b>Total Operating Revenue</b>	<b>\$ 14,994,387</b>	<b>\$ 16,995,596</b>	<b>\$ 18,590,736</b>	<b>\$ 22,804,700</b>	<b>\$ 22,367,093</b>	<b>\$ 22,293,106</b>	<b>\$ 24,738,300</b>
<b>OPERATING EXPENSES:</b>							
Port Salaries/Wages	2,486,219	2,429,012	2,702,276	3,309,100	2,787,795	2,990,835	3,304,100
Port Employee Benefits	752,601	778,369	825,554	1,149,200	809,570	969,635	1,169,100
Freight Handling Wages & Benefits	619,366	798,065	43,737	-	-	-	-
Professional Services	1,690,634	1,432,874	1,731,551	1,780,800	1,912,005	1,890,029	2,217,600
Training, Travel & Promotional	324,668	345,886	306,412	497,900	396,521	412,548	541,000
Supplies	289,179	301,000	204,514	212,550	166,997	159,377	192,800
Utilities	553,874	494,540	563,185	597,700	548,256	548,256	510,100
Business Insurance	1,191,702	1,316,962	1,299,623	1,411,900	1,085,285	1,085,285	1,001,300
Other Services & Charges	454,963	525,484	565,530	501,150	413,832	422,970	363,600
Maintenance & Repair	998,932	760,062	998,168	921,450	635,469	639,558	1,012,300
Depreciation	4,502,480	5,310,410	6,425,843	7,021,500	6,646,100	6,768,709	7,670,800
<b>Total Operating Expenses</b>	<b>13,864,618</b>	<b>14,492,664</b>	<b>15,666,393</b>	<b>17,403,250</b>	<b>15,401,828</b>	<b>15,887,202</b>	<b>17,982,700</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,129,769</b>	<b>2,502,932</b>	<b>2,924,343</b>	<b>5,401,450</b>	<b>6,965,265</b>	<b>6,405,904</b>	<b>6,755,600</b>
<b>OPERATING MARGIN</b>	<b>8%</b>	<b>15%</b>	<b>16%</b>	<b>24%</b>	<b>31%</b>	<b>29%</b>	<b>27%</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>							
Ad Valorem Tax Collections	5,246,302	4,672,390	4,750,726	4,678,000	7,045,013	4,694,130	4,781,700
Investment Net Revenue	( 59,683)	265,046	116,636	150,000	248,634	283,820	290,000
Gain (Loss) on Sale of Assets	17,965	-	3,500	-	( 3,096)	( 6,000,000)	-
Debt Interest and Fees	( 2,163,798)	( 1,285,213)	( 1,922,217)	( 3,200,100)	( 2,925,158)	( 3,057,618)	( 2,958,000)
Other	690,105	-	-	-	-	381,872	-
<b>Non-Operating Revenues, Net</b>	<b>3,730,891</b>	<b>3,652,223</b>	<b>2,948,645</b>	<b>1,627,900</b>	<b>4,365,393</b>	<b>( 3,697,796)</b>	<b>2,113,700</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>4,860,660</b>	<b>6,155,155</b>	<b>5,872,988</b>	<b>7,029,350</b>	<b>11,330,658</b>	<b>2,708,108</b>	<b>8,869,300</b>
<b>CAPITAL CONTRIBUTIONS-Grants</b>	<b>4,682,926</b>	<b>1,042,216</b>	<b>270,367</b>	<b>589,000</b>	<b>427,848</b>	<b>285,232</b>	<b>215,200</b>
<b>NET CAPITAL CONTRIBUTIONS (To)/From Others</b>	<b>( 1,878,709)</b>	<b>( 1,381,819)</b>	<b>( 836,997)</b>	<b>( 7,150,000)</b>	<b>( 523,121)</b>	<b>( 725,500)</b>	<b>( 7,297,000)</b>
<b>EXTRAORDINARY ITEM - BERTH 7</b>	<b>1,752,602</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 9,417,479</b>	<b>\$ 5,815,552</b>	<b>\$ 5,306,358</b>	<b>\$ 468,350</b>	<b>\$ 11,235,386</b>	<b>\$ 2,267,840</b>	<b>\$ 1,787,500</b>

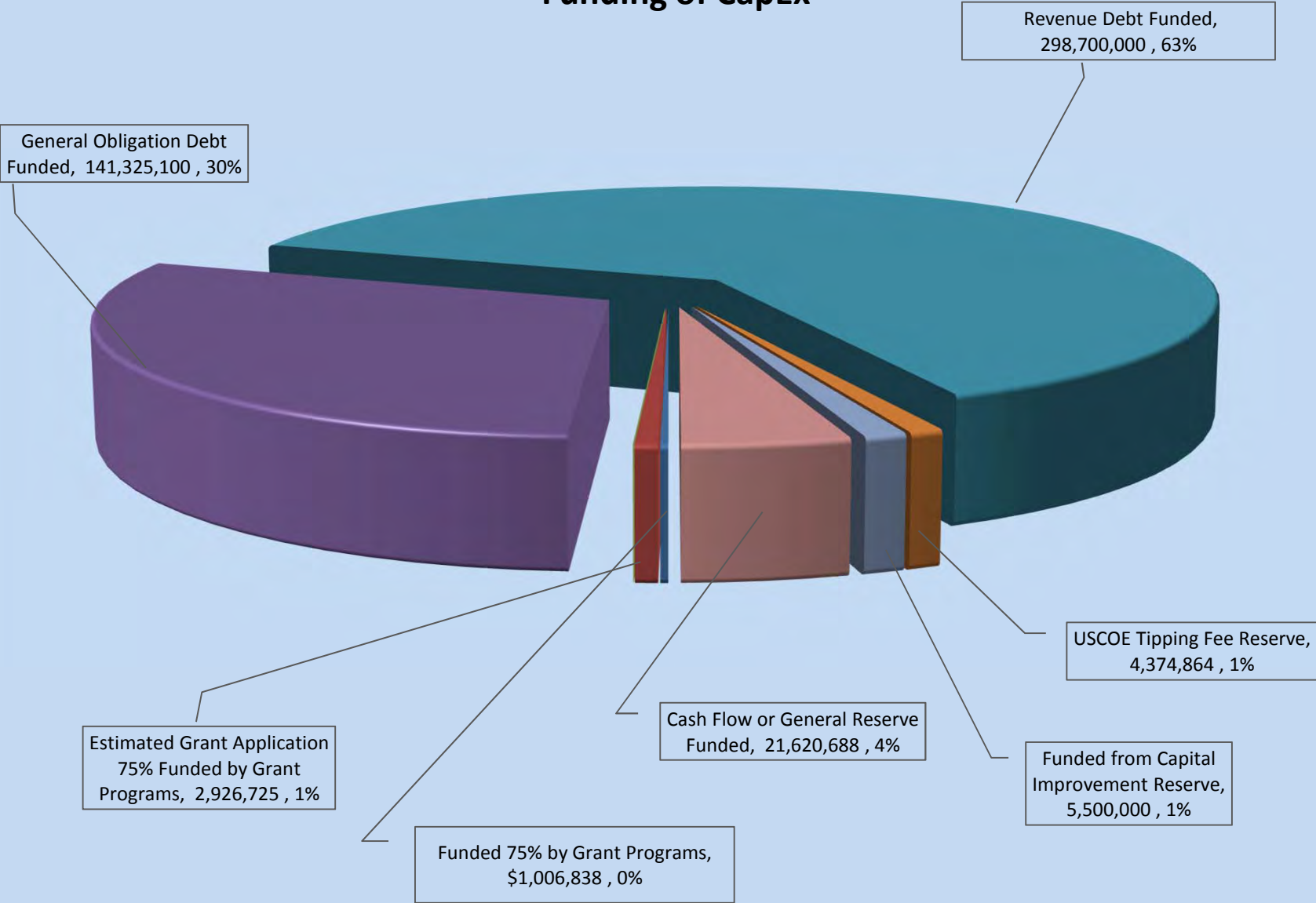


# CAPITAL EXPANSION

## PORT FREEPORT ALLOCATION OF CAPEX



# Port Freeport Funding of CapEx



# PORT FREEPORT

## PROPOSED PORT CAPITAL EXPANSION PLAN FY 2017 to 2022

PROJECT	Estimated 2016	Proposed 2017	2018	2019	2020	2021	2022	Thereafter	TOTAL
<b>VELASCO TERMINAL &amp; RELATED INFRASTRUCTURE DEVELOPMENT (Excludes East End Expansion Area)</b>									
VELASCO TERMINAL, Phase II 408 Permit & Berth 8&9 Design Services	\$ 1,500,000	1,200,000	1,000,000						2,200,000
VELASCO TERMINAL, Phase II Pump Station Outfall				2,200,000					2,200,000
VELASCO TERMINAL, Phase II Backland Areas 3&4 (20 AC)				10,500,000		10,000,000			20,500,000
VELASCO TERMINAL, Phase II Berth 8 (1,400 FT)				57,500,000	57,500,000				115,000,000
VELASCO TERMINAL, Phase III Berth 9 (Ramp)				2,000,000	2,000,000				4,000,000
VELASCO TERMINAL, Phase III Entrance (GATE 12)					15,500,000				15,500,000
VELASCO TERMINAL, Phase III Backland Areas 5&6		1,800,000							1,800,000
VELASCO TERMINAL, Land Acquisitions	4,650,000	2,500,000	3,500,000						6,000,000
								222,200,000	
<b>OEM / LOGISTICS CENTER</b>									
PARCEL 14, Rail Development	650,000	15,000,000	15,000,000						30,000,000
PARCEL 14, OEM Phase III - 20 acres	480,000	9,200,000							9,200,000
PARCEL 14, OEM Phase IV - 20 acres			9,200,000						9,200,000
PARCEL 14, OEM Phase V - 20 acres				9,200,000					9,200,000
PARCEL 14, OEM Phase VI - 20 acres					9,200,000				9,200,000
PARCEL 14, OEM Phase VII - 20 acres						9,200,000			9,200,000
PARCEL 14, BILLET/PIPE YARD Phase II - 20 acres			8,500,000						8,500,000
PARCEL 19 North , Phase II - development - 15 acres	3,400,000	800,000							800,000
PARCEL 19 North, Heavy Storage Area		2,000,000							2,000,000
<b>SECURITY RELATED</b>									
Customs and Border Protection Buildout at EOC	35,000	850,000							850,000
<b>OTHER PROJECTS</b>									
ADMIN. BUILDING WATER REUSE		200,000							200,000
DMPA-1 LEVEE RAISE		4,374,864					1,000,000		5,374,864
<b>CAPITALIZED MAINTENANCE &amp; REPAIR PLAN</b>									
JOINT REPAIRS		20,000	20,000	20,000	20,000	20,000	20,000		120,000
RAILROAD TRACK RENOVATIONS		25,000	25,000	25,000	25,000	25,000	25,000		150,000
LIGHTPOLE UPGRADES		150,000	150,000	150,000	150,000				600,000
HOIST & DAVIT			200,000						200,000
DOCKS 1, 2 & 3 CATHODIC PROTECTION		1,000,000	2,000,000						3,000,000
TRENCH DRAIN REPAIRS, VELASCO TERMINAL		15,000							15,000
LAYDOWN YARD, WESTSIDE OF WH 51		300,000							300,000
ASPHALT PAVEMENT REPAIR (Roads, Potholes, etc.)		500,000							500,000
<b>FIVE YEAR CAPITAL OUTLAY SUMMARY (from detailed schedule)</b>		802,000	3,135,250	22,619,500	33,084,500	1,298,000	33,000		60,972,250

# PORT FREEPORT

PROPOSED PORT CAPITAL EXPANSION PLAN  
FY 2017 to 2022

PROJECT	Estimated 2016	Proposed 2017	2018	2019	2020	2021	2022	Thereafter	TOTAL
<b>CAPITAL CONTRIBUTED TO OTHERS</b>									
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT-GRR	400,000	710,000							710,000
FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT-CONSTRUCTION				23,025,100	29,575,000	29,575,000	29,575,000	29,575,000	141,325,100
VELASCO TERMINAL, WIK CHANNEL DREDGING AT BERTH 7		5,500,000							5,500,000
REPAIRS TO TRUCK ROUTE, EAST END	25,000	400,000							400,000
BRAZORIA/FT. BEND RAIL DISTRICT	50,000	50,000	50,000						100,000
BERTH 2 FLOODWALL, Modifications	250,500	637,000							637,000
<b>TOTAL</b>	<b>\$ 11,440,500</b>	<b>\$ 48,033,864</b>	<b>\$ 42,780,250</b>	<b>\$ 127,239,600</b>	<b>\$ 147,054,500</b>	<b>\$ 50,118,000</b>	<b>\$ 30,653,000</b>	<b>\$ 29,575,000</b>	<b>\$ 475,454,214</b>
<b>CapEx Category Summary</b>									
Velasco Terminal		\$ 5,500,000	\$ 4,500,000	\$ 94,200,000	\$ 108,000,000	\$ 10,000,000	\$ -	\$ -	\$ 222,200,000
OEM / Logistics		27,000,000	32,700,000	9,200,000	9,200,000	9,200,000	-	-	\$ 87,300,000
Security Related		1,137,000	2,027,300	300,000	-	400,000	-	-	\$ 3,864,300
Other		4,574,864	-	-	-	-	1,000,000	-	\$ 5,574,864
Capital Maintenance		2,010,000	2,395,000	195,000	195,000	45,000	45,000	-	\$ 4,885,000
Equipment & IT		515,000	1,107,950	619,500	84,500	1,298,000	33,000	-	\$ 2,957,950
Contributed to Others		7,297,000	50,000	23,025,100	29,575,000	29,575,000	29,575,000	29,575,000	\$ 148,672,100
Total		\$ 48,033,864	\$ 42,780,250	\$ 127,539,600	\$ 147,054,500	\$ 50,518,000	\$ 30,653,000	\$ 29,575,000	\$ 475,454,214
<b>Targeted Funding Sources</b>									
Funded 75% by Grant Programs		\$ 215,250	\$ 791,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,838
Estimated Grant Application 75% Funded by Grant Programs		-	2,270,475	356,250	-	300,000	-	-	2,926,725
Debt Funded		-	-	-	-	-	-	-	-
General Obligation Debt Funded		-	-	23,025,100	29,575,000	29,575,000	29,575,000	29,575,000	141,325,100
Revenue Debt Funded		26,200,000	32,700,000	103,400,000	117,200,000	19,200,000	-	-	298,700,000
USCOE Tipping Fee Reserve		4,374,864	-	-	-	-	-	-	4,374,864
Funded from Capital Improvement Reserve		5,500,000	-	-	-	-	-	-	5,500,000
Cash Flow or General Reserve Funded		11,743,750	7,018,188	458,250	279,500	1,043,000	1,078,000	-	21,620,688

# PORT FREEPORT

## CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)

FY 2017 to 2022

PROJECT	Estimated 2016	Proposed 2017	2018	2019	2020	2021	2022	TOTAL
<b>COMPUTER EQUIPMENT:</b>								
SERVER/DATA STORAGE (SAN) UPGRADE/REPLACE						40,000		40,000
VIRTUAL DESKTOP INFRASTRUCTURE (VDI) SERVER		17,000						17,000
UPS UPDATES/UPGRADES		18,000						18,000
SERVER UPDATE/UPGRADE				15,000		30,000		45,000
GANTRY CRANE-SHIP PROFILE SYSTEM						180,000		180,000
<b>COMPUTER SOFTWARE:</b>								
FINANCIAL SOFTWARE		400,000						400,000
INVENTORY MANAGEMENT SYSTEM				60,000				60,000
PORTWIDE EMERGENCY NOTIFICATION SYSTEM				175,000				175,000
<b>OFFICE FURNITURE:</b>								
								-
<b>OFFICE EQUIPMENT:</b>								
COPY/SCANNER MACHINE - ADMIN					20,000			20,000
COPY/SCANNER MACHINE - EOC						20,000		20,000
COPY/SCANNER MACHINE - OPS					14,000			14,000
<b>EQUIPMENT:</b>								
SHIP TO SHORE GANTRY CRANES (5 UNITS)				22,000,000	33,000,000			55,000,000
AIR COMPRESSOR					6,000			6,000
STEAM CLEANER				12,000				12,000
WELDING MACHINE			10,000					10,000
DIAGNOSTIC INDICATOR		8,000						8,000
GANTRY CRANE TWIN PICK SPREADER BARS (3)						600,000		600,000
SPECIALTY TOOLS FOR GANTRY CRANES		15,000		15,000		15,000		45,000
<b>SECURITY:</b>								
CAMERA UPGRADE PROJECT - PARCELS 19 & 25		287,000						287,000
PHYSICAL SECURITY INFORMATION MANAGEMENT			655,800					655,800
FLOATING BOAT DOCK			146,500					146,500
PARCEL 14 SECURITY			800,000					800,000
MARINE RESPONSE TRAINING PROP			425,000					425,000
RADAR UPGRADE				300,000				300,000
SONAR UPGRADE						400,000		400,000

# PORT FREEPORT

## CAPITAL OUTLAY SCHEDULE (ITEMS OVER \$5,000)

FY 2017 to 2022

PROJECT	Estimated 2016	Proposed 2017	2018	2019	2020	2021	2022	TOTAL
<b>VEHICLES:</b>								
MAINTENANCE TRUCK				30,000			33,000	63,000
MAINTENANCE UTILITY VEHICLES		12,000	12,500	12,500	12,500	13,000		62,500
OPERATIONS VEHICLE					32,000			32,000
SAFETY VEHICLE			30,000					30,000
ENGINEERING 4 X 4 VEHICLE		45,000						45,000
<b>OTHER:</b>								
SECURITY BOAT			1,055,450					1,055,450
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 802,000</b>	<b>\$ 3,135,250</b>	<b>\$ 22,619,500</b>	<b>\$ 33,084,500</b>	<b>\$ 1,298,000</b>	<b>\$ 33,000</b>	<b>\$ 60,972,250</b>
CapEx Category Summary								
Security		287,000	2,027,300	300,000	-	400,000	-	3,014,300
Other:								
Computer Equipment		35,000	-	15,000	-	250,000	-	300,000
Computer Software		400,000	-	235,000	-	-	-	635,000
Office Furniture		-	-	-	-	-	-	-
Office Equipment		-	-	-	34,000	20,000	-	54,000
Equipment		23,000	10,000	22,027,000	33,006,000	615,000	-	55,681,000
Vehicles		57,000	42,500	42,500	44,500	13,000	33,000	232,500
Other		-	1,055,450	-	-	-	-	1,055,450
Total		802,000	3,135,250	22,619,500	33,084,500	1,298,000	33,000	60,972,250
Targeted Funding Sources								
Grant Funded @ 75% Fed.		\$ 215,250	\$ 791,588	\$ -	\$ -	\$ -	\$ -	\$ 1,006,838
Submitted or Future Grant Application @ 75% Fed.		-	2,270,475	356,250	-	300,000	-	2,926,725
Debt Funded		-	-	-	-	-	-	-
Revenue Debt Funded		-	-	22,000,000	33,000,000	-	-	55,000,000
Cash Flow or Reserve Funded		586,750	73,188	263,250	84,500	998,000	33,000	2,038,688

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET  
PORT CAPITAL EXPANSION PLAN  
PROJECT DESCRIPTIONS**

**CAPITAL EXPANSION PROJECTS FOR FY 2017:**

- 1813 Velasco Terminal Phases II-IV, Section 408/Section 10/404 Permitting  
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 2018.
- 1818 Velasco Terminal PHASE III, Stabilization of Backland  
Project includes the stabilization of the 6.5 areas inside of the rail loop for project cargo and heavy equipment storage. Also included in the project is the clearing of the property north of the drainage canal of large debris and rough grading the acreage.
- 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. Anticipate design and commencement of construction in FY 2017.
- 1819 Parcel 14 OEM (Phase III)  
Project includes constructing an asphalt parking area on Parcel 14. Purpose is to provide a clean, all-weather parking lot for automobiles. Anticipate design in FY 2016 and construction in FY 2017.
- 1819 Parcel 19 North Phase II Asphalt Parking  
Project includes constructing approximately 15-acre asphalt parking area on Parcel 19. Purpose is to provide a clean, all-weather storage yard. Anticipate design in FY 2015 and construction in FY 2016 and FY 2017.
- 1819 Parcel 19 North Heavy Equipment Storage Area  
Project includes the stabilization of a heavy equipment and project cargo laydown area.
- 1821 Customs and Border Protection  
Project includes buildout out of the Emergency Operations Center to provide office space for U.S. Customs and Border Protection. Purpose is to accommodate expanding services of Customs. Anticipate design in 2015 and construction in 2016. Construction will extend into FY 2017.
- 1810 Administration Building and water re-use  
Project includes design and construction of a new administration building. The building will be used for administrative staff and to conduct public meetings. Anticipate design in 2016 and project completion in FY 2017.
- 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.



**PROPOSED FUTURE CAPITAL EXPANSION PROJECTS:**

- 1818 Velasco Terminal, Phase II Pump Station Outfall (FY 2018)  
Project includes the routing of an existing storm water discharge channel into box culverts so that the area can be developed as a container yard. Anticipated project completion in FY 2018.
- 1818 Velasco Terminal, Phase II (Backland Development, 20 acres) I (FY 2018-2019)  
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 2019.
- 1813 Velasco Terminal, Phase II (1400' Berth) (FY 2018)  
Project includes a 352' extension of Berth 7 and 1,057-foot extension (Berth 8), creating 2,200 lineal feet of berth. The purpose is to provide additional berthing capacity. Anticipate completion of the design in FY 2015 and construction in FY 2018.
- 1813 Velasco Terminal, Phase III (Berth 9) (FY 2020)  
Project includes a RO-RO Ramp (Berth 9), creating 2,400 lineal feet of berth. The purpose is to provide additional berthing capacity. Anticipate completion of the design in FY 2015 and construction in FY 2020.
- 1816 Velasco Terminal Entrance (Gate 12), Phase III (FY 2018)  
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 2018. It is anticipated the project will be partially funded through various grant programs.
- 1819 Parcel 14 OEM Phase IV& V (FY 2018-2019)  
Project includes constructing an asphalt parking area on Parcel 14. Purpose is to provide a clean, all-weather parking lot for automobiles. Anticipate design and construction in FY 2018 and 2019.
- 1819 Parcel 14 Billet/Pipe Yard (Phase II)  
Project is to develop 20 acres on Parcel 14 for Pipe and Billet storage. Anticipate design and construction in FY 2016/2017 respectively.

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET  
CAPITALIZED MAINTENANCE & REPAIR PLAN  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2017:**

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 2017

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.

1819 Laydown Yard, West side of Warehouse 51

Project includes asphalt repairs to the laydown area in order to allow for storage of heavy equipment..

1816 Asphalt Pavement Repair

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. Anticipate project design and construction in FY 2016.

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET  
CAPITAL CONTRIBUTED TO OTHERS  
PROJECT DESCRIPTIONS**

**PROJECTS FOR FY 2017:**

Freeport Harbor Channel Improvement Project

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. The U.S. Army Corps of Engineers anticipates \$1,200,000 will be required for planning design.

Velasco Terminal WIK Channel Dredging at Berth 7

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.

Repairs to Truck Route, East End

Project includes repairs to the existing truck route at the intersection of 2<sup>nd</sup> Street and Sycamore Street as well as the development of an alternative truck route consisting of 5<sup>th</sup> Street to Terminal Street to 2<sup>nd</sup> Street for use until a permanent gate complex can be constructed. The expenditure is expected to begin in FY 2016 and completed in FY 2017.

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.

Dock 2 Floodwall Modification

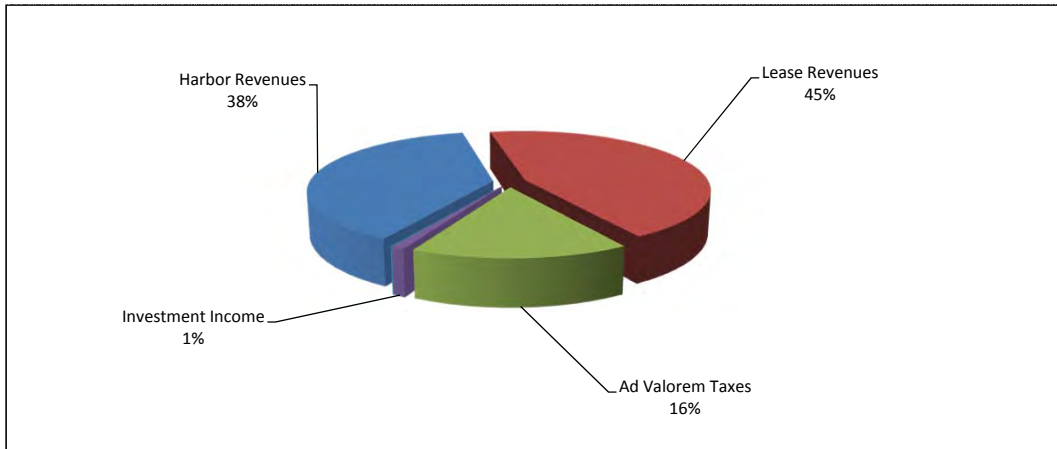
The Velasco Drainage District floodwall at Dock 2 is being modified to accommodate a 165 ft removable section to facilitate ro-ro vessels.

# REVENUES

**PORT FREEPORT  
2016/2017 BUDGET**

**TOTAL REVENUE**

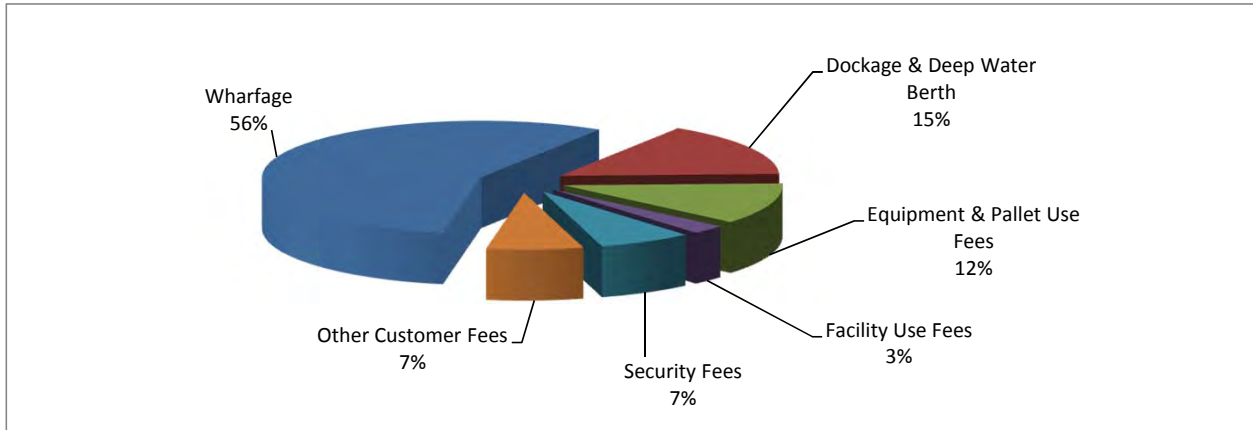
	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Projected</b>	<b>2017 Budget</b>
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,149,424	\$3,896,689	\$3,567,652	\$ 5,209,300	\$ 4,841,547	\$ 6,429,600
Dockage & Deep Water Berth	1,353,106	1,763,042	1,324,691	1,742,700	1,535,819	1,761,500
Freight Handling	1,097,879	1,267,599	48,870	-	-	-
Equipment & Pallet Use Fees	815,803	808,240	1,350,442	1,479,000	1,314,700	1,342,000
Facility Use Fees	366,521	383,323	442,978	250,000	230,000	287,700
Cool Storage Facility Use Fee	475,636	295,326	-	-	-	-
Security Fees	400,124	544,420	516,006	862,700	785,000	789,500
Other Customer Service Fees	956,149	892,849	727,874	718,300	775,000	813,500
Ground Leases	5,941,315	6,220,066	9,889,531	11,703,800	11,785,147	12,213,700
Other Leases	403,028	735,423	674,754	818,900	1,008,393	1,080,800
Other Revenue	35,402	188,619	47,938	20,000	17,500	20,000
<b>Total Operating Revenue</b>	<b>\$14,994,387</b>	<b>\$16,995,596</b>	<b>\$18,590,736</b>	<b>\$22,804,700</b>	<b>\$22,293,106</b>	<b>\$ 24,738,300</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Ad Valorem Tax Collections	5,246,302	4,672,390	4,750,726	4,678,000	4,694,130	4,781,700
Investment Income	( 59,683)	265,046	116,636	150,000	283,820	290,000
Gain (loss) on Sale of Assets	17,965	-	3,500	-	( 6,000,000)	-
Debt Interest and Fees	( 2,163,798)	( 1,285,213)	( 1,922,217)	( 3,200,100)	( 3,057,618)	( 2,958,000)
Other	690,105	-	-	-	381,872	-
<b>Non-Operating Revenues, Net</b>	<b>\$ 3,730,891</b>	<b>\$ 3,652,223</b>	<b>\$ 2,948,645</b>	<b>\$ 1,627,900</b>	<b>\$ ( 3,697,796)</b>	<b>\$ 2,113,700</b>
<b>TOTAL REVENUE BEFORE CONTRIBUTIONS</b>	<b>\$ 18,725,278</b>	<b>\$ 20,647,819</b>	<b>\$ 21,539,381</b>	<b>\$ 24,432,600</b>	<b>\$ 18,595,310</b>	<b>\$ 26,852,000</b>
Capital Contributions - Grants	4,682,926	1,042,216	270,367	589,000	285,232	215,200
Capital Contributions (To)From Others	( 1,878,709)	( 1,381,819)	( 836,997)	( 7,150,000)	( 725,500)	( 7,297,000)
<b>TOTAL REVENUE</b>	<b>\$ 21,529,495</b>	<b>\$ 20,308,216</b>	<b>\$ 20,972,751</b>	<b>\$ 17,871,600</b>	<b>\$ 18,155,042</b>	<b>\$ 19,770,200</b>



**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**HARBOR OPERATIONS**

	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Projected</b>	<b>2017 Budget</b>
<b>OPERATING REVENUES:</b>						
Wharfage	\$3,149,424	\$3,896,689	\$3,567,652	\$ 5,209,300	\$ 4,841,547	\$ 6,429,600
Dockage & Deep Water Berth	1,353,106	1,763,042	1,324,691	1,742,700	1,535,819	1,761,500
Freight Handling	1,097,879	1,267,599	48,870	-	-	-
Equipment & Pallet Use Fees	815,803	808,240	1,350,442	1,479,000	1,314,700	1,342,000
Facility Use Fees	366,521	383,323	442,978	250,000	230,000	287,700
Cool Storage Facility Use Fee	475,636	295,326	-	-	-	-
Security Fees	400,124	544,420	516,006	862,700	785,000	789,500
Other Customer Fees	956,149	892,849	727,874	718,300	775,000	813,500
<b>TOTAL HARBOR REVENUE</b>	<b>\$ 8,614,642</b>	<b>\$ 9,851,488</b>	<b>\$ 7,978,513</b>	<b>\$ 10,262,000</b>	<b>\$ 9,482,066</b>	<b>\$ 11,423,800</b>
<b>TONNAGE:</b>						
Import/Export	1,812,742	2,524,507	2,872,828	3,222,500	2,992,500	2,990,000
Domestic	203,440	112,365	122,927	145,000	158,000	135,000
<b>TOTAL TONNAGE</b>	<b>2,016,182</b>	<b>2,636,872</b>	<b>2,995,755</b>	<b>3,367,500</b>	<b>3,150,500</b>	<b>3,125,000</b>
SHIP CALLS	210	283	250	309	258	283
BARGE CALLS	59	24	33	32	56	61



**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**TAX RATE**

	<b>TAX RATE PER \$100</b>	<b>PERCENT OF TOTAL</b>
2015 LEVY TAX RATE	0.041304	
2016 EFFECTIVE TAX RATE	0.041480	
2016 ROLLBACK RATE	0.043277	
2016 NOTICE & HEARING LIMIT	0.041480	
<b>2016 TAX RATE:</b>		
<b>M &amp; O</b>	<b>0.030346</b>	<b>75.68%</b>
<b>DEBT SERVICE</b>	<b>0.009754</b>	<b>24.32%</b>
<b>TOTAL TAX RATE</b>	<b>0.040100</b>	<b>100.00%</b>

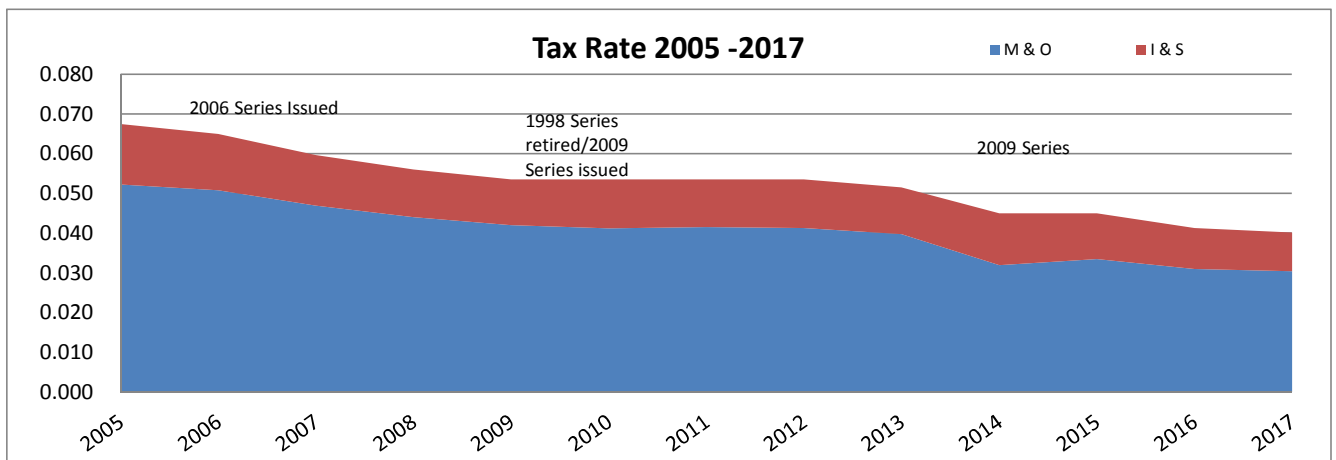
**LEVY CALCULATION**

<b>TAXABLE VALUE FOR 2016 APPRAISAL ROLL</b>	<b>\$ 12,229,254,524</b>
2016 LEVY:	
M & O	3,711,090
DEBT SERVICE	1,192,841
TOTAL LEVY	4,903,931
ESTIMATED AMOUNT TO BE UNCOLLECTED (98.65% COLLECTION RATE)	66,231
APPRAISAL DISTRICT AND TAX OFFICE FEES	56,000
<b>NET AD VALOREM TAX REVENUE BUDGETED</b>	<b>\$ 4,781,700</b>

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**VALUATION AND TAX RATE HISTORY**

	FISCAL YEAR					2017
	2012	2013	2014	2015	2016	
TAXABLE VALUE	\$9,447,292,683	\$9,817,453,078	\$10,781,524,423	\$10,630,394,691	\$11,476,807,894	<b>\$ 12,229,254,524</b> <sup>1</sup>
TAX RATE:						
M&O	0.041260	0.039731	0.031938	0.033447	0.030908	<b>0.030346</b>
DEBT SERVICE	0.012240	0.011769	0.013062	0.011553	0.010396	<b>0.009754</b>
TOTAL TAX RATE	0.053500	0.051500	0.045000	0.045000	0.041304	<b>0.040100</b>
LEVY AMOUNT	\$5,054,302	\$5,055,988	\$4,851,686	\$4,783,677	\$4,740,381	<b>\$4,903,931</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 2016 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 25<sup>th</sup> day of August 2016, 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 2016/2017.
- (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 0346/100 (\$0.030346) cents on each \$100 valuation for the purpose of maintenance and operations;
  - (B) A tax rate of zero and 9754/100 (\$0.009754) 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 2016.
  - (D) **THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.**

## RESOLUTION

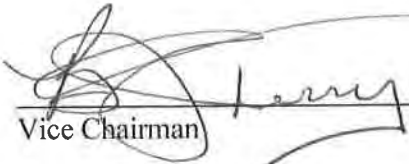
NOW THEREFORE, BE IT RESOLVED, ORDAINED AND ORDERED, by the Port Commission of Port Freeport, that: a tax rate of three and 0346/100 (\$0.030346) cents on each \$100 valuation for the purpose of maintenance and operations, and a tax rate of zero and 9754/100 (\$0.009754) cents on each \$100 valuation 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 2016.

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:

Ran K. Dehner

Chairman

VOTED Yes



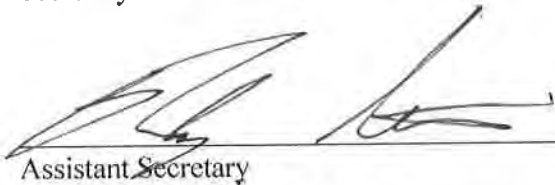
Vice Chairman

VOTED yes



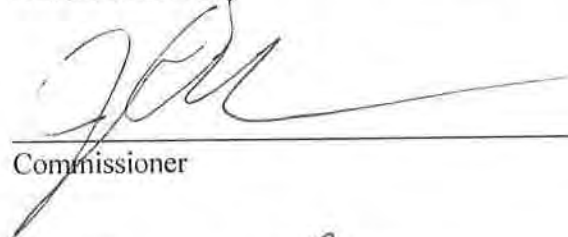
Secretary

Y/VOTED



Assistant Secretary

VOTED Yes



Commissioner

VOTED Yes



Commissioner

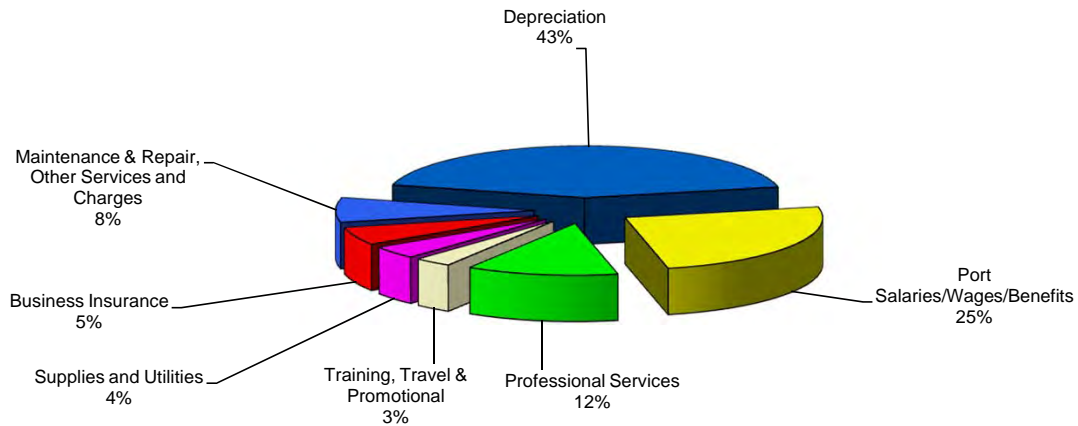
VOTED yes

# EXPENSES

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**OPERATING EXPENSES**

	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Projected</b>	<b>2017 Budget</b>
Port Salaries/Wages	\$ 2,486,219	\$ 2,429,012	\$ 2,702,276	\$ 3,309,100	\$ 2,990,835	\$ 3,304,100
Port Employee Benefits	752,601	778,369	825,554	1,149,200	969,635	1,169,100
Freight Handling Wages & Benefits	619,366	798,065	43,737	-	-	-
Professional Services	1,690,634	1,432,874	1,731,551	1,780,800	1,890,029	2,217,600
Training, Travel & Promotional	324,668	345,886	306,412	497,900	412,548	541,000
Supplies	289,179	301,000	204,514	212,550	159,377	192,800
Utilities	553,874	494,540	563,185	597,700	548,256	510,100
Business Insurance	1,191,702	1,316,962	1,299,623	1,411,900	1,085,285	1,001,300
Other Services & Charges	454,963	525,484	565,530	501,150	422,970	363,600
Maintenance & Repair	998,932	760,062	998,168	921,450	639,558	1,012,300
<b>TOTAL GENERAL OPERATING</b>	<b>9,362,138</b>	<b>9,182,254</b>	<b>9,240,550</b>	<b>10,381,750</b>	<b>9,118,493</b>	<b>10,311,900</b>
Depreciation	4,502,480	5,310,410	6,425,843	7,021,500	6,768,709	7,670,800
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 13,864,618</b>	<b>\$ 14,492,664</b>	<b>\$ 15,666,393</b>	<b>\$ 17,403,250</b>	<b>\$ 15,887,202</b>	<b>\$ 17,982,700</b>



**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**OPERATING EXPENSES DETAIL**

	2013 Actual	2014 Actual	2015 Actual	2016 Budget	2016 Projected	2017 Budget
<b>OPERATING EXPENSES:</b>						
Port Salaries/Wages						
Administration	\$ 742,795	\$ 889,664	\$ 1,059,582	\$ 1,007,300	\$ 914,337	\$ 1,038,000
Engineering	389,498	253,669	372,624	423,400	344,583	358,800
Operations & Maintenance	756,396	701,278	790,349	975,800	948,292	1,037,900
Oper. & Maint. - Overtime	179,091	143,751	152,821	150,000	129,879	150,000
Business Development	269,905	167,146	60,494	317,400	312,695	321,900
Protective Services	148,534	273,504	266,406	435,200	341,049	362,500
Variable Pay & Other	-	-	-	-	-	35,000
<b>TOTAL PORT SALARIES &amp; WAGES</b>	<b>2,486,219</b>	<b>2,429,012</b>	<b>2,702,276</b>	<b>3,309,100</b>	<b>2,990,835</b>	<b>3,304,100</b>
Port Employee Benefits						
Social Security Expense	183,212	172,346	194,180	252,600	216,136	248,000
Unemployment Ins.	1,016	6,314	804	7,000	7,180	7,100
Group Health & Life Ins.	395,563	419,281	439,924	633,000	487,855	604,000
Retirement Fund	150,142	163,783	168,080	233,200	233,200	275,750
Workers' Comp. Ins.	22,668	16,645	22,566	23,400	25,264	34,250
<b>TOTAL PORT EMPLOYEE BENEFITS</b>	<b>752,601</b>	<b>778,369</b>	<b>825,554</b>	<b>1,149,200</b>	<b>969,635</b>	<b>1,169,100</b>
Freight Handling Wages & Benefits:						
Wages	451,699	559,897	23,170	-	-	-
Social Security Expense	34,587	43,334	1,913	-	-	-
Unemployment Ins.	842	6,141	188	-	-	-
Worker's Comp. Ins.	2,895	8,688	3,917	-	-	-
Fringe Benefits	129,343	180,005	14,549	-	-	-
<b>TOTAL FREIGHT HANDLING WAGES/BENEFITS</b>	<b>619,366</b>	<b>798,065</b>	<b>43,737</b>	<b>-</b>	<b>-</b>	<b>-</b>
Professional Services:						
Commission Fees	36,000	49,200	50,400	50,400	50,400	50,400
Legal Service Fees/Expenses	371,434	321,146	214,072	260,000	258,546	343,500
Audit Service Fees	27,738	22,524	20,888	28,000	28,000	28,000
Election Expenses	20,444	-	-	-	-	25,000
Security Service Fees	679,532	814,086	1,015,007	1,196,300	1,348,380	1,313,200
Consultant Services	555,486	225,918	431,184	246,100	204,703	457,500
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>1,690,634</b>	<b>1,432,874</b>	<b>1,731,551</b>	<b>1,780,800</b>	<b>1,890,029</b>	<b>2,217,600</b>
Training, Travel & Promotional:						
Commercial Business Development	107,986	91,320	99,853	149,600	162,968	163,350
Sales/Promotion Travel	48,689	83,993	33,938	92,900	81,203	81,000
Governmental Relations Travel	27,651	4,119	20,437	39,800	10,593	62,350
Community Relations	48,864	43,933	48,585	67,450	60,033	82,000
Technical Training	29,644	61,892	46,008	85,650	43,779	94,900
Automobile Expense	61,834	60,629	57,591	62,500	53,972	57,400
<b>TOTAL TRAINING TRAVEL &amp; PROMOTIONAL</b>	<b>324,668</b>	<b>345,886</b>	<b>306,412</b>	<b>497,900</b>	<b>412,548</b>	<b>541,000</b>
Supplies, Furniture & Equipment						
Supplies	59,776	64,193	74,151	69,800	72,617	72,300
Furniture & Equipment	56,874	57,209	38,689	28,350	31,038	13,000
Postage & Freight	4,822	4,512	4,836	5,400	3,968	4,000
Maintenance & Operation	21,620	32,687	24,514	17,000	19,998	17,000
Cargo Pallets	-	-	-	36,000	-	38,000
Fuel/Oil	146,087	142,399	62,324	56,000	31,756	48,500
<b>TOTAL SUPPLIES, FURNITURE &amp; EQUIPMENT</b>	<b>289,179</b>	<b>301,000</b>	<b>204,514</b>	<b>212,550</b>	<b>159,377</b>	<b>192,800</b>
Utilities						
Telephone	66,681	56,277	73,615	86,600	82,518	70,100
Electricity	425,638	370,998	322,045	364,900	390,332	339,200
Water & Gas	61,555	67,265	167,525	146,200	75,406	100,800
<b>TOTAL UTILITIES</b>	<b>553,874</b>	<b>494,540</b>	<b>563,185</b>	<b>597,700</b>	<b>548,256</b>	<b>510,100</b>
Business Insurance						
Business Insurance Expense	1,191,702	1,316,962	1,299,623	1,411,900	1,085,285	1,001,300
<b>TOTAL BUSINESS INSURANCE</b>	<b>1,191,702</b>	<b>1,316,962</b>	<b>1,299,623</b>	<b>1,411,900</b>	<b>1,085,285</b>	<b>1,001,300</b>

**PORT FREEPORT  
2016/2017 FISCAL YEAR BUDGET**

**OPERATING EXPENSES DETAIL**

	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 Projected</b>	<b>2017 Budget</b>
Other Services & Charges:						
Contract Labor Expense	130,993	152,639	133,005	70,200	33,434	21,200
Contract Services	65,332	87,167	155,698	170,200	146,808	173,100
Dues, Memberships & Subscriptions	44,840	49,440	49,499	85,800	53,730	63,150
Lease Expense	213,798	236,238	227,328	174,950	188,998	106,150
<b>TOTAL OTHER SERVICES &amp; CHARGES</b>	<b>454,963</b>	<b>525,484</b>	<b>565,530</b>	<b>501,150</b>	<b>422,970</b>	<b>363,600</b>
Maintenance & Repair:						
Equipment	555,695	330,547	389,085	417,600	222,909	376,000
Vehicles	23,890	19,925	18,295	8,600	17,017	9,000
Office Buildings	40,802	69,484	199,473	78,000	82,147	100,050
Warehouses	19,363	32,073	32,707	21,550	27,067	23,050
Transit Sheds	50,011	58,221	47,757	58,500	59,454	50,900
Cool Storage Facility	64,167	38,948	6,951	-	-	-
Terminal Facilities	35,145	53,023	159,119	118,700	85,730	259,900
Leased Facilities	123,158	76,459	64,274	106,000	55,031	49,500
Other	86,701	81,382	80,507	112,500	90,203	143,900
<b>TOTAL MAINTENANCE &amp; REPAIR</b>	<b>998,932</b>	<b>760,062</b>	<b>998,168</b>	<b>921,450</b>	<b>639,558</b>	<b>1,012,300</b>
<b>TOTAL GENERAL OPERATING</b>	<b>9,362,138</b>	<b>9,182,254</b>	<b>9,240,550</b>	<b>10,381,750</b>	<b>9,118,493</b>	<b>10,311,900</b>
<b>DEPRECIATION</b>	<b>4,502,480</b>	<b>5,310,410</b>	<b>6,425,843</b>	<b>7,021,500</b>	<b>6,768,709</b>	<b>7,670,800</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 13,864,618</b>	<b>\$ 14,492,664</b>	<b>\$ 15,666,393</b>	<b>\$ 17,403,250</b>	<b>\$ 15,887,202</b>	<b>\$ 17,982,700</b>

**PORT FREEPORT  
2016/17 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	\$ 132,400	\$ 1,060,000	\$ 1,192,400
Senior Lien Refunding Bonds Series 2013A	849,156	1,935,000	2,784,156
Equipment Financing	265,908	1,329,033	1,594,941
2015A Series Revenue Bonds	1,796,638	645,000	2,441,638
<b>Total Debt Service</b>	<b><u>\$ 3,044,102</u></b>	<b><u>\$ 4,969,033</u></b>	<b><u>\$ 8,013,135</u></b>

**INTEREST EXPENSE RECOGNIZED - FY 2017**

	Interest & Fees	Amortized Premiums	Total
Unlimited Tax Refunding Bonds Series 2006	\$ 127,600	\$ (14,355)	\$ 113,245
Senior Lien Refunding Bonds Series 2013A	830,290	-	830,290
Equipment Financing	265,908	-	265,908
2015A Series Revenue Bonds	1,789,038	(40,516)	1,748,522
<b>Total Interest Expense Recognized</b>	<b><u>\$ 3,012,836</u></b>	<b><u>\$ (54,871)</u></b>	<b><u>\$ 2,957,965</u></b>



**PORT FREEPORT**  
 Unlimited Tax Refunding Bonds, Series 2006  
 September 30, 2016

Fiscal Year Ending September 30	Coupon	Interest Due February 15	Interest Due August 15	Principal Due August 15	Total Principal & Interest	Principal Balance
2016						\$ 3,310,000
2017	4.00 %	\$ 66,200	\$ 66,200	\$ 1,060,000	\$ 1,192,400	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
		\$ 134,100	\$ 134,100	\$ 3,310,000	\$ 3,578,200	

**PORT FREEPORT**  
Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)  
September 30, 2016

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
2016						\$ 27,570,000
2017	3.08 %	\$ 424,578	\$ 424,578	\$ 1,935,000	\$ 2,784,156	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
		\$ 2,913,218	\$ 2,913,218	\$ 27,570,000	\$ 33,396,436	

\$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, 2016

TABLE 18

Fiscal Year		Interest	Interest	Principal	Total	
Ending	Coupon	Due	Due	Due	Principal &	Principal
September 30		December 1	June 1	June 1	Interest	Balance
2016						\$ 38,455,000
2017	4.00	\$ 898,319	\$ 898,319	\$ 645,000	\$ 2,441,638	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
		\$ 16,145,794	\$ 16,145,794	\$ 38,455,000	\$ 70,746,588	

**PORT FREEPORT**  
 Capital Lease  
 September 30, 2016

TABLE 19

Fiscal Year Ending September 30	Coupon	Interest Due Sept. 30	Principal Due Sept. 30	Total Principal & Interest	Principal Balance
2016					\$ 11,531,130
2017	2.31 %	\$ 265,908	\$ 1,329,033	\$ 1,594,941	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
		\$ 1,228,393	\$ 11,531,130	\$ 12,759,523	