

Port E-News

Public Relations Department
Port of Galveston
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January 27, 2006

Board of Trustees of the Galveston Wharves January 2006 Meeting

Meetings of the Board of Trustees of the Galveston Wharves
are now televised on the City of Galveston's Channel 16.

December 2005 Financial Results:

Port of Galveston and Galveston Port Facilities Corp. Consolidated Income Statement:	December 2005 Actual	Year-to-Date 2005	Year-to-Date 2004
Operating Revenue	\$1,754,677	\$16,868,215	\$14,577,638
Operating Expense	\$1,151,005	\$11,012,428	\$10,005,449
Net Operating Income (Loss)	\$ 603,672	\$ 5,855,787	\$ 4,572,189
Add - Security Cost Recovery	\$ 28,320	\$ 249,165	-0-
Add - Other Income	\$ 115,755	\$ 1,484,316	\$ 1,494,190
Deduct - Other Expense	\$ 342,552	\$ 3,571,367	\$ 3,340,947
Net Income (Loss) After Other Income and Expense	\$ 405,195	\$ 4,017,901	\$ 2,725,432
Deduct Depreciation and Amortization	\$ 191,542	\$ 2,842,100	\$ 2,785,225
Net Income (Loss) for the Period	\$ 213,653	\$ 1,175,801	(\$ 59,793)

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December 2005 Cargo Results:

Description	December 2005	December 2004	%	Year-to-date 2005	Year-to-date 2004	%
Bulk Grains	217,008	188,791	14.95%	2,858,813	2,524,994	13.22%
Bulk Fertilizer	9,359	0	100.00%	243,960	123,787	97.08%
Bulk Liquid	79,200	0	100.00%	871,892	206,052	323.14%
Bulk Cement - Pier 41	3,976	4,398	-9.60%	52,768	45,652	15.59%
Bananas / Fruit	16,630	15,021	10.71%	207,798	221,165	-6.04%
General Cargo	1,530	394	288.32%	7,847	12,916	-39.25%
Ro-Ro Cargo	24,943	11,079	125.14%	218,971	158,551	38.11%
Containerized – Pier 10	0	0	0	29,154	10,707	172.29%
Containerized - Others	7,290	8,191	-11.00%	58,811	82,295	-27.66%
Total Cargo	359,936	227,874	57.95%	4,550,014	3,385,119	34.41%
Disembarking PAX	68,618	47,759	43.68%	535,280	433,045	23.61%
Embarking PAX	69,583	48,615	43.13%	532,241	434,855	22.40%
Total Revenue PAX	138,201	96,374	43.40%	1,067,521	867,900	23.00%
Cargo/Lay Ships	34	27	25.93%	379	338	12.13%
Cruise Ships	29	22	31.82%	233	219	6.39%
Cargo/Lay Barges	15	6	150.00%	166	82	102.44%
Research Vessels	25	6	316.67%	198	106	86.79%
Total Calls	103	61	68.85%	976	745	31.01%

Definitions:

PAX - Passenger

Special Presentations:

2006 Service Pin Awards

The Board of Trustees of the Galveston Wharves honored the following employees for their dedicated service to the Port of Galveston.

- 30 Years of Service Tessa Augustin, Receptionist/Secretary
Alfred "Skip" Durrett, Sr. Skilled Trades Worker
- 25 Years of Service Roland Chapman, Pest Control Technician
Earl Kalsnes, Harbormaster
- 20 Years of Service Judy Sponge, Secretary to the Board of Trustees/Senior
Administrative Manager
- 10 Years of Service Bill May, Port Police Officer
Frank Ortiz, Port Police Officer
George "Butch" Powell, Port Police Officer
Robert Trapani, Port Police Officer
- 5 Years of Service Harry Dudley, Mechanic
Mike Mierzwa, Deputy Port Director
Debra Parker, Secretary/Field Purchasing Asst.
John Peterlin, Sr. Director of Marketing and Administration
Mike Peters, Port Police Officer
Sandy Saeed, Purchasing Agent
Domingo Silva, Security Officer
Carl Smith, Port Police Sergeant

Additional Reports:

Relocation of Police Headquarters and Emergency Operations Center (EOC) Development (Federal Security Grant)

The contract for the relocation of the Port of Galveston Police Department Headquarters and EOC was fully executed on September 8, 2005. RLN Corporation of Hitchcock, Texas began site work during the last week of September. Tentative completion date is mid-March 2006.

East End Security Gate Project (Federal Security Grant)

This project to construct a guard house and entrance road for the east end initially involved moving the access gate to 15th Street. Further exploration and engineering feasibility studies have indicated relocating the gate to 14th Street was possible and would fit better into the overall traffic scheme for Harborside Drive. The project will be advertised in mid-February and the contract award is anticipated for late February or early March. A separate contract to improve the fencing around the perimeter of the east end is projected to begin by the end of March 2006.

Cruise Terminal Access Road

Work on the cruise terminal access road in front of Cruise Terminal No. 1 is complete. All rail lines east of 25th Street have been removed and reinstalled at the old Elevator B site. A new mainline to the east end of the Port has been completed and the old main line next to the retaining wall at Terminal No. 1 was removed. This area is the new site for the bus and public transportation staging area that is a critical component to this project, along with the new by-pass road to Cruise Terminal No. 2. Access ramps to the bus parking area and sidewalks have been installed. In addition, underground electrical work, including wiring for lighting in this area, has been completed. This work will be paid for using security grant funds for cruise terminal lighting.

The World

The Port of Galveston hosted a port-of-call visit by *The World*, a ship carrying vacation homes to the four corners of the world. *The World* is managed by Residensea Ltd., headquartered in Miami, Florida. Galveston was only one of four ports in the continental U.S. to be part of the ship's 2006 itinerary. The average occupancy is 150 to 200 residents and guests in 106 spacious private apartments, 19 studio apartments and 40 studios. The crew is made up of 250 experienced seafarers and hospitality staff.

Items

- Item E-1 - The Board of Trustees of the Galveston Wharves accepted the Defined Benefit Pension Plan Earnings and Assets Quarterly Report for the period ended December 31, 2005.
- Item E-2 - The Board of Trustees of the Galveston Wharves authorized the Port Director to enter into a three-year agreement with the Texas General Land Office for electric service with the first year on a Fixed Price Basis.
- Item E-3 - The Board of Trustees of the Galveston Wharves approved changes to the Tariff Circular No. 6, Item #450 - Terminal Handling Charges - Ocean Vehicle Carriers which provides Federal Maritime Commission compliance for Wallenius Wilhelmsen Logistics tariff charges to their customers; and Item #472 - Warehouse Rental which increases the rental rate for Foreign Trade Zone-related

cargo or products from \$0.25 per square foot per month to \$0.31 per square foot per month.

- Item E-4 – The Board of Trustees of the Galveston Wharves approved the changes in the regular monthly meeting from Monday, November 27, 2006 to Monday, November 20, 2006 and from Monday, December 25, 2006 to Monday, December 18, 2006.
- Item E-5 – The Board of Trustees of the Galveston Wharves voted to give the Port Director a \$10,000 bonus.
- Item E-6 – The Board of Trustees of the Galveston Wharves discussed landscaping on Harborside and asked for an update at the February board meeting. No action was required.
- Item E-7 – The Board of Trustees of the Galveston Wharves set the Annual Goals and Objectives Workshop to be held following the regular Monthly Meeting of the Board of Trustees on Monday, February 27, 2006. No board action was required.
- Item E-8 – The Board of Trustees of the Galveston Wharves authorized the Port Director to negotiate with Lewis & Williams LLP to examine the procedures of Galveston Railroad, engage a forensic auditor and to bring an agreement back to the Board for approval.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, February 27, 2006 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor. Agendas are scheduled to be posted on the Port of Galveston website at www.portofgalveston.com prior to the meeting.

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