



Port E-News

Public Relations Department
 Port of Galveston
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December 3, 2004

Board of Trustees of the Port of Galveston November 2004 Meeting

October 2004 Financial and Tonnage Results

Port of Galveston and GPFC Combined Income Statement October 31, 2004	POG and GPFC October Combined Actual	POG and GPFC October Combined Budget	Over (Under) Budget for October
Operating Revenue	\$1,009,939	\$1,268,589	(\$258,650)
Operating Expenses	<u>\$ 819,471</u>	<u>\$ 944,308</u>	<u>(\$124,837)</u>
Net Income (Loss) from Operations	\$190,468	\$324,281	(\$134,812)
Other Income	\$118,228	\$112,529	\$5,699
Other Expense	<u>\$331,640</u>	<u>\$336,746</u>	<u>(\$5,106)</u>
Net Income (Loss) After Other Income and Expense	(\$22,943)	\$100,064	(\$378,537)
Deduct Depreciation and Amortization	<u>\$241,514</u>	<u>\$262,688</u>	<u>(\$21,174)</u>
Net Income (Loss) for the Period	<u>(\$264,457)</u>	<u>(\$162,624)</u>	<u>(\$101,833)</u>

Reduced revenues due to low grain movements, lack of offshore exploration activity, reduced cotton storage demand and fewer cruises because of repositioning resulted in a significant variance from budgeted revenues for the month of October.

Cargo Report	September	October	Pct. +/-	October	Pct. +/-	Y-T-D	Y-T-D	Pct.
	2004	2004	Last Mo.	2003	Last Yr.	2004	2003	YTD +/-
Total Cargo	101,139	221,120	118.63%	233,352	-5.24%	2,891,838	2,665,564	8.49%

*The Galveston Port Facilities Corporation (GPFC) was formed pursuant to the provision of Subchapter D of Chapter 431, Texas Transportation Code and Chapter 394, Texas Local Government Code. It is organized for the purpose of aiding and assisting the Board of Trustees of the Galveston Wharves, a utility of the City, in building, constructing, purchasing, acquiring, leasing, improving, enlarging, extending, repairing, maintaining, replacing, developing, operating and leasing any and all property, improvements, and facilities under the management and control of the wharves or otherwise necessary or convenient for the proper operation of the ports or harbors of the City of Galveston.

- ❑ **Cargo Increases for October 2004** - The Port experienced a **gain over October 2003** in Miscellaneous Dry Bulk Cargo (Fertilizer), Other Bulk (Cement), Refrigerated Bananas & Fruit, Ro-Ro Cargo and Incidental Containerized Cargo handled outside of the Pier 10 Container Terminal.
- ❑ The Port experienced a **gain over September 2004** in Bulk Grain Export Cargo, Refrigerated Bananas & Fruit, General Cargo, Ro-Ro Cargo and Incidental Containerized Cargo handled outside of the Pier 10 Container Terminal.
- ❑ **Cargo Decreases from October 2003** occurred in Bulk Grain Export Cargo (down by 3,154 Short Tons), Bulk Liquid Cargo, General Cargo (down by 30 Short Tons), and Containers handled at the Pier 10 Container Terminal.

Cruise Passenger Activity:

Year-to-Date Embarkations end-October 2004 vs. 2003: Up 11.27% (34,352 Passengers)

Year-to-Date Disembarkations end-October 2004 vs. 2003: Up 11.53% (35,249 Passengers)

Year-to-Date Port-of-Call Passengers end-October 2004 vs. 2003: Up 100% (2,076 Passengers)

Additional Reports

Security Related Issues

On October 21, the Port received notification from the Coast Guard Captain of the Port that the Port's Facility Security Plan met the requirements of Title 33 Code of Federal Regulations, Part 105. The Port will be subject to periodic inspections by the Coast Guard to verify operations are in compliance with the plan.

Perimeter Security Surveillance Camera Project (Federal Grant Project)

Installation of all cameras and the relay system should be completed by the first week of December. An intrusion vulnerability test is scheduled for December 14 to test certain detection aspects of the L-3 system.

Cruise Terminal Security Perimeter Improvements (Federal Security Grant)

An Invitation to Bid Proposal was advertised on November 7 and 14 and a pre-bid conference held on November 16. The project is to construct four crash-proof gates at the various vehicle entrances to the cruise terminals. This project will be funded by a Federal grant. The bid opening was December 2. Final completion is expected by April 30, 2005.

Demolition of Plant No. 3 and Sections G and H at Piers 39 and 40

Demolition of Section G at Plant No. 3 was required to provide for a west end road capable of handling trucks and cargo in conjunction with the operation of the 41th Street Gate as the only entrance into the west end. The demolition of Plant No. 3 is 90% complete.

Sections G and H at Piers 39 and 40 were safety hazards. The area has been demolished, but the rubble has not been cleared. The project is 90% complete. The area is part of the development effort on the west end of the Port.

Fuel Cell Commissioning

The contractor, Logan Energy, is on site conducting maintenance and preparing the unit for commissioning. The fuel cell is "powered up" awaiting glycol and gaseous nitrogen for startup. A test conducted for Centerpoint to demonstrate the fuel cell will not back feed into the grid must be conducted. Logan Energy will provide operational and maintenance training after the Centerpoint test. If there are no problems after full startup, the fuel cell should be on line by the last week of December.

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

The Federally-funded project to build a new Port Police Headquarters and a secondary Emergency Operations Center was advertised for bid during the week of September 20 and a bid opening was held on October 21. All bids exceeded the grant amount provided for this project. Port staff and the design engineer met with the three lowest bidders to determine which elements of the bid specifications were causing the costs of the project to exceed the initial estimate. Based on the comments of the bidders, the Police Headquarters was redesigned in an attempt to get a bid within budget. The project was re-advertised on November 14 and the second bid opening was held on December 2. Final completion of the facility is estimated to be April 30, 2005.

Board of Trustees Agenda Items

- The Board of Trustees approved the award of a contract for the demolition and retention of crushed concrete in Sections E and F of Pier 39 and Sections A through F of Pier 40.
- The Board of Trustees approved adding the Property Insurance Coverage for buildings, equipment and rigs berthed at the shipyard on Pelican Island to the Port's Property Insurance premium.
- The Board of Trustees approved the Computer Network Consultation and Administration Agreement with GB Tech, Inc. for a three-year period.
- The Board of Trustees approved the amendment of the resolution authorizing the execution of the asset purchase and pledge agreement, the security agreement and any other transaction documents relating to the purchase of the leasehold interest and improvements constituting Terminal No. 2 by the Board of Trustees of the Galveston Wharves, and approval of the amendment of Southwest Bank of Texas bridge loan documents to the Galveston Port Facilities Corporation to

provide funds for the construction of improvements at Terminal No. 2 not to exceed \$14.5 million.

- The Board of Trustees approved the amendment to the Design-Build Agreement between the Galveston Port Facilities Corporation and CH2M Hill for improvements to Terminal No. 2 for the completion of the project.
- The Board of Trustees approved the establishment of Monday, December 20, 2004 as the date for the December 2004 Regular Monthly Meeting.
- The Board of Trustees authorized staff to set a meeting with Gulf Copper Manufacturing Corporation to discuss alternative terms for an option agreement for the Pelican Island Shipyard property for the benefit of both parties.
- The Board of Trustees took no action on the agenda item "Discuss and Consider Berthing Requirements of Port Customers and the Effect Thereof on Port Revenue, and Authorize Appropriate Action to Address Any Issues with Respect to Those Requirements."

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, December 20, 2004 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor. Agendas are posted on the Port of Galveston website at www.portofgalveston.com on the Friday before the meeting on Monday.

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