

Bonds Sold to Finance Port Improvements

In November, the Galveston City Council approved the issuance of City of Galveston Certificates of Obligation in support of a new \$19.85 million bond issue to fund capital infrastructure improvements at the Port of Galveston.

The issuance of the Certificates of Obligation by the City Council:

- Lowered the cost of bond issuance.
- Lowered the interest rate, and
- Allowed the Port to save \$775,000 in issuance costs that will be invested into facility improvements.

The funds from the bond issuance will be used to fund:

- \$10 million for additional improvements to complete Cruise Terminal No. 2.
- Reimbursement of \$1.8 million used for the demolition of Elevator B. This would replenish the Port's reserve fund and allow the Port to construct additional improvements in the future.
- Development of a new refrigerated warehouse complex.
- Development of frontage roads and parking in front of both cruise terminals.
- Financing of the local sponsors share of the cost of dredging the Galveston Ship Channel to a depth of 45 feet.

“The issuance of these bonds will allow the Port to continue to make needed improvements in both the cruise and cargo sectors, and to fund the City of Galveston’s share to dredge the Galveston Ship Channel,” stated Benny Holland, Jr., Chairman of the Board of Trustees of the Galveston Wharves. “It is very important that we are able to continue to develop and expand our operations to keep competitive with other Gulf ports and to generate a healthy and positive economic impact for our community. The vision and leadership demonstrated by the Mayor and City Council in approving the Certificates of Obligation will allow these improvements to be constructed in a more cost effective manner”.

Funds from the bonds will be available in mid-January 2004. Construction will begin at that time to develop Cruise Terminal No. 2 into a world class cruise facility that will support further growth.

All bond payments will be payable solely from the revenues derived from Port operations. This bond issue has used conservative Port of Galveston revenue estimates to determine the amount of the bond issue. The City Council’s action has allowed the Port of Galveston to invest additional funds into its Port facilities, which will translate into additional operating revenues for the Port.