

# Port Everglades Annual Commerce Report

Fiscal Year 2008

Who knows what  
the future will bring.  
When it happens, we're ready.



A service of the Broward County Board of County Commissioners

## PORT EVERGLADES

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Port Everglades, Fort Lauderdale-Hollywood International Airport and the Greater Fort Lauderdale Convention & Visitors Bureau: Working Together for Greater Fort Lauderdale



# Port Everglades Annual Commerce Report Fiscal Year 2008

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Stacy Ritter, Broward County Mayor

## Welcome, from Broward County Mayor Stacy Ritter

As Mayor of Broward County, I look forward to working with fellow members of the Broward County Board of County Commissioners and our County's talented professional staff in advancing programs that contribute positively to the quality of life and economic well-being of our community.

The nationwide financial challenges of our time require that Broward County "re-invent" itself, and this is true for every department of our County government, including Port Everglades.

Port Everglades has a history of demonstrating its ability to be innovative, and we intend to move ahead with initiatives that facilitate a continuation of this forward-thinking approach to further solidify the position of Port Everglades as both a leading cruise homeport and the No. 1 containerized cargo port in Florida.

I believe it is more important than ever to work with

Miami-Dade and Palm Beach counties, the State of Florida and the new administration in Washington to gain access to the Florida East Coast Railway corridor for transit and freight use to link our county's cities with the airport, seaport, courthouse and other facilities to create exciting redevelopment opportunities.

Construction projects underway at the Port – including new terminals for containerized cargo and petroleum and an expanded passenger terminal for handling cruise industry megaships – add to the positive impacts of Port Everglades, creating employment at a time when jobs are severely needed. This is truly encouraging.

Furthermore, encompassing all areas of Broward County government, it is essential that we advance a wide-ranging plan to substantially reduce our carbon footprint through a host of initiatives to save energy and money – an eco-minded arena in which Port Everglades continues to progress.

Having been first elected to the County Commission in 2006, following eight years of service in Tallahassee as a State Representative, I look forward to working closely with elected and appointed officials at all levels, as well as the private sector, to implement innovative efforts that will help Port Everglades and all of Broward County emerge favorably from the challenges that lie ahead.

As always, I appreciate your input and suggestions as we move forward together. Please contact me with your questions, concerns and requests by calling my office at 954-357-7003 or e-mailing me at [critter@broward.org](mailto:critter@broward.org)

A handwritten signature in black ink, appearing to read "Stacy Ritter".

Stacy Ritter  
Mayor, Broward County



### From the Desk of the County Administrator, Bertha Henry



Bertha Henry, County Administrator, Broward County

The success of Broward County as a whole – and Port Everglades in particular – stems to a great extent from the solid leadership philosophy and unwavering commitment to strong values held by our County’s government.

Indeed, Broward County is a diverse organization that is committed to leadership with integrity. As outcome-driven visionaries with a strategic focus, we are dedicated to organizational excellence through fostering an environment of trust, collaborative decision-making, resilience in the face of challenges and cultivating staff through teamwork and active mentoring.

Our County’s operating values call for us to be customer-focused, responsive to community needs, quality-focused, fiscally responsible and proactive. We share a passionate commitment to excellence, openness, respect, collaboration and innovation.

There is no department of Broward County government in which these lofty principles are more evident than Port Everglades. This clearly serves to benefit the seaport, its customers and the people of Broward County.

As an \$18 billion-a-year economic engine, Port Everglades stands out as a dynamo of activity that positively supports the quality of life we enjoy in Broward County. The Port Everglades Department is a self-supporting Enterprise Fund of Broward County government, with operating revenues of over \$117 million. The Port does not rely on local tax dollars for operations or capital improvements.

To ensure the future prosperity of Port Everglades and its benefits to County residents, the Broward County Board of County Commissioners has approved a comprehensive Master/Vision Plan, to guide the seaport’s efficient growth for decades to come.

In the pages of this Commerce Report, you will read about recent achievements of Port Everglades and get a glimpse into the opportunities the future holds. I sincerely hope you join with me and my colleagues in Broward County government in encouraging the continuing advancement of Port Everglades that comes with dedication to the highest ideals.

Bertha Henry  
County Administrator, Broward County

### From the Desk of the Port Director, Phillip C. Allen



Port Director Phillip C. Allen

Port Everglades is a critical hub for international trade, bringing consumers goods they want and need, and the Port is a globally renowned gateway for cruise vacationers. But, above all, Port Everglades provides good jobs at a time when well-paying employment is sorely needed.

As we advance the five-year capital improvement plan that is part of a Master/Vision Plan extending 20 years into the future, we are mindful that everything we do to enhance infrastructure at Port Everglades is generating jobs.

For example, the 41-acre expansion of containerized cargo terminal facilities underway at Southport will both increase the Port’s cargo yard acreage by 15 percent and generate 227 construction jobs. Upon completion, it is anticipated to directly provide 254 permanent jobs while supporting a total of 14,623 jobs statewide.

A new 10-acre petroleum terminal being built by Vecenergy will increase by more than 10 percent the capabilities of the Port to handle petroleum products, including alternative fuels, while yielding new high-paying jobs.

The expansion project at Cruise Terminal 18 for Royal Caribbean’s new 5,400-passenger Oasis-class ships will result in Port Everglades having the largest cruise terminal in the world dedicated to servicing a single ship – and it is generating an estimated 1,414 construction jobs.

All told, Port Everglades already accounts for a total of nearly \$18 billion in annual economic impact, supporting some 200,000 jobs in Florida, including 11,620 jobs with companies providing direct services to the Port.

As we move ahead to accommodate burgeoning volumes of trade expected to be associated with the completion of Panama Canal expansion in 2014 and to handle growing numbers of cruise passengers on increasingly larger megaships, we are proceeding with forward-looking projects that provide solid economic benefits now and in the future.

Yes, Port Everglades delivers bananas for your breakfast and gasoline for your car, and the Port offers a favorite starting point for oceangoing holidays. But, most importantly, Port Everglades provides the jobs that give thousands of people the ability to buy food and fuel.

Phillip C. Allen  
Port Director, Port Everglades

## OVERVIEW

# Fiscal Year 2008 Overview

Building upon its enviable status as the top container port in Florida and one of the top cruise ports worldwide, Port Everglades is continuing its trend as a leader among the nation's seaports.

In the fiscal year that ended on September 30, 2008, Port Everglades saw substantial rises in containerized cargo volumes and total operating revenue in a challenging economic environment that led to declines in container activity and operating results at many other U.S. seaports.

At the same time, Port Everglades' total operating revenue, which includes revenue from waterborne commerce, real estate leases, parking and other Port services, increased 4.4 percent, to \$117,441,065 in FY2008, while expenses rose by less than 1.4 percent, to \$73,093,351. The operating revenue includes a one-time \$3.8 million payment from Universal Maritime Services Corp. and Maersk Inc. for early termination of the company's agreement and lease. Whereas the Port's net operating income remained steady at \$14 million, Port Everglades realized a \$27.3 million increase in net assets with inclusion of grants and customer direct investments.

The record 6.58 million tons of containerized cargo moving through Port Everglades in FY2008 represented an 8.66 percent increase over FY2007 activity, while container throughput as measured by 20-foot-equivalent units (TEUs) rose 3.83 percent, to 985,095 TEUs, also a Port Everglades record. Containerized cargo activity has been on a steady upswing at Port Everglades, nearly doubling since FY2002.

"Containerized cargo was a positive note in a tough economic year," said Port Director Phillip C. Allen. "While there have been indications that shipping markets have softened in the last few months, we are cautiously optimistic that the volumes will stabilize and continue an upward trend."

Lower volumes of petroleum products and construction materials led to a decline in overall waterborne commerce at Port Everglades, to 24.2 million tons in FY2008, down 8.2 percent from the preceding fiscal year. However, Port Everglades remains South Florida's leading seaport for receiving petroleum products, including gasoline and jet fuel.

Multi-day cruise traffic remained steady in FY2008, while the number of daily cruise passengers declined by 18 percent,

primarily due to the impact of competitive gaming from landside venues and the discontinuation of twice-daily SeaEscape cruises from the Port in July 2008.

Port Everglades, currently the world's third-busiest cruise homeport, behind only the Port of Miami and Port Canaveral,

is anticipated to ascend to No. 1 among global cruise ports by 2011 with the addition of year-round sailings by Royal Caribbean International's 5,400-passenger Oasis-class ships.

"Just like all businesses that depend upon international trade and tourism, we are monitoring world events and hope

for an economic upswing," Allen continued. "However, we also recognize that we must move forward with necessary infrastructure improvements so that Port Everglades is ready and able to accommodate our customers as they grow their businesses." ■



## CARGO



## Container Volume Gains Keep Port at No. 1

Record containerized cargo volumes clearly highlighted Port Everglades' cargo results for the fiscal year that ended September 30, 2008, which saw the Port's containerized tonnage grow nearly nine percent from the preceding 12-month period.

Port Everglades strengthened its hold of the No. 1 spot among Florida container ports, having remained ahead of the Port of Miami in containerized cargo activity after surpassing them in FY2007.

Containerized cargo volume at Port Everglades in FY2008 was 6,584,747 tons, up 8.66 percent from FY2007, while the record activity as measured by twenty-foot-equivalent units (TEU) was 985,095 TEUs up 3.83 percent from FY2007.

The FY2008 containerized cargo tonnage figure was up more than 92 percent from 3,425,269 tons in FY2002, just six years earlier.

The most recent growth can be attributed to combined marketing efforts with several of the Port's existing container terminal operators, which experienced higher volumes of cargo tonnage in FY2008. Those terminal operators include Florida International Terminal and Port Everglades Terminals Ltd. (Mediterranean Shipping Co.), plus longtime Port Everglades operators Crowley Liner Services, Florida Transportation Services, Sun Terminals and St. Johns Shipping.

Rolling and floating cargos, including yachts, trucks,

tractors and automobiles, realized a 22.5 percent increase in tonnage in FY2008 over FY2007, reaching 240,129 tons. Spurring this boom was a surge in used vehicles exported to the Caribbean islands.

Meanwhile, bulk and break bulk cargos, such as cement, aggregate, steel and lumber, saw their combined tonnage volume decrease by 52 percent from 2,055,275 tons in FY2007, to 986,154 tons in FY2008, reflecting the downturns of the South Florida construction industry and housing market. A strong point in Port Everglades' bulk cargo market came with gypsum, which more than doubled in volume from the previous year, to 108,886 tons in FY2008. ■

**1) Capitalizing on its location in the "Venice of America" – Fort Lauderdale's longtime nickname – Port Everglades is experiencing a surge in the number of boats and yachts being shipped through the Port. 2) Port Everglades celebrated another banner year for containerized cargo as the Port maintained its position as Florida's leading container port.**

## PETROLEUM



# Petroleum Volumes Reflect Market Trends

Broad economic factors impacted the volume of petroleum products moving through Port Everglades in FY2008. Rising fuel prices and resulting decreases in consumption, both by land vehicles and airplanes, led to year-over-year declines in the Port's petroleum volume by 7.3 percent, to 113,941,485 barrels.

Nonetheless, the Port's revenue from petroleum throughput held steady at nearly \$24 million, maintaining its position among the Port's top three revenue-generating sectors.

Port Everglades is South Florida's hub for receipt of petroleum products, from gasoline and diesel to jet fuel and asphalt, supplying a 12-county area that includes three international airports. Approximately one-fifth of Florida's

energy supply comes from petroleum products transported through Port Everglades. The 12 petroleum terminal operators located at the Port deliver refined products as far north as Vero Beach, as far west as the Naples/Fort Myers area, and as far south as Key West.

Port Everglades received its first ocean shipment of ethanol during FY2008, and ethanol now accounts for an annualized flow of some 5.5 million barrels moving through the Port. Several terminal operators are preparing for the future distribution of alternative fuels by constructing new tanks or converting existing tanks to handle ethanol, biodiesel and other "green" fuels. ■

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**Increasing volumes of alternative fuels are moving through Port Everglades.**

## CRUISING

# Rising to World Cruise Leadership

Port Everglades retained its position as the world's third busiest cruise port while preparing for monumental changes that will propel the Port to the No. 1 position.

Total passenger counts for Fiscal Year 2008 decreased by 5.3 percent from the preceding 12-month period, from 3,409,946 in FY2007, to 3,227,770 in FY2008, due mainly to the loss of one of the Port's longtime daily cruise operators, SeaEscape. Daily cruise passengers declined by 17.9 percent from 719,888 passengers in FY2007, to 591,059 passengers in FY2008. Multi-day passengers decreased less than two percent from 2,690,058 in FY2007 to 2,636,711 in FY2008. In FY2008, Port Everglades remained the third busiest cruise port in the world behind the Port of Miami and Port Canaveral.

While Port Everglades' overall passenger figures for FY2008 were adversely impacted by effects of landside gaming, Port officials are projecting that Port Everglades will become the No. 1 cruise port in the world in 2011, after Royal Caribbean International's (RCI) Oasis-class mega-vessels begin sailing weekly year-round.

A long-term contract with Broward County was signed by Royal Caribbean International's parent company, Royal Caribbean Cruises Ltd. (NYSE/OSX: RCL) in December 2007 calling for a guarantee of 18.7 million passenger movements over a 10-year period. That number – including passengers on ships of the Royal Caribbean International brand plus sister lines Celebrity Cruises and Azamara Cruises – should ensure that Port Everglades moves to the top among world homeports.

At 220,000 gross registered tons each, Royal Caribbean's *Oasis of the Seas* and sister ship *Allure of the Seas* – slated to enter service at Port Everglades in late 2009 and 2010, respectively – will be the world's largest cruise ships, carrying as many as 5,400 or more passengers on each cruise.

Royal Caribbean's *Oasis of the Seas* and *Allure of the Seas* will each be nearly 50 percent larger than RCI's 3,630-passenger *Independence of the Seas*, which, with its



November 19, 2008, arrival became the largest cruise ship ever to homeport at Port Everglades.

A study conducted by Lancaster, Pa.-based economic consulting firm Martin Associates projects that the homeporting of the Oasis-class mega-vessels at Port Everglades should support more than 3,422 permanent jobs annually, generating \$84 million in personal income and \$32.8 million in state and local taxes, plus employment for 1,414 construction workers during the expansion of Cruise Terminal 18 to accommodate the ships. All told, the RCL agreement is anticipated to generate \$291.3 million in revenue for Port Everglades over the next 10 years.

The Royal Caribbean agreement not only guarantees millions of passenger movements and thousands of jobs, their guarantees also assure funds to cover the expansion of Port Everglades' Cruise Terminal 18 to accommodate the Oasis-class megaships.

The presence of the Oasis-class vessels should more

than offset the departure from Port Everglades in FY2008 of SeaEscape's *Island Adventure* and its twice-a-day sailings amid the pressures exerted by landside gaming facilities.

New cruise ships that sailed from Port Everglades in FY2008 included Costa Cruises' *Costa Fortuna*, Cunard Line's *Queen Victoria* and Princess Cruises' *Emerald Princess*.

The final departure of Cunard Line's *Queen Elizabeth 2* from Port Everglades, its homeport since 1972, resulted in the Port being featured in Associated Press news accounts and on 49 television stations nationwide, with an estimated viewership of 2.6 million. The Port coordinated with the U.S. Coast Guard and Broward Sheriff's Office to arrange an escort flotilla of scores of local pleasure craft to accompany the *QE2*.

In another positive cruise-related development at Port Everglades, more than 600 baggage handlers completed a custom-designed hospitality course, "SUNsational Service® Training for Professional Porters," teaching advanced customer service excellence.

The program was a team effort between Port Everglades, the Greater Fort Lauderdale Convention & Visitors Bureau (CVB), Southeast Florida Employers Port Association, the International Longshoremen's Association Local 1526 and cruise stevedoring companies Eller & Co., Ceres Terminals Inc. and Hallmark Stevedoring Co.

The Professional Porter Program was an outgrowth of Broward County's SUNsational Service® model, which was developed for local hospitality workers in 1999 by the CVB in partnership with the Broward County Employee Development initiative. SUNsational Service® training has become mandatory for all Broward County employees.

Parking by cruise passengers at Port Everglades garages resulted in significant gains for the Port in FY2008. Total revenue for Midport and Northport garages, the latter of which also offers parking for the Greater Fort Lauderdale/Broward County Convention Center, reached \$9,118,157, up 12.7 percent from FY2007. ■

**South Florida's boating community turned out to bid farewell to the *Queen Elizabeth 2* as she sailed out of Port Everglades for the last time.**



## REAL ESTATE

# Port's Real Estate Revenue Shows Growth



Real estate leases represent the fourth-largest source of revenue for Port Everglades, accounting for 10 percent of total operating revenue.

In the fiscal year ending September 30, 2008, Port Everglades' real estate revenue was \$11,878,159, up 6.9 percent from FY2007.

Broward County owns approximately 1,277 acres within the Port's 2,190-acre jurisdiction, with some 500 acres available for lease. Inside the Port's security perimeter are

more than 100,000 square feet of office space, of which 95 percent is occupied. Broward County also owns 485,000 square feet of warehouse space within the Port, with 418,590 square feet designated as part of Foreign-Trade Zone No. 25.

Port Everglades maintained an occupancy rate of more than 90 percent for its buildings and warehouses in FY2008, thanks largely to the continuous efforts of the Port's property management's tenant relations effort. ■

## New Leases

- Chevron U.S.A., Inc., a petroleum terminal operator, entered into a one-year lease for 44,446 square feet of vacant land to be used for vehicular parking and laydown area for staging.
- Fairn & Swanson, a California-based duty-free retailer/wholesaler of liquor, wine, spirits, and tobacco, entered into a three-year lease for 29,990 square feet of warehouse space on the east side of Warehouse 30.
- Gulfstream Express, Inc., a trucking company transporting interstate commerce, entered into a one-year lease for 520 square feet of office space in the Amman Building.
- Seafarers' House, Inc., a non-profit 501c3 organization providing services and support primarily for working crew members visiting Port Everglades, entered into a

three-year lease for 892 square feet of office space in the Port Administration Building.

- Tec Serv LLC, an engineering and building firm primarily focused on facilities for fuel distribution, entered into a one-year lease for 1,160 square feet of office space in the Port Administration Building.

## Tenant Expansions

- TransMontaigne Operating Company, L.P., a petroleum terminal operator, has entered into a 10-year lease agreement for an additional 5,605 square feet of land at Berth No. 6.
- Seariders Brokerage Corporation, a customs broker, increased its warehouse space in the FTZ No. 25 from 2,993 square feet to 5,948 square feet. ■

**The Port Everglades Administration Building is the Port's headquarters and also has office space for lease.**

## FOREIGN-TRADE ZONE NO. 25

# FTZ Boosts Revenue, Adds Advantages

Port Everglades' revenue in Fiscal Year 2008 from Foreign-Trade Zone No. 25 (FTZ), Florida's first and largest foreign-trade zone, was \$997,443, up more than 15 percent from FY2007.

More than 1,000 different commodities from some 75 countries of origin move through the general-purpose FTZ annually.

Key recent developments at the Broward County FTZ are led by the introduction of an innovative "tarpless" fumigation system designed to eliminate insects from fruits and vegetables imported through Port Everglades though not necessarily part of the FTZ.

The system, developed by International Warehouse Services, Inc (IWS), which benefits shippers and consumers alike, relies on a portable container door, or PCD, that, during the fumigation process, attaches with an air-tight seal directly to the container carrying the produce, thus virtually eliminating seepage of refrigerated air or of the gas used to fumigate microscopic-sized, non-indigenous pests. Traditionally, produce is fumigated by wrapping a tarp around the container and opening the container to inject the pest fumigation gas.

The benefit to the shipper is that the PCD is a faster fumigation method that takes up less space so more containers can be fumigated at the same time. The benefit to the consumer is that there is no change in temperature,



because the container remains closed, so the fruits and vegetables stay fresher and have a longer shelf life.

"For years we have been trying to develop a better way to fumigate that is cost-effective and reliable," said Fred Rogacki, President of IWS, who developed the patent-pending PCD with IWS Manager James Teachman. The PCD already has U.S. Department of Agriculture approval.

With the system's introduction, Port Everglades became the first U.S. seaport location where the PCD is available. Fifteen containers can be fumigated at the same time, and that number is expected to double within the next five years.

Another recent addition to FTZ No. 25 is a robust new computer software installation. "EZ-FTZ" controls and records movement of goods and facilitates smooth electronic processing in concert with automated systems of the U.S. Customs and

Border Protection, the U.S. Census Bureau and companies participating in the FTZ No. 25 program. The EZ-FTZ software is speeding data entry, enhancing inventory controls and providing better safeguarding of records.

FTZ-approved businesses can take advantage of duty-free, duty-deferred and/or duty-reduction programs of U.S. Customs and Border Protection to reduce taxes, improve cash flow and bolster profits.

By using the FTZ, businesses of all sizes and a full range of commodity sectors, from auto parts to cosmetics, can implement more effective economical solutions for cargo storage, merchandise manipulation and manufacturing needs.

In addition to a 142-acre site located within 470,458 feet of Midport and Southport docks, the FTZ incorporates 12 non-contiguous off-port sites, encompassing a total of 306 acres.

Among the companies that recently have gained FTZ No. 25 benefits is Associated Grocers of Florida, which has received a non-contiguous site designation for its 750,000-square-foot warehouse and surrounding 52 acres in Pompano Beach, in northeast Broward County.

Others opening FTZ No. 25 facilities at non-contiguous sites in recent years include: Parbel of Florida Inc., a cosmetics firm located at an 81,400-square-foot warehouse in Miramar; Simple Reliable Power Inc., a generator set company, at a 36,000-square-foot center in Miramar; South Florida Auto Terminal Inc., a vehicle distributor, at a six-acre outdoor site in Dania Beach; Spin Inc., a gaming machine distributor, at a 45,072-square-foot facility in Dania Beach; and Toyota Tsusho America Inc., an auto parts firm, at a 95,000-square-foot center in Dania Beach. ■

**Foreign-Trade Zone #25 provides incentives for companies to reduce costs, increase cash flow and expand.**

## PORT EVERGLADES DEVELOPMENT



### Port Development Paves Way for the Future

Guided by a comprehensive 20-Year Master/Vision Plan approved in early Fiscal Year 2008 by the Broward County Board of County Commissioners, Port Everglades continues to move forward with numerous development projects to accommodate demands of the cruise and cargo industries.

The Master/Vision plan includes \$421.9 million in capital projects to be undertaken through Fiscal Year 2012. The Port's five-year Capital Improvement Plan (CIP) was revised to reflect the Master/Vision Plan projects to be implemented in Fiscal Years 2008 to 2012. Some of the projects in the CIP were already underway or in the planning process when Commissioners voted to adopt the Plan, and others have been added as part of the Master/Vision Plan. The total budget amount for the five-year CIP is \$421.9 million, of which \$112.9 million would be potential debt funded, \$72 million funded by private investment and \$50.4 million from grant funds – leaving \$185.8 million for the Port Everglades Department to fund through Port revenue. ■



### Cruise Facilities Enhanced

In all, Port Everglades' five-year capital improvement plan calls for expansions and/or renovations of nine of the Port's 12 cruise terminals.

The largest development project is the expansion of Cruise Terminal 18, from 67,500 square feet to 240,000 square feet in time for the November 2009 arrival of the first of the world's two largest cruise ships, Royal Caribbean International's \$1.24 billion *Oasis of the Seas*. The second *Oasis*-class cruise ship, *Allure of the Seas*, at an estimated cost of \$1.4 billion, is scheduled to arrive the following year. Both ships will sail year-round from Port Everglades, which is expected to become the busiest cruise port in the world.

The \$75 million cruise terminal expansion project includes separate areas for simultaneous embarkation and debarkation, a transportation area for buses, taxis and other passenger vehicles, two new passenger loading bridges, 600 parking spaces, and related infrastructure needs for Cruise Terminal 18.

Once completed, Cruise Terminal 18 will be the largest cruise terminal in the world dedicated to servicing a single ship at a time. During the expansion of Terminal 18, an estimated 1,414 construction jobs will be supported. The contractor is Hewett-Kier Construction Inc. and the architect is Bermello Ajamil & Partners, Inc.

In addition of the Cruise Terminal 18 expansion, other cruise-related projects include expanding Terminal 29 in Midport, and redeveloping Northport's Terminal 4 and



Midport's Terminal 19 to handle larger cruise ships. Adjacent terminals 21, 22/24 and 25 at Midport will be combined to accommodate mega-vessels. Northport's Terminal 2 will be renovated as part of the separation of the seaport and Greater Fort Lauderdale/Broward County Convention Center. To help traffic flow, roadway projects include adding a separate taxi lane in Midport, widening Eller Drive and adding a Midport parking structure with approximately 2,000 spaces. In addition, the Port is installing new signage to help cruise passengers find their way.

Providing taxis, buses and others with a direct route to Fort Lauderdale-Hollywood International Airport, the Eller Drive return loop opened for traffic this fiscal year. The on-ramp from westbound Eller Drive to southbound U.S.1 saves drivers from going a mile out of their way to get to the Airport, which in turn reduces emissions and provides a safer route. Port Everglades provided \$600,000 toward right-of-way acquisition to facilitate the \$8 million project completed by the Florida Department of Transportation. ■

**1) Major capital improvements are underway at Port Everglades. Pictured is a tilt wall weighing 162 tons being lifted into place for the new section of Cruise Terminal 18. 2) Rendering of Cruise Terminal 18 at Port Everglades. The Port is expanding Terminal 18 in time to welcome the largest cruise ship in the world, Royal Caribbean's *Oasis of the Seas*. 3) The new Eller Drive Return Loop provides a direct route to Fort Lauderdale-Hollywood International Airport.**

## PORT EVERGLADES DEVELOPMENT

### Port Advances Through Technology and Customer Care

While Port Everglades moved forward with several infrastructure projects in FY2008, many of the fiscal year's advances involved the Port's introduction of innovative services and other non-infrastructure-related developments.

As FY2008 began, the internationally renowned maritime research firm of Martin Associates released an economic study showing that Port Everglades generates about \$18 billion a year of business activity, 11,620 direct jobs locally and some 200,000 jobs statewide.

In support of Broward County's commitment to innovation, FY2008 saw Port Everglades begin offering ePayments as a service to its customers, giving them the ability to pay invoices online via credit card or e-check at any hour, any day of the week.

Also on the information technology front, negotiations have been completed with Klein Systems Group to purchase and develop software to provide enhanced harbormaster, billing and accounts receivable and property management systems to assist the customer experience. The software will provide data to

Port management for use in knowledge-based decision-making processes.

Marketing and promotions activities in FY2008 included the premier of a DVD featuring Port Everglades' diverse business mix of cruise, cargo, petroleum and real estate and its commitment to environmental and economic stability. The video can be seen online at [www.porteverglades.net](http://www.porteverglades.net) in English, Spanish, French, Italian and Portuguese. Also, the Port launched a new advertising campaign targeting cargo shipping and cruise line executives by promoting the Port's commitment to innovation.

The Broward County Commission approved an amendment to the Broward County Administrative Code on June 10, 2008, establishing the Marine Terminal Security Services Franchise. All companies providing security services on county-owned properties within Port Everglades are required to become a Port franchise as of January 1, 2009. The new franchises allow the Port to more closely monitor the activities of this business segment with open access to restricted areas for the purpose of ensuring compliance with federal and state security standards, as well as enhancing public safety at the Port.

Registration for the federal Transportation Worker Identification Credential began at Port Everglades in FY2008, in advance of portwide implementation on January 13, 2009. ■



1



2

## Cargo Projects Moving Forward

Capital improvements in the Southport area of the Port, which is primarily used for containerized cargo activity, include construction of a new 41-acre marine terminal.

Tran Construction, Inc., of Miami, won the bid for Phases VIIA and VIII cargo terminals in the Southport area in the amount of \$12.3 million, including contingencies. Florida state grants are funding up to half of this economic stimulus project. The terminal is expected to be completed by early 2010. The scope of work includes earthwork (site clearing and preloading), installation of water, sewer, and storm drainage systems, paving, electrical (high mast lighting system) and fencing. This project will increase cargo yard acreage at Port Everglades by 15 percent from existing acreage.

Approximately 227 construction jobs will be supported through the Southport Phase VIIA and VIII project. Once completed, preliminary estimates show that an estimated 254 direct jobs and 14,623 total jobs in South Florida will be supported by the new cargo terminal, which will result in more than \$494 million in personal income. Business activity is projected to reach \$1.4 billion annually, with more than \$45 million generated in state and local taxes.

"The new containerized cargo terminal is part of the Port's

Master/Vision Plan. The Plan also includes a future near-dock rail for efficient transport of cargo, which makes this terminal especially attractive," says Port Everglades Director Phillip C. Allen. "Containerized cargo tonnage at Port Everglades has increased 92 percent in the past six years. And while we have noticed the market softening in recent months, we must be ready for the future, which we believe is quite promising."

"Our global marketing efforts will increase as we actively pursue new shipping lines and terminal operators for this new project. We are also looking to expand existing container cargo services that may need additional space at Port Everglades to grow their businesses," said Carlos Buqueras, Port Everglades Director of Business Development.

Other Southport projects include realignment of McIntosh Road to ease movement for trucks serving container terminal facilities, plus planned development of a 15-acre site west of McIntosh Road for relocating on-port buildings of Foreign-Trade Zone No. 25.

Eco-friendly moves by Port Everglades include the replacement of a rail-mounted Midport crane with a mobile harbor crane and replacement of Midport's other rail-mounted crane, with both units operating on biodiesel fuel. ■

1) The Port's new DVD is online in five different languages. 2) The new Phase VIII cargo terminal will be at the southernmost section of Port Everglades' jurisdictional area along the Dania Cut-off Canal.

## COMMUNITY FOCUS

# Community-focused Developments Abound

Port Everglades continued its community-oriented leadership in Fiscal Year 2008, furthering its Sister Seaport program, maintaining its broad-ranging "green" commitment and again hosting thousands of servicemen and servicewomen during Fleet Week.

## "Green" Efforts Advance

Advancing Port Everglades' longstanding commitment to sustainability, the Port is engaged in conversion of its equipment fleet to utilize biodiesel in place of traditional diesel fuel.

The Port is investing \$4.4 million in equipment upgrades that are projected to produce annual reductions of 9.8 million pounds of carbon dioxide, 61,101 pounds of sulfur dioxide and 17,091 pounds of nitrous dioxide, while generating \$4.55 million in energy cost savings over the coming decade. The measures are part of a comprehensive energy performance project led by Trane South Florida.

Port tenants are sharing in the eco-friendly initiatives. For example, Crowley Liner Services is investing \$700,000 to convert the generator sets for its refrigerated containers from diesel to electric.

Another "green" project entails the installation of sedimentation traps in container yards, ensuring that water running off into coastal waters is clean. In addition, the Port has removed all below-ground fuel storage tanks.

For decades, Port Everglades has been dedicated to the protection of manatees, and that commitment continues with the installation of additional waterway warning signage, augmenting such safeguards as a protective grating system and maintenance of daily manatee activity logs.



## Military Vessels Hosted

More than 2,500 men and women of the U.S. Navy, Marine Corps and Coast Guard participated in South Florida's annual celebration of maritime services, Fleet Week Port Everglades 2008.

The celebration, held the week of April 28, 2008, hosted sailors from several Norfolk, Va.-based U.S. Navy vessels, including the multipurpose amphibious assault ship *USS Iwo Jima* (LHD 7), guided missile cruiser *USS Vella Gulf* (CG 72), amphibious dock landing ship *USS Carter Hall* (LSD 50), guided missile destroyers *USS Mitscher* (DDG 57), and *USS Ramage* (DDG 61). Also welcomed were crew members from the U.S. Coast Guard medium endurance cutter *USCGC Reliance* (WMEC-615) and the Navy fast-attack submarine *USS Pittsburgh* (SSN 720).

## Sister Seaport Added

During a Port-initiated trade mission to Europe, then-Broward County Mayor Lois Wexler, along with Port Director Phillip C. Allen, signed an agreement officially linking Port Everglades to the Port of Marseille, France, as the Port's third international Sister Seaport.

The Port Authority of Marseille's ceremonies were hosted by Guy Janin, managing director of the French port, and Christian Garin, chairman of the Port's board of commissioners.

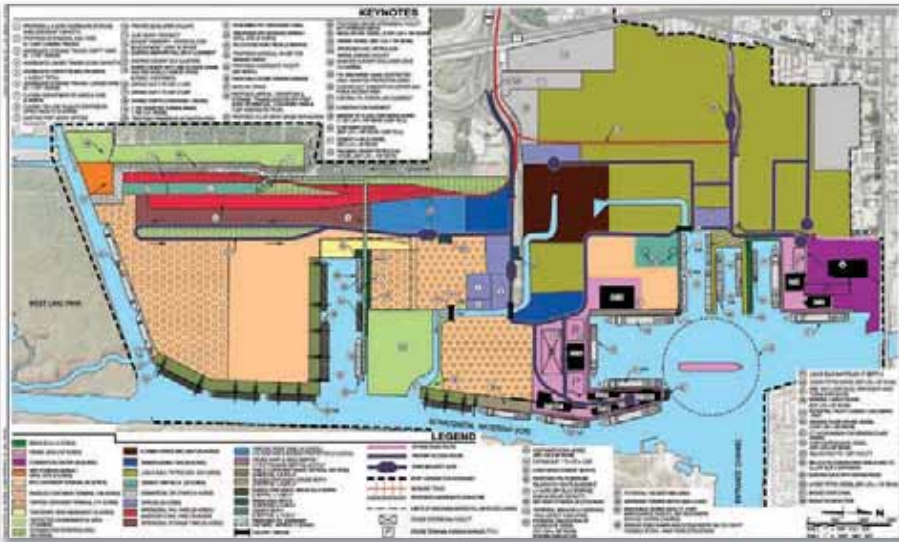
Port Everglades also has Sister Seaport agreements with the Port of Olbia, located on the Italian island of Sardinia, and the Port of Xiamen in China.

During the trade mission to Europe, Mayor Wexler also visited the headquarters of MSC Cruises and its parent, Mediterranean Shipping Company, which led to a new two-year agreement with MSC Cruises for use of Terminal 4.



1) Manatee protection continues to be a focal point for the Port's environmental initiatives as these slow-moving mammals visit Port Everglades during colder weather. 2) Signing the agreement, sitting from L to R: Guy Janin, Managing Director, Port of Marseille; Broward County's then-Mayor Lois Wexler; Port Everglades Director Phil Allen; and Marc Feraud, Vice-Chairman of the Board of Port Commissioners, Port of Marseille.

**NEWS & NOTABLE**



The Port's Master/Vision Plan will be updated every two years.

# Already Making News in 2009

## Port Everglades Plans for Future Growth

Port Everglades is planning for future growth by updating its 20-year Master/Vision Plan, which was approved in December 2007.

Port Director Phillip C. Allen says the Port's Master/Vision Plan will be updated every two years to help plot a course for expanding and enhancing existing facilities in the most economical and efficient manner.

The original 2006 Master/Vision Plan, prepared by contracted consultants AECOM USA, Inc. (formerly DMJM Harris), was approved by the Broward County Board of County Commissioners in December 2007, with the exception of projects associated with the Turning Notch and Berth 29. The Master/Vision Plan update addresses changes that have taken place regionally, nationally, and internationally. The 2006 Plan incorporates the changing business

trends that have resulted from the post-9/11 environment and identifies the Port's opportunities and constraints for each of the 5-Year Master Plan and the 10- and 20-year Vision Plans. Elements of the Master/Vision Plan update are currently being implemented.

The entire Port Everglades Master/Vision Plan document – 5-Year Master Plan and 10- and 20-Year Vision Plans – are available online at [www.portevergladesmasterplan.com](http://www.portevergladesmasterplan.com)



A new world record was set on January 3, 2009, with 49,234 passengers on and off 11 cruise ships.

## Port Everglades Tops World Record for Number Of Passengers In A Single Day

When the final count was tallied, Port Everglades officials learned that they had broken their own two-year-old world record on Saturday, January 3, 2009, when 49,234 cruise passengers sailed in and out of the South Florida cruise port in a single day. The last record was set on December 23, 2006, with 47,229 passengers.

"We knew it would be close, but it was surprising to find out that there was a significant increase – 2,005 more passengers than the number of passengers who traveled through Port Everglades when the last world record was set in 2006," said Port Director Phillip C. Allen. "Though we don't know when the next record will be set, we're getting ready to handle even more passengers next year with the expansion of Terminal 18 for Royal Caribbean International's Oasis-class ships, which will be the largest cruise ships in the world carrying more than 5,400 passengers."

If lined up bow to stern, the 11 cruise ships docked at Port Everglades on January 3, would have stretched 9,869 feet or the equivalent of nearly 31 football fields. That is enough cruise

passengers to fill 105,747 jumbo jets and is equivalent to approximately one-third of the population of the City of Hollywood, Fla., where approximately 70 percent of the Port is located.

The cruise ships that were in port on January 3, included: Carnival Cruise Lines' *Carnival Freedom* and *Carnival Splendor*; Cunard Line's *Queen Mary 2*; Discovery Cruise Line's *Discovery Sun*, Holland America Line's *Eurodam*, *Noordam* and *Statendam*; MSC Cruises' *MSC Lirica*; Princess Cruises' *Ruby Princess*; Royal Caribbean International's *Navigator of the Seas*; and Seabourn Cruise Line's *Seabourn Pride*.

## Port Everglades Welcomes *Celebrity Solstice* by Opening Cruise Terminal Expansion

In time for the launch of Celebrity Cruises' newest ship, *Celebrity Solstice*, Broward County's Port Everglades cut the ribbon to open Phase I of Passenger Terminal 18 on November 14, 2008.

"Our challenge was to complete this work in time for the arrival of Celebrity Cruises' brand-new 122,000-gross ton *Celebrity Solstice*, which was named at Port Everglades the same evening as our ribbon cutting," said Port Everglades

Director Phillip C. Allen. "It is fitting that *Celebrity* is our first customer to use the expanded Terminal 18. In 1996, this terminal was actually converted from a cargo warehouse into our 10th cruise terminal just to accommodate *Celebrity Cruises'* then-new 77,000-gross ton sister ships *Century* and *Galaxy*. The ships just keep getting bigger and so do our terminals."

Dignitaries participating in the ribbon cutting event included:

- Lois Wexler, then Broward County Mayor
- Richard Fain, Chairman and CEO, Royal Caribbean Cruises Ltd.
- Daniel Hanrahan, President and CEO, *Celebrity Cruises*
- Phillip C. Allen, Port Everglades Director
- Charlotte Rodstrom, Vice Mayor, City of Fort Lauderdale
- Heidi O'Sheehan, Commissioner, City of Hollywood



Terminal 18 Ribbon Cutting, left to right: Daniel Hanrahan, Heidi O'Sheehan, Charlotte Rodstrom, Phillip C. Allen, Lois Wexler, and Richard Fain.

This was the first phase of a two-part terminal renovation that will transform Terminal 18 into the largest cruise terminal in the world dedicated to servicing a single ship. Once the entire expansion project is completed in Fall 2009, the terminal will be home to the largest cruise ships in the world, Royal Caribbean International's *Oasis of the Seas* and *Allure of the Seas*. In Phase I, 34,500 square feet of existing warehouse space was converted to terminal space for a total of 90,000 square feet on the first floor and 12,000 on the second floor. »

## NEWS & NOTABLE



The *MSC Orchestra* made her U.S. debut at Port Everglades in January 2009.

### MSC Cruises, Port Everglades Sign Two-year Agreement

Then-Mayor Lois Wexler visited the headquarters of MSC Cruises and its parent company in Italy, facilitating a new two-year agreement with MSC Cruises for use of Cruise Terminal 4. The agreement will serve in the interim while a long-term agreement is worked out.

"MSC Cruises is guaranteeing 135,000 passengers in the first year of the agreement and 160,000 passengers in its second year," said Carlos Buqueras, Director of Business Development for the Port.

"We have consistently had an excellent relationship with Port Everglades and are looking forward to continuing that relationship well into the future as we anticipate expanding our presence in the North American market," said Richard E. Sasso, president and CEO of MSC Cruises (USA), Inc. "This also illustrates our continued commitment to Broward County, which serves as home base to our North American offices."

"Port Everglades has a long history as the winter home for the cruise industry's newest ships. So, it is fitting that we continue to develop a strong relationship with MSC, which has the most modern fleet in the industry, and is also one of the Port's largest cargo customers," said Port Everglades Director Phillip C. Allen.

In the past year, two of the line's

"Lirica" class vessels had been operating from the port during the winter Caribbean season. This year, *MSC Lirica* will be joined by *MSC Orchestra*, one of the line's newest "Musica" class vessels. During the winter 2009-10 season, the line is expected to have another "Musica" class ship – *MSC Poesia* – sailing Caribbean itineraries.



The naming ceremony for the *Ruby Princess* was a royal affair.

### Ruby Princess and Celebrity Solstice Named at Port Everglades

In November, Port Everglades was the site for two cruise ship naming ceremonies, an honor that has become a tradition as the Port has gained popularity as one of the world's premier winter homeports.

In a "ruby red" themed ceremony celebrating romance, Princess Cruises named its newest ship, *Ruby Princess*, on November 6, 2008. America's reigning reality TV couple, Trista and Ryan Sutter of "The Bachelorette" television program did the honors, breaking the traditional bottle of champagne to mark the ship's launch, and their own fifth wedding anniversary. As befitting the most romantic cruise line, and an event celebrating "romantic moments and milestones," the official naming was followed by the ultimate romantic milestone — a wedding in the midst of the festivities. The California couple joined in matrimony not only had Trista and Ryan as wedding attendants, but the Love Boat captain himself, Gavin MacLeod, gave away the bride. Then-Broward County Mayor Lois Wexler

and Port Everglades Director Phillip C. Allen were among the honored guests to speak at the naming ceremony.

Just a week later, on November 14, 2008, Celebrity Cruises named the 2,850-guest *Celebrity Solstice* at the Port. The ship's Godmother was not a typical movie star, but the "star" in a field of enormous importance to Celebrity Cruises: the world's oceans. Professor Sharon L. Smith became the first ocean scientist ever to serve as Godmother of a cruise ship. The sleek, 122,000-ton ship features the industry's first half-acre Lawn Club with real grass and a Hot Glass Show with live glassblowing demonstrations; 10 varied restaurants; truly unique entertainment expressly designed for the ship's state-of-the-art theater, and a breadth of accommodations, including an entirely new category, AquaClass. Amidst a series of preview cruises for invited travel agents, press and other dignitaries, *Celebrity Solstice* entered service on November 23, on a series of seven-night Eastern Caribbean sailings.

In addition to *Ruby Princess* and *Celebrity Solstice*, brand new cruise ships joining the Port Everglades fleet in time for the 2008-2009 winter Caribbean cruise season included Holland America Line's *ms Eurodam*, Carnival Cruise Lines' *Carnival Splendor* and Royal Caribbean International's *Independence of the Seas*. Several cruise ships sailed for the first time



Staff from Celebrity Cruises' Florida offices welcomed their fellow employees aboard the new *Celebrity Solstice* as the ship arrived at Port Everglades.

from Port Everglades, including Princess Cruises' *Tahitian Princess*, MSC Cruises' *Orchestra* and Carnival Cruise Lines' *Carnival Freedom*, which will be sailing year-round from the Port.

### Port Everglades



The *Independence of the Seas* is the largest cruise ship to ever visit Port Everglades – so far.

### Homeports Largest Cruise Ship, Independence of the Seas

At 160,000 tons and carrying more than 3,630 passengers, Royal Caribbean International's *Independence of the Seas* arrived at Port Everglades in November 2008, to become the largest cruise ship ever to homeport in Broward County.

In one year alone, *Independence of the Seas* is estimated to bring nearly 160,000 passengers to the area who will help support more than 420 local jobs and generate an economic impact of approximately \$67.5 million.

### New Services Connect South Florida to South America's East Coast

Direct shipments from South America's east coast are arriving through Port Everglades via new and expanded services.

CSAV/LIBRA's Usatlin service, which includes "K" Line, Hanjin, Yang Ming and Hamburg Süd, expanded its rotation to include direct service to Port Everglades.

In addition, Miami-based ocean carrier Bringer Lines and "K" Line recently began a new service from Port Everglades to the Amazon region of Brazil.

Florida International Terminal,

LLC provides stevedoring and cargo handling for both services at Port Everglades. "This new service demonstrates our commitment to Port Everglades in our continuous efforts to provide quality service to our customers, while creating more jobs for the local community," said Jose A. Diaz, Vice President and General Manager for Florida International Terminal, LLC.

"The Broward County Commission has long recognized the trade opportunities created by having an oceangoing shipping service to Brazil as Florida's leading trade partner, and to Manaus in particular because of the trade possibilities between the free trade zone there and Foreign-Trade Zone No. 25 located at Port Everglades," said Broward County Commissioner Josephus Eggleston, Jr.

Commissioner Eggleston and Broward County Commissioner Diana Wasserman-Rubin traveled to Brazil, during two separate trade missions with the Port and the Broward County Office of Economic Development, to stimulate international trade and shipping services that would benefit South Florida.

"Historically, the North-South hemispheric trade has been an important factor in South Florida's international trade, with Port Everglades already capturing 28 percent of the market share in the southeastern United States," said Wasserman-Rubin. "We view this new



Eduardo Del Riego, President of Bringer, accepts the Key to Broward County from Broward County Commissioner Josephus Eggleston, Jr., who has been a key supporter of expanded trade with Brazil along with Commissioner Diana Wasserman-Rubin (not pictured).

service as a further step to encouraging trade in the Amazon region."

The Bringer Amazon service will deploy two 500-TEU vessels on a biweekly basis. The service may expand to a weekly service in the near future based on market demand. Ports of call for the service include Savannah, Port Everglades, Manaus, and Vila do Conde.

Brazil ranks as one of Florida's top trading partners, according to Enterprise Florida. During 2007, approximately \$13 billion worth of merchandise was exported and imported between Florida and Brazil. Brazil is one of Port Everglades' top ten trading partners, generating approximately 400,000 tons of containerized cargo annually.

### New Celebration



Celebration Cruise Lines is now sailing the *Bahamas Celebration* three times a week from Port Everglades.

### Cruise Line Sailing 2 and 3 nights from Port Everglades

Celebration Cruise Line is now operating two- and three-night cruises to Nassau, Bahamas, aboard *MS Bahamas Celebration* every Monday, Wednesday and Friday.

At nearly 700 feet in length and more than 35,000 gross tons, the *MS Bahamas Celebration* can accommodate up to 1,500 passengers, making it both spacious and intimate at the same time.

The *MS Bahamas Celebration* has four restaurants, a 630-seat nightclub, multiple lounges, a spacious casino, a complete spa, a fitness room, three children's clubs with age-appropriate electronic games and activities, a pool for adults, and a Pirate-themed pool with a 180-foot slide for children. The cruise

## NEWS & NOTABLE

also offers a variety of live music and shows, as well as snorkeling, sightseeing tours and beach resort excursions.

The four dining options include a classic American restaurant serving five-course meals from a broad menu, an all-you-can-eat Brazilian-style steakhouse and buffet, and a casual Italian restaurant, all as part of the cruise price. For individuals looking for more upscale dining, the elegant and romantic Cove Restaurant is available at an additional cost.

Celebration's reservation number is 800-520-2410, and the website is CelebrationCL.com

### New Vecenergy



New Vecenergy terminal being built at Port Everglades.

### Petroleum Terminal To Add Volume at Port Everglades

Vecenergy, the Vecellio Group's Energy Division based in West Palm Beach, Florida, is nearing completion of a new state-of-the-art petroleum terminal at Port Everglades.

The new Vecenergy terminal, which is on privately owned land within the Port's jurisdictional area, will contain 11 petroleum storage tanks totaling 1.35 million barrels (56.7 million gallons) of bulk fuel capacity. Petroleum products, including alternative fuels, will be dispensed to tanker trucks through a loading rack. Jet fuel will be

delivered to Fort Lauderdale-Hollywood International Airport and Miami International Airport by pipeline.

As the first new petroleum terminal at the port since the 1970s, the facility will increase the Port's petroleum capacity by more than 10 percent. Locally based companies; Ranger Construction, Gonzalez & Sons Equipment, Shah Drotos & Associates, and TEC Serv LLC, are the primary contractors for Vecenergy.

### Ship to Shelter Supports Those in Need

Holland America Line and Port Everglades launched Ship to Shelter on January 23, 2009, an innovative community charitable program designed to donate valuable and reusable goods from the line's cruise ships to local people in need. Holland America Line first launched Ship to Shelter in April 2008, in partnership with the Port of Seattle in Washington and has brought the program to Port Everglades.

Partnering with U.S. Customs and Border Protection and Cooperative Feeding Broward, Port Everglades is working with the Seattle-based cruise line to donate items from its ships that regularly call at Port Everglades. The goods will be distributed to individuals and families in need by Cooperative Feeding Broward.

In addition to the weekly donations of individual-sized toiletries, Holland America Line periodically will provide items such as towels, linens, dishes, cookware, silverware, televisions and mattresses.

"Giving back is part of the corporate culture at Holland America Line, and it is part of our corporate social responsibility," said Stein Kruse, President and Chief Executive Officer. "Over the years, Holland America has worked with nonprofits around the world to donate reusable goods in a socially conscious, environmentally friendly method. These items are periodically replaced on our ships and can be put to good use for a

worthy cause."

The Ship to Shelter program incorporates strategic partnerships between Port Everglades, Cooperative Feeding Broward and Holland America Line to provide partially used stateroom amenities that are no longer needed on cruise ships for reuse by the needy, while providing an environmentally friendly solid waste disposal solution. Holland America Line will continue to donate other items from various Port Everglades-based ships.

Port Everglades has been instrumental in implementing the program. "We all know that the cruise industry provides great economic benefit to our region, and now they are also providing an important charitable benefit," said Port Everglades Director Phillip C. Allen. "The Ship to Shelter program exemplifies the Port's commitment to social responsibility – finding a way for us and our partners to give back to the community and ensure that everyone benefits from the business of the Port."

Cooperative Feeding Broward is a



Collections from Holland America Line cruise ships as part of the Ship to Shelter program at Port Everglades yielded useful products such as shampoo, towels and cookware that are being donated to Cooperative Feeding Broward. Pictured from left are: Marti Forman, CEO of Cooperative Feeding Broward; Port Everglades Director Phillip C. Allen; Broward County Commissioner Sue Gunzburger; Broward County Mayor Stacy Ritter; Stein Kruse, President and CEO of Holland America Line; and Broward County Commissioner Ilene Lieberman.

nonprofit, award-winning organization that provides hot daily meals, a family food box, showers, mailroom, phone lines, food stamps, clothing, counseling, back to school supplies and more to locals in need.

"There is an incredible shortage of basic toiletry items in the needy community," said Marti Forman, Chief Executive Officer for Cooperative Feeding Broward. "We often take the availability of these items for granted, and with the generosity of the Ship to Shelter program, we will be able to help fulfill this need for so many people."

### Seafarers' House Distributes 2,679 "Shoebox" Gifts to Mariners

With the assistance of volunteers, staff, local congregations, and companies, the Seafarers' House at Port Everglades distributed more than 2,679 gifts to mariners aboard 145 different ships calling at Port Everglades through the months of December and January. Each day, volunteer Jill Novacek and her husband Bobby Raskin, reviewed the schedule of ships expected into the Port, worked with scheduled "Shoeboxers" who gave their time to assist with deliveries, and filled one of the Seafarers' House vans with colorfully wrapped shoeboxes, which they carried to the ships at berth that day. The boxes, assembled at a workshop supplied by the Port, were packed with toothbrushes, toothpaste, work gloves, soaps, calling cards, playing cards and cheerful holiday greetings. Records show that this outreach touched the lives of mariners from over 40 countries around the globe.

Father Thomas Falkenthal, Director of Pastoral Care for Seafarers' House, said, "This has been a true community effort. We have been overwhelmed by the outpouring of support from churches of all faiths and people from all walks of life in our community. A member of our Board, Mr. Brendan Corrigan of Carnival Cruise Lines, made a connection for us that resulted in a donation of 15 pallets of shampoo, toothpaste and assorted

hygiene items. Betty Ann and Fred Rogacki at IWS have made it possible for us to store the materials and keep our "Shoebox Assembly Line" going. Each individual company or volunteer played critical roles in the success of this effort, and we cannot express enough thanks."

Seafarers' House at Port Everglades



Volunteers from the Seafarers' House at Port Everglades delivered more than 2,679 wrapped shoebox gifts to mariners from 40 different countries.

is a non-profit organization supported by Christians, Muslims and Jews as well as labor, business and civic leaders with a mission "to improve the lives of seafarers and their families through multi-faith service." Open throughout the year, Seafarers' House is a safe, friendly place where mariners can connect with their families, relax, or get emergency assistance if needed. With the help of its supporters and volunteers, Seafarers' House offers many services including low-cost international phone calls, free transportation, Internet access, counseling services, liaison



### USS Cole Sails Back to Port Everglades

The USS Cole returned Port Everglades in December 2008, the site where the U.S. Navy destroyer was commissioned in 1996. In 2000, the Cole was the target of a suicide bombing in Yemen that killed 17 sailors. The ship was back in Broward County on a four-day visit to gather supplies.

with authorities as well as recreational facilities. Seafarers' House is the busiest such agency in the world, annually hosting more than 100,000 visits by cruise and cargo ship crewmembers. For more information, visit [www.seafarershouse.org](http://www.seafarershouse.org).

### Routine Security Gate Stop Nabs High-Profile Suspects

An alert Broward Sheriff's Office Community Service Aide at Port Everglades helped nab two highly sought suspects in a well-publicized South Florida crime spree on December 3, 2008.

Two of the suspects from the Dunkin' Donuts robbery and shooting cases were trying to flee the country when they got caught at the State Road 84 (Spangler Road) entrance checkpoint at Port Everglades. They had planned to board a Discovery Cruise Line day cruise to the Bahamas, knowing their cohorts in the robbery ring were in custody.

Broward Sheriff's Office Community Service Aide Celia Cromer recognized the suspect's faces from their wanted flyers and alerted Deputy Sal Verini, who was also at the checkpoint. Verini held the suspects and called for additional deputies, who arrived and took the suspects into custody.



# Port Statistics

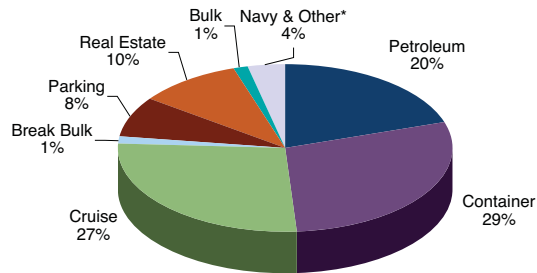
Port Everglades Waterborne Commerce Chart FY 2008-1999 Unaudited

FISCAL YEAR	2008	2007	2006	2005
Operating Revenue *	\$ 117,441,067	\$ 112,500,017	\$ 107,577,863	\$ 105,858,262
Expenses	\$ 73,093,351	\$ 72,111,017	\$ 69,117,148	\$ 65,232,415
Gross Margin	\$ 44,347,716	\$ 40,389,000	\$ 38,460,715	\$ 40,625,847
<b>TOTAL SHIP CALLS</b>	<b>5,226</b>	<b>5,496</b>	<b>5,510</b>	<b>5,901</b>
Container Ships	2,197	2,270	2,185	1,988
Cargo Ships	157	202	268	247
Petrol. Tanker/Barge	727	732	744	751
Cruise Ships	1,676	1,852	1,763	2,362
Navy/USCG	22	39	29	18
Other bunkers/tugs	447	401	521	535
<b>CRUISE PASSENGERS</b>	<b>3,227,770</b>	<b>3,409,946</b>	<b>3,239,154</b>	<b>3,801,464</b>
Single Day	591,059	719,888	779,470	1,113,101
Multi-Day	2,636,711	2,690,058	2,459,684	2,688,363
Cruise Revenue	\$ 31,484,126	\$ 31,483,362	\$ 28,146,431	\$ 30,000,619
<b>CONTAINER CARGO (tons)</b>	<b>6,584,747</b>	<b>6,060,149</b>	<b>5,688,442</b>	<b>5,076,403</b>
TEUs loaded	697,808	665,729	624,524	572,342
TEUs Total	985,095	948,680	864,030	797,238
Container Revenue	\$ 33,867,064	\$ 28,556,927	\$ 25,393,178	\$ 24,192,949
<b>TOTAL PETROLEUM (tons)</b>	<b>16,143,971</b>	<b>17,486,726</b>	<b>17,566,394</b>	<b>18,338,378</b>
Barrels	113,941,485	122,979,685	123,479,901	128,842,410
Petroleum Revenue	\$ 23,620,073	\$ 23,756,489	\$ 22,946,933	\$ 22,945,117
<b>TOTAL BULK (tons)</b>	<b>895,147</b>	<b>1,752,974</b>	<b>2,954,310</b>	<b>2,848,333</b>
Aggregate	278,497	304,456	475,083	607,016
Cement/Clinkers	494,054	1,432,837	2,465,753	2,222,492
Tallow	13,710	12,312	13,473	18,778
Gypsum	108,886	50,437	0	0
Bulk Revenue	\$ 1,599,476	\$ 3,251,766	\$ 5,661,670	\$ 4,836,366
<b>TOTAL BREAK BULK (tons)</b>	<b>91,007</b>	<b>302,301</b>	<b>376,535</b>	<b>279,139</b>
Steel/Coils/Rebar	17,660	175,361	256,271	159,353
Lumber	1,473	22,071	48,143	36,871
Board Feet	1,091	16,349	34,388	21,477
Plywood	133	2,719	38,895	25,339
Break Bulk Revenue	\$ 1,670,354	\$ 2,803,198	\$ 2,798,064	\$ 2,228,132
<b>TOTAL RO/RO-FLO/FLO (tons)</b>	<b>240,129</b>	<b>196,014</b>	<b>152,549</b>	<b>125,166</b>
Trucks/Trailers	69,712	57,390	28,729	23,400
Tractors	69,552	52,089	45,462	26,630
Yachts/Boats	75,729	63,999	57,668	32,866
Autos	23,845	20,184	16,983	23,491
Buses	1,291	1,720	3,708	1,917
<b>NAVY REVENUE</b>	<b>\$ 291,499</b>	<b>\$ 501,215</b>	<b>\$ 436,146</b>	<b>\$ 236,337</b>
<b>WATERBORNE COMMERCE</b>	<b>24,227,435</b>	<b>26,400,271</b>	<b>27,114,362</b>	<b>27,159,194</b>

\* FY2008 operating revenue includes a one-time \$3.8 million payment from Universal Maritime Services and Maersk for early termination of the company's agreement and lease.  
 \* FY2004 operating revenue includes a one-time \$8.4 million lease termination settlement with PE Land Holdings, LLC.

2004	2003	2002	2001	2000	1999
\$ 112,476,658	\$ 89,386,458	\$ 88,916,308	\$ 79,393,979	\$ 75,641,930	\$ 74,189,588
\$ 56,488,710	\$ 53,817,229	\$ 49,176,240	\$ 42,444,470	\$ 37,093,282	\$ 35,209,978
\$ 55,987,948	\$ 35,569,229	\$ 39,740,068	\$ 36,939,509	\$ 38,548,648	\$ 38,979,610
6,389	5,853	5,484	5,572	5,842	5,809
1,890	1,880	1,859	2,128	2,463	2,588
231	213	196	220	236	230
763	798	748	768	735	715
2,854	2,215	1,963	1,793	1,677	1,540
25	17	22	42	44	
626	730	696	621	687	674
4,075,406	3,375,671	3,485,857	3,072,343	2,737,389	2,392,324
1,400,110	1,050,174	1,030,395	1,106,189	1,141,224	1,121,906
2,675,296	2,325,497	2,455,462	1,966,154	1,596,165	1,270,418
\$ 30,601,167	\$ 25,223,188	\$ 25,613,224	\$ 20,398,597	\$ 16,832,382	\$ 15,726,071
4,145,394	3,633,610	3,425,269	3,907,890	4,091,936	4,143,982
486,598	415,186	394,966	446,233	465,008	482,229
653,628	569,743	554,041	621,421	676,760	715,585
\$ 20,487,292	\$ 18,106,809	\$ 18,021,927	\$ 15,596,973	\$ 17,887,509	\$ 18,557,714
17,585,603	16,958,171	16,005,275	16,776,992	15,970,467	15,900,184
123,734,414	119,100,503	112,416,933	117,909,362	112,399,725	111,629,449
\$ 22,734,391	\$ 19,803,802	\$ 18,721,965	\$ 19,100,805	\$ 17,445,637	\$ 17,484,458
2,854,588	2,535,057	2,395,950	2,138,654	2,455,205	2,070,714
491,834	343,421	326,053	268,780	276,750	246,399
2,333,142	2,164,610	1,829,240	1,762,274	2,039,384	1,744,635
11,555	16,003	15,873	16,900	14,981	17,148
18,056	11,023	137,194	90,700	120,294	48,501
\$ 4,595,168	\$ 3,986,867	\$ 3,774,584	\$ 3,449,788	\$ 3,847,404	\$ 3,582,644
297,678	161,195	189,785	200,111	317,642	310,061
150,951	76,471	139,091	120,650	224,893	212,890
43,778	40,539	30,792	49,894	40,347	34,861
32,429	30,029	22,809	36,959	29,887	25,823
47,445	22,289	25,339	11,591	8,302	11,905
\$ 2,147,521	\$ 1,318,299	\$ 1,616,911	\$ 1,466,058	\$ 2,229,431	\$ 1,783,020
104,167	87,862	101,046	119,081	106,351	106,048
18,536	17,454	23,595	31,198	33,306	39,786
18,812	14,160	14,553	17,977	19,963	21,866
42,940	37,310	36,121	34,816	26,204	28,424
22,104	14,393	23,713	31,343	24,744	11,748
1,775	2,223	3,034	3,747	3,134	4,224.00
\$ 415,837	\$ 108,235	\$ 76,408	\$ 323,774	\$ 303,226	\$ 285,762
25,462,798	23,870,023	22,732,854	23,744,118	23,925,515	23,681,273

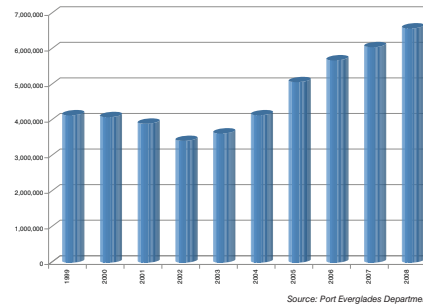
Port Revenue Center Contributions



\* Navy & Other includes revenue generated from naval activities, Foreign-Trade Zone #25, Finance, Lay-in, and Public Safety.

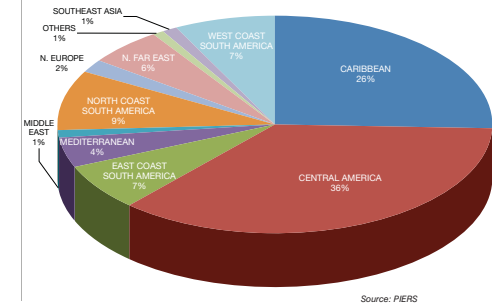
Source: Port Everglades Department

Historic Container Growth  
Fiscal Years 1999-2008  
Measured in Short Tons



Source: Port Everglades Department

Percentage of Activity  
by Trade Lane  
FY 2008 in TEUs



Source: PIERs

Economic Impact Study Matrix\*\*

	CARGO	CRUISE	TOTAL
<b>JOBS</b>			
DIRECT	6,137	5,483	11,620
INDUCED	6,891	3,575	10,467
INDIRECT	3,535	3,633	7,169
RELATED USER JOBS	170,253	NA	170,253
<b>TOTAL JOBS</b>	<b>186,817</b>	<b>12,692</b>	<b>199,508</b>
<b>PERSONAL INCOME (1,000)</b>			
DIRECT	\$270,603	\$141,439	\$412,042
INDUCED	\$795,545	\$324,859	\$1,120,404
INDIRECT	\$157,518	\$114,329	\$271,847
RELATED USER INCOME	\$4,987,991	NA	\$4,987,991
<b>TOTAL PERSONAL INCOME</b>	<b>\$6,211,656</b>	<b>\$580,627</b>	<b>\$6,792,283</b>
<b>VALUE OF ECONOMIC ACTIVITY (1,000)</b>			
BUSINESS SERVICES REVENUE	\$780,933	\$1,449,419	\$2,230,352
RELATED USER OUTPUT	\$15,774,705	NA	\$15,774,705
<b>TOTAL VALUE OF ECONOMIC ACTIVITY</b>	<b>\$16,555,639</b>	<b>\$1,449,419</b>	<b>\$18,005,058</b>
<b>LOCAL PURCHASES (1,000)</b>			
	\$295,704	\$161,812	\$457,516
<b>STATE &amp; LOCAL TAXES (1,000)</b>			
DIRECT, INDUCED AND INDIRECT	\$112,577	\$53,497	\$166,074
RELATED USER TAXES	\$458,895	NA	\$458,895
<b>TOTAL STATE AND LOCAL TAXES</b>	<b>\$571,472</b>	<b>\$53,497</b>	<b>\$624,969</b>

\*\* Based on latest available data. FY2007 Source: Martin & Associates

Containerized Cargo Market Performance  
FY 2008

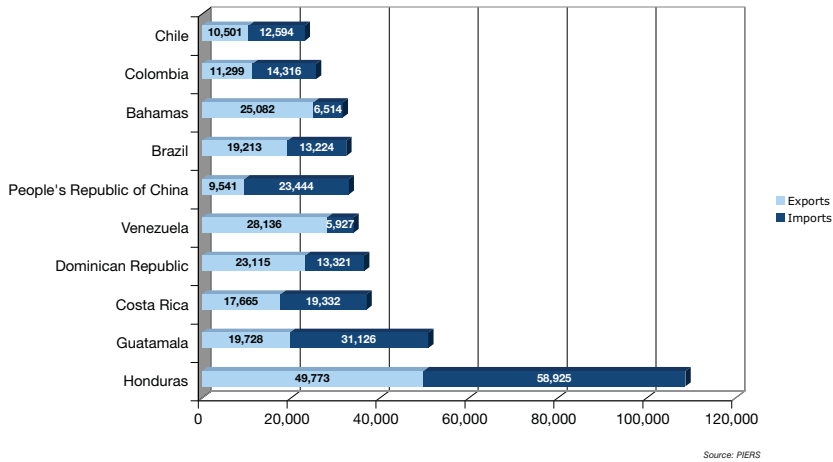
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV
Caribbean	49,629	3,888,267	1,394,046	1,543,480	233,522	1,209,139	8,318,084	18.56%
Central America	550,690	28,567	1,131,765	2,000,812	167,269	140	3,879,243	51.58%
East Coast South America	471,697	79,372	206,388	513,786	270,842	266	1,542,352	33.31%
Mediterranean	783,809	15,169	310,475	410,512	2,104,845	178	3,624,988	11.32%
Middle East	1,683,518	21,419	34,264	70,177	1,734,999	779	3,545,156	1.98%
North Coast South America	222,267	173,848	322,329	532,864	199,957	14,208	1,465,474	36.36%
Northern Europe	4,498,618	29,539	731,726	128,290	2,344,270	2,831	7,735,273	1.66%
Northern Far East	2,378,252	75,727	1,277,727	359,434	9,240,472	194	-	2.70%
Others	581,603	29,130	93,781	53,371	1,129,767	140,813	2,028,465	2.63%
Southeast Asia	617,596	17,015	274,828	77,791	2,196,724	709	3,184,663	2.44%
West Coast South America	936,979	407,206	58,859	472,668	738,545	293	2,614,549	18.08%
<b>GRAND TOTAL</b>	<b>12,774,658</b>	<b>4,765,259</b>	<b>5,836,188</b>	<b>6,163,184</b>	<b>20,381,213</b>	<b>1,369,550</b>	<b>51,270,052</b>	<b>12.02%</b>
% of Total Cargo	25%	9%	11%	12%	40%	3%		
Regional Total	2,231,263	4,577,259	3,113,388	5,063,610	1,610,135	1,224,047	17,619,702	
% of Regional Cargo	13%	26%	17%	28%	9%	7%		

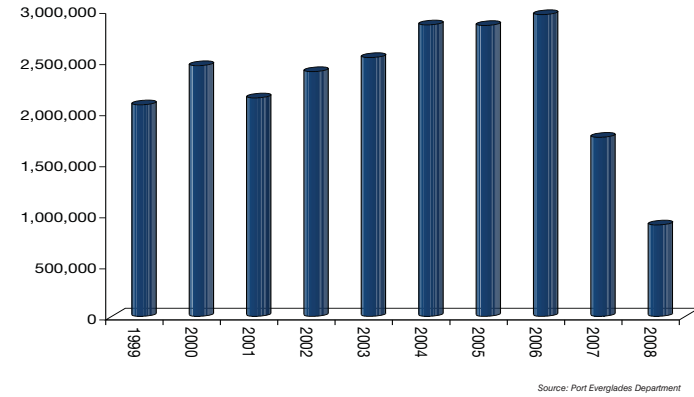
TRADE LANE	CHARLESTON	JACKSONVILLE	MIAMI	PORT EVERGLADES	SAVANNAH	W PALM BCH	Grand Total	% PEV
Caribbean	4,820	522,047	169,835	184,451	23,167	151,189	1,055,509	17.48%
Central America	62,593	2,616	145,046	259,971	18,625	25	488,875	53.18%
East Coast South America	41,355	6,547	24,600	50,207	24,741	36	147,486	34.04%
Mediterranean	79,588	1,715	25,745	32,407	185,579	24	325,057	9.97%
Middle East	178,137	3,520	4,806	6,726	184,065	62	377,316	1.78%
North Coast South America	20,741	22,553	39,274	64,970	18,651	1,458	166,647	38.99%
Northern Europe	520,535	3,066	95,269	12,990	234,850	340	867,050	1.50%
Northern Far East	272,276	9,597	139,960	40,847	1,083,680	38	1,546,399	2.64%
Others	58,072	2,566	6,590	5,752	106,927	11,573	191,481	3.00%
Southeast Asia	57,742	1,097	27,860	7,114	224,114	97	318,025	2.24%
West Coast South America	82,211	42,666	5,848	54,684	62,646	31	248,086	22.04%
<b>GRAND TOTAL</b>	<b>1,378,069</b>	<b>617,993</b>	<b>684,832</b>	<b>720,119</b>	<b>2,166,046</b>	<b>164,874</b>	<b>5,731,932</b>	<b>12.56%</b>
% of Total Cargo	24%	11%	12%	13%	38%	3%		
Regional Total	211,719	596,430	384,603	614,283	146,830	152,739	2,108,603	
% of Regional Cargo	10%	28%	18%	29%	7%	7%		

Source: PIERs

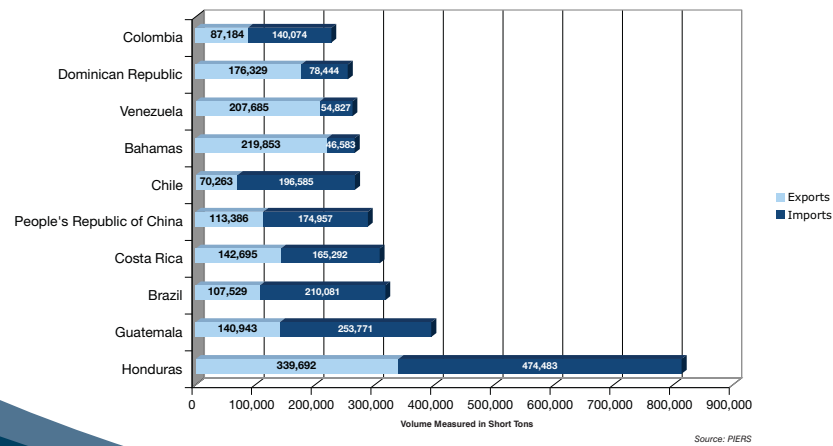
**Top 10 Trading Partners for Containerized Cargo**  
Volume Measured in TEUs



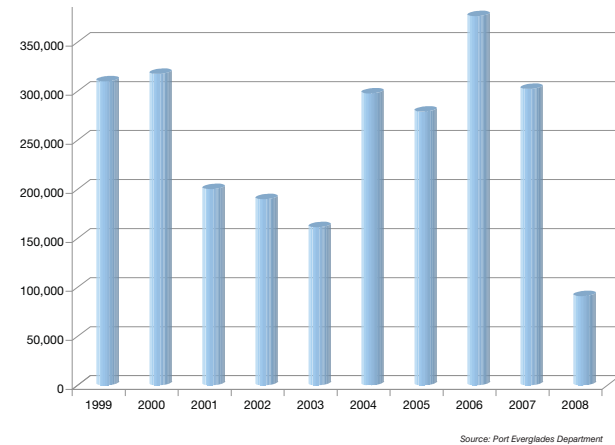
**Historical Bulk Cargo Activity**  
Fiscal Years 1999-2008  
Measured in Short Tons



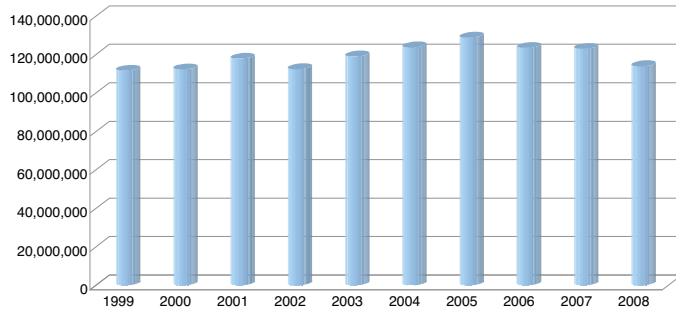
**Top 10 Trading Partners for Containerized Cargo**  
Volume Measured in Short Tons



**Historical Break Bulk Cargo Activity**  
Fiscal Years 1999-2008  
Measured in Short Tons



Historical Petroleum Activity 1999-2008  
(in barrels)

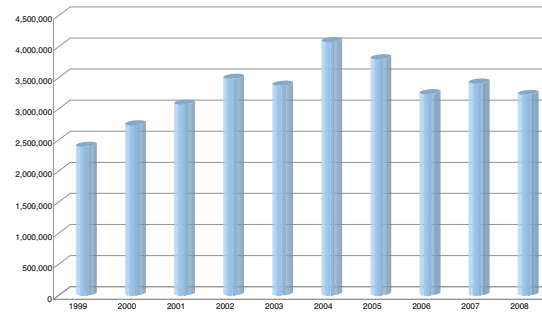


Source: Purvin & Gertz

Petroleum Product Throughput  
FY 2007 vs. FY 2008

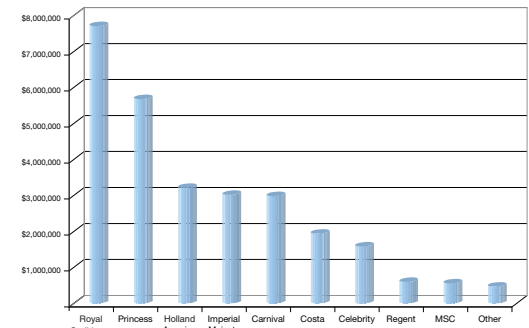
PRODUCT	FY2008	FY2007	DIFFERENCE	% CHANGE
Revenue	\$23,620,073	\$23,756,489	(\$136,416)	-1%
Barrels	113,941,485	122,979,685	(\$9,038,200)	-7%
Asphalt	862,556	960,479	(\$97,923)	-10%
Aviation Gasoline	270,156	307,278	(\$37,122)	-12%
Diesel Fuel	14,476,872	18,032,799	(\$3,555,927)	-20%
Fuel Oil	5,540,248	7,339,516	(\$1,799,268)	-25%
Gasoline	62,116,484	67,591,337	(\$5,474,853)	-8%
Jet Fuel	26,291,783	26,681,658	(\$389,875)	-1%
Propane	678,705	810,691	(\$131,986)	-16%
Crude Oil Loaded	670,684	769,739	(\$99,055)	-13%
Ethanol	2,554,820	0	\$2,554,820	N/A
Bio-diesel	479,168	486,188	(\$7,020)	-1%

Historical Passenger Activity  
FY 1999-2008  
Embarking, Disembarking & Intransit



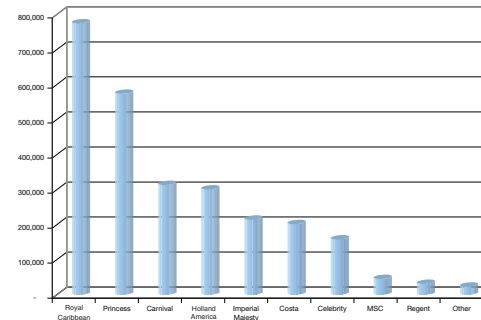
Source: Port Everglades Department

Multi-Day Revenue  
By Leading Cruise Lines



Source: Port Everglades Department

Multi-Day Passenger Moves  
By Leading Cruise Companies



Source: Port Everglades Department

# Financial Statements | Fiscal Year 2008

PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Net Assets  
September 30, 2008 and 2007  
(Unaudited)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 14,664,475	\$ 32,025,284
Investments	148,720,336	122,980,290
Accounts receivable - trade (less estimated uncollectible accounts of \$309,564 in 2008 and \$1,093,002 in 2007)	7,515,729	7,346,891
Accounts receivable - construction (Note J)	5,659,859	
Accounts receivable - other (less estimated uncollectible accounts and unamortized discounts of \$104,088 in 2008 and \$115,464 in 2007)	140,886	140,047
Due from other governments	489,838	34,136
Inventories	3,036,171	2,487,181
Prepaid expenses & insurance	1,624,888	1,821,714
<b>Total current assets</b>	<u>181,852,182</u>	<u>166,835,543</u>
<b>Restricted assets:</b>		
Cash and cash equivalents	14,060,316	26,378,868
Investments	26,313,122	14,464,164
<b>Total restricted assets</b>	<u>40,373,438</u>	<u>40,843,032</u>
<b>Bond issue costs and other deferred charges</b>	2,962,089	3,068,461
<b>Capital assets, less accumulated depreciation</b>	316,905,645	304,206,798
<b>Capital assets held for leasing, less accumulated depreciation</b>	189,075,218	191,708,989
<b>Total assets</b>	<u>731,168,572</u>	<u>706,662,823</u>

PORT EVERGLADES DEPARTMENT  
of Broward County, Florida  
Statement of Net Assets (continued)  
September 30, 2008 and 2007  
(Unaudited)

<u>LIABILITIES</u>	<u>2008</u>	<u>2007</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 1,868,313	\$ 1,802,278
Contracts payable	7,790,963	2,892,627
Salaries and benefits payable	459,002	334,174
Compensated absences	1,044,000	1,002,000
Due to other governments	2,502,652	1,895,982
Commercial paper	5,000,000	5,000,000
<b>Total current liabilities</b>	<u>18,664,930</u>	<u>12,927,061</u>
<b>Current liabilities payable from restricted assets:</b>		
Contracts payable	126,908	51,781
Security deposits	597,697	875,626
Accrued interest	1,045,586	1,048,714
Unearned grant revenue, capital contributions	470,565	224,941
Bonds payable - current portion	12,900,000	11,974,687
<b>Total current liabilities payable from restricted assets</b>	<u>15,140,756</u>	<u>14,175,749</u>
<b>Noncurrent liabilities:</b>		
Compensated absences	1,097,000	1,003,000
Other post employment benefits liability (Note I)	101,865	
Bonds payable, net of discounts and premiums	232,746,827	242,407,310
<b>Total liabilities</b>	<u>267,751,378</u>	<u>270,513,120</u>
Commitments and contingencies (Notes C,D,E,F,G, H and K)		
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	259,880,672	242,075,972
Restricted for:		
Capital projects	14,725,644	14,383,716
Debt service	4,046,975	3,433,067
Renewal and replacement, and operating and maintenance	16,681,400	17,033,000
Unrestricted	168,082,503	159,223,948
<b>Total net assets</b>	<u>\$ 463,417,194</u>	<u>\$ 436,149,703</u>

# Financial Statements | Fiscal Year 2008

**PORT EVERGLADES DEPARTMENT**  
of Broward County, Florida  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
For the Years Ended September 30, 2008 and 2007  
(Unaudited)

	<b>2008</b>	<b>2007</b>
<b>Operating revenues:</b>		
Vessel and cargo services, net of allowance for doubtful accounts of (\$25,257) and \$365,669, respectively	\$ 89,739,003	\$ 88,829,906
Lease of facilities	9,788,225	10,405,951
Vehicle parking	9,118,157	8,093,647
Lease termination settlement (Note L)	3,800,000	
Other	4,995,682	5,170,513
Total	117,441,067	112,500,017
<b>Operating expenses:</b>		
Personal services	19,351,036	19,992,783
General operating	53,742,315	52,118,234
Total	73,093,351	72,111,017
<b>Income from operations before depreciation</b>	44,347,716	40,389,000
<b>Depreciation</b>	20,022,400	20,185,457
<b>Income from operations</b>	24,325,316	20,203,543
<b>Non-operating revenues (expenses):</b>		
Interest income - other	6,917,857	9,645,068
Interest income - from bond proceeds	502,640	849,138
Interest expense	(13,845,019)	(14,744,041)
Gain (loss) on disposal of assets	(184,764)	34,210
Discontinued projects' costs	(15,844)	(1,571,843)
Interest rate swap termination fee (Note F)	(3,390,000)	
Other expense, net	(364,404)	(409,089)
Total	(10,379,534)	(6,196,557)
<b>Net income before capital contributions</b>	13,945,782	14,006,986
<b>Capital contributions (Note J)</b>	13,321,709	753,295
<b>Change in net assets</b>	27,267,491	14,760,281
<b>Total net assets, beginning of year</b>	436,149,703	421,389,422
<b>Total net assets, end of year</b>	\$ 463,417,194	\$ 436,149,703

See accompanying notes to financial statements.

**PORT EVERGLADES DEPARTMENT**  
of Broward County, Florida  
**Statement of Cash Flows**  
For the Years Ended September 30, 2008 and 2007  
(Unaudited)

	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 117,398,384	\$ 111,873,296
Payments to suppliers for goods and services	(53,958,275)	(51,857,341)
Payments to employees for services	(18,988,343)	(19,646,757)
<b>Net cash provided by operating activities</b>	44,451,766	40,369,198
<b>Cash flows from noncapital financing activities:</b>		
Other non-operating cash (expended) or received, net	(277,176)	(241,826)
Interest rate swap termination fee	(3,390,000)	
<b>Net cash used by noncapital financing activities</b>	(3,667,176)	(241,826)
<b>Cash flows from capital and related financing activities:</b>		
Capital contributions	7,612,287	1,135,821
Principal payments on bonds	(55,380,091)	(12,085,483)
Proceeds from issuance of bonds	43,887,216	
Interest and fiscal charges paid	(11,090,442)	(13,183,971)
Acquisitions of capital assets	(25,337,399)	(11,610,505)
Proceeds from sales of capital assets	22,780	39,368
<b>Net cash used by capital and related financing activities</b>	(40,285,649)	(35,704,770)
<b>Cash flows from investing activities:</b>		
Purchase of investments	(287,408,164)	(206,863,662)
Proceeds from sales and maturities of investments	249,819,160	141,854,381
Interest on investments	7,410,702	10,484,371
<b>Net cash used by investing activities</b>	(30,178,302)	(54,524,910)
<b>Increase (decrease) in cash and cash equivalents</b>	(29,679,361)	(50,102,308)
<b>Cash and cash equivalents, beginning of year</b>	58,404,152	108,506,460
<b>Cash and cash equivalents, end of year</b>	\$ 28,724,791	\$ 58,404,152
<b>Classified as:</b>		
Current assets	\$ 14,664,475	\$ 32,025,284
Restricted assets	14,060,316	26,378,868
Total	\$ 28,724,791	\$ 58,404,152

# Financial Statements | Fiscal Year 2008

**PORT EVERGLADES DEPARTMENT**  
of Broward County, Florida  
**Statement of Cash Flows (continued)**  
For the Years Ended September 30, 2008 and 2007  
(Unaudited)

	<u>2008</u>	<u>2007</u>
Reconciliation of income from operations to net cash provided by operating activities:		
<b>Income from operations</b>	\$ <u>24,325,316</u>	\$ <u>20,203,543</u>
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	20,022,400	20,185,457
Decrease(increase) in operating assets:		
Accounts receivable - trade	5,491,021	(546,168)
Accounts receivable - construction	(5,659,859)	
Accounts receivable - other	404,086	10,536
Due from other County funds	(489,838)	
Inventories	(548,990)	601,688
Prepaid expenses & insurance	196,826	69,219
Increase(decrease) in liabilities:		
Accounts payable	19,370	(582,909)
Salaries and benefits payable	124,828	(57,974)
Compensated absences	136,000	
Due to other governments	606,670	404,000
Due to other county funds		172,893
Security deposits	(277,929)	(91,087)
Other post employment benefits liability	<u>101,865</u>	<u>                    </u>
<b>Total adjustments</b>	<u>20,126,450</u>	<u>20,165,655</u>
<b>Net cash provided by operating activities</b>	<u>\$ 44,451,766</u>	<u>\$ 40,369,198</u>
<b>Supplemental:</b>		
Non-cash capital and related financing activities:		
Amortization of deferred charges, bond issue and discount costs	\$ 957,530	\$ 910,445
Capital appreciation of bonds	160,314	855,228
Property and equipment acquired through contractor agreements	<u>7,917,871</u>	<u>2,944,408</u>
Total	<u>\$ 9,035,715</u>	<u>\$ 4,710,081</u>

**PORT EVERGLADES DEPARTMENT**  
Broward County, Florida  
**Notes to Financial Statements**  
September 30, 2008 and 2007  
(Unaudited)

**A. Summary of Significant Accounting Policies**

Reporting Entity: Port Everglades Department (the "Port"), a department of Broward County (the "County"), formerly known as Port Everglades Authority, is located in Broward County, Florida, and was originally created in 1927 by a Special Act of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the Port Everglades Authority and transfer control to the County Commission. The Port remained independent until November 22, 1994 (hereafter known as Port Everglades Department, a department of Broward County, Florida). Chapter 91-346 (resolution 92-1734), Laws of Florida, provided for dissolution and required Broward County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by Port Everglades for port purposes; to the same extent as such revenues could have been used prior to its dissolution and transfer of its assets to Broward County.

**Basis of Presentation and Accounting:** The Port uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers for sales and services, 2) operating grants and contributions, and 3) capital grants and contributions. The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Budgetary Requirements:** State of Florida statutes require that all county governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The County Commission, after review of the tentative budgets, holds a public hearing and then adopts the annual budget. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations of the individual fund level. All appropriations for the Port, except capital outlay items, lapse at year-end.

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**A. Summary of Significant Accounting Policies (continued):**

**Cash Equivalents and Investments:** Cash equivalents consist of demand deposits with banks, investments with original maturities at time of purchase of three months or less, and equity in the County's cash management pool. Investments are carried at cost plus accrued interest as required by County policy.

In accordance with Statement No. 31 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", which is effective for fiscal years beginning after June 15, 1997, investments that mature within one year of acquisition are stated at cost plus accrued interest. Investments with a remaining maturity of more than one year at the time of purchase are carried at fair value adjusted for amortization of premiums and accretion of discounts. The fair value of investments has been determined through the bank's pricing service as established by general industry practices. Any realized gains or losses in fair value are reported in the operations of the current period. There were no realized gains or losses in fair market value at September 30, 2008 and 2007.

**Inventories:** Inventories, which include crane spare parts, fire retardant chemicals and other supplies, are recorded at the lower of cost (first-in, first-out method) or market.

**Capital Assets:** Capital assets are stated at cost or, if donated, fair market value on the date of donation. Capital assets are defined as assets with an initial individual cost of \$1,000 or more, and an estimated useful life in excess of one year. Expenditures that materially extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed. The cost of property sold or retired, together with related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in net income. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Piers	20 – 50 years
Buildings	30 – 50 years
Other improvements	10 – 30 years
Machinery and equipment	3 – 20 years
Cranes	30 years

**Capitalization of Interest Costs:** As required by Statements of Financial Accounting Standards No. 34 and No. 62, the Port has capitalized interest cost relating to construction of property and equipment. Interest cost is capitalized on projects during the construction period. The Port capitalized \$328,455 and \$109,319 of interest cost for the year ended September 30, 2008 and 2007, respectively. Interest related to the 2008 Series Subordinate Port Facilities Bonds is paid monthly. Interest related to all of the other bond issues is paid semi-annually in March and September.

**Risk Management:** The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the County's Risk Management Program, the Self-Insurance Fund for Worker's Compensation provides coverage for up to a maximum of \$2,000,000 (Self-Insured Retention Limit) for each workers compensation occurrence. In addition, the County has purchased excess coverage for losses above the \$2,000,000 self-insured retention limit.

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**A. Summary of Significant Accounting Policies (continued):**

The County (through the Self-Insurance Fund or purchased insurance program) purchases commercial insurance for group health and life, disability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port has excess port liability insurance with a \$2,000,000 self-insurance retention with a maximum limit per occurrence of \$30 million. The County is self-insured for all other general liability and auto liability exposures.

**Net Assets:** The amounts reserved for debt service, renewal and replacement, and operating and maintenance are the amounts legally required by bond indentures.

**B. Cash and Investments**

The County maintains a pool for substantially all cash and cash equivalents and investments. These balances are reflected in the financial statements as "cash and cash equivalents" or "restricted assets" as appropriate. Earnings are allocated daily to each fund based on average daily balances of cash and investments. The Port considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

**Custodial Credit Risk:** At September 30, 2008 and 2007 the carrying values of the Port's bank deposits were \$47,762,373 and \$8,584,478 and the respective bank balances were \$5,253,553 and \$297,441. All cash deposits are held in qualified public depositories pursuant to State Statutes. Under the Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories' collateral pledging level. The pledging level may range from 50% to 125% depending on the depositories' financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

**Interest Rate Risk:** In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio within the falling maturity categories:

Overnight	25%
2 – 3 days	70%
30 – 365 days	80%
366 – 547 days	30%
548 days – 5 years	15%

As of September 30, 2008, the portfolio weighted average maturity was 570 days.

**Concentration of Credit Risk:** The County places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. The County does limit the amounts that may be invested in repurchase agreements and other investments to 40% and 20% of the countywide portfolio, respectively. These investments, as of September 30, 2008, were substantially below the limits on a countywide basis.

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**B. Cash and Investments (continued):**

**Credit Risk:** Under State Statutes and County Ordinances, the County authorized investments in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund, an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions, and no types of investments during the period other than those enumerated above.

As of September 30, 2008 and 2007 the Port's deposits, cash and cash equivalents, and investments consisted of the following:

	Fair Value Amount	Market Value	Days to Maturity <sup>3</sup>
<b>2008</b>			
<b>Deposits</b>	\$ 10,687,372	\$ 10,687,373	
<b>Cash equivalents:</b>			
Money market funds:			
Fidelity Institutional Money Market Fund Class III Treasury Portfolio (Fund 696, CUSIP S99992760, Fund Symbol FISXX), 1.59 - 1.60% yield	3,487,126	3,487,126	<sup>2</sup>
Dreyfus Treasury & Agency Cash Management Fund Institutional Shares (Fund 673 Inv, CUSIP S99991980), 1.11% yield	3,858,477	3,858,477	<sup>2</sup>
	<u>7,345,603</u>	<u>7,345,603</u>	
Investments:			
Federal Home Loan Bank, due 12/02/2008, 2.40% yield	5,588,853	5,476,350	<sup>1</sup> 62
Federal Home Loan Bank, due 12/12/2008, 2.15% yield	5,102,963	5,099,375	<sup>1</sup> 72
	<u>10,691,816</u>	<u>10,575,725</u>	
<b>Investments:</b>			
Equity in pooled cash investments	37,075,000	37,075,000	
Commercial paper:			
ING Funding, due 12/22/2008, 2.86% yield	8,895,950	8,895,949	<sup>1</sup> 82
ING Funding, due 10/06/2008, 2.71% yield	12,495,295	12,495,295	<sup>1</sup> 5
	<u>21,391,245</u>	<u>21,391,244</u>	
U.S. Government agencies:			
U.S. Treasury Bills, due 02/26/2009, .90% yield	1,821,958	1,819,910	<sup>1</sup> 148
Federal Home Loan Mtg Corp, due 01/16/2009, 5.00% yield	15,144,458	15,084,375	<sup>1</sup> 107
Federal Farm Credit Bank, due 11/14/2008, 2.38% yield	6,277,701	6,280,889	<sup>1</sup> 44
Federal Home Loan Bank, due 03/18/2009, 2.41% yield	21,021,745	20,921,250	<sup>1</sup> 168
U.S. Treasury Bills, due 05/15/2009, 4.88% yield	25,806,519	25,476,563	<sup>1</sup> 226
Federal Home Loan Bank, due 02/17/2009, 2.71% yield	14,051,417	14,038,120	<sup>1</sup> 139
Federal Home Loan Bank, due 01/05/2009, 2.60% yield	7,944,533	7,940,000	<sup>1</sup> 96
Federal Home Loan Bank, due 9/23/2009, 3.25% yield	13,689,118	13,719,236	<sup>1</sup> 357
Federal Home Loan Bank, due 11/24/2008, 2.44% yield	5,768,809	5,773,209	<sup>1</sup> 54
Federal Home Loan Bank, due 10/27/2008, 2.48% yield	5,040,955	5,047,980	<sup>1</sup> 26
	<u>116,567,213</u>	<u>116,101,533</u>	
<b>Total September 30, 2008</b>	<b>\$ 203,758,249</b>	<b>\$ 203,176,479</b>	

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**PORT EVERGLADES DEPARTMENT**  
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**B. Cash and Investments (continued):**

	Fair Value Amount	Market Value	Days to Maturity <sup>3</sup>
<b>2007</b>			
<b>Deposits</b>	\$ 8,584,478	\$ 8,584,478	
<b>Cash equivalents:</b>			
Repurchase Agreements with the State Board of Administration:			
Due 10/12/2007, 5.27% current yield	4,886,414	4,886,414	<sup>1</sup> 11
Due 11/06/2007, 5.26% current yield	5,684,500	5,684,500	<sup>1</sup> 36
Due 12/06/2007, 4.21% current yield	5,655,979	5,655,979	<sup>1</sup> 66
Money market funds:			
Fidelity Institutional Money Market Fund Class III Treasury Portfolio (Fund 696, CUSIP 912795PM7, Fund Symbol FISXX), 4.13 - 4.77% yield	8,061,867	8,061,867	<sup>2</sup>
State Board of Administration, 5.77% current yield	25,530,914	25,530,914	<sup>1</sup>
	<u>49,819,674</u>	<u>49,819,674</u>	
<b>Investments:</b>			
Commercial paper:			
UBS Financial Services Inc., due 10/10/2007, 5.165% yield	27,065,007	27,065,007	<sup>1</sup> 9
Natexis US Financial, due 11/06/2007, 5.17% yield	20,891,430	20,891,430	<sup>1</sup> 36
Society General, due 12/12/2007, 5.195% yield	25,729,860	25,729,860	<sup>1</sup> 72
SwedBank, due 03/07/2008, 5.17% yield	19,545,750	19,545,750	<sup>1</sup> 158
	<u>93,232,047</u>	<u>93,232,047</u>	
U.S. Government agencies:			
U.S. Treasury Bills, due 02/28/2008, 3.80% yield	431,164	431,164	<sup>2</sup> 150
Federal Home Loan Mortgage Corp, due 05/05/2008, 4.30% yield	14,481,745	14,455,035	<sup>1</sup> 217
U.S. Treasury Note, due 09/15/2008, 3.13% yield	14,040,123	14,032,135	<sup>1</sup> 350
Federal Home Loan Mortgage Corp, due 01/16/2009, 5.00% yield	15,259,375	15,103,125	<sup>1</sup> 473
	<u>44,212,407</u>	<u>44,021,459</u>	
<b>Total September 30, 2007</b>	<b>\$ 195,848,606</b>	<b>\$ 195,857,658</b>	

<sup>1</sup> Market values are as reported by the Revenue Collection Division of Broward County.  
<sup>2</sup> Market values as reported by the Bank of New York holding the assets as Trustee for Broward County. The Fidelity money market fund is rated AAA by Standard & Poor's and Aaaby Moody's Investors Service. The Dreyfus money market fund is rated AAAm by Standard & Poor's.  
<sup>3</sup> Interest rate risk is managed on a countywide basis. Consequently, the weighted average maturity is determined and reported by Broward County on a countywide basis in the County's Comprehensive Annual Financial Report ("CAFR"). The actual days to maturity are shown in the above tables for informational purposes. Refer to the County's CAFR for required disclosures of weighted average days to maturity information.

Deposits and investments include restricted and unrestricted assets. These amounts are reconciled as follows:

	Unrestricted	Restricted	Total
Cash and cash equivalents	\$ 14,664,475	\$ 14,060,316	\$ 28,724,791
Investments	148,720,336	26,313,122	175,033,458
<b>Total September 30, 2008</b>	<b>\$ 163,384,811</b>	<b>\$ 40,373,438</b>	<b>\$ 203,758,249</b>
<b>Total September 30, 2007</b>	<b>\$ 155,005,574</b>	<b>\$ 40,843,032</b>	<b>\$ 195,848,606</b>

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**PORT EVERGLADES DEPARTMENT**  
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**C. Due from Other Governments**

At September 30, 2008 and 2007, amounts consisted of the following:

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Balance of Grant Funds Available as of September 30, 2008	Amount Due 2008	Amount Due 2007
Southport Container Yard, Phse VIII	FDOT	11/15/2005	50.00	\$7,750,000		\$ 7,750,000		
Port Security Grant - Federal	USDOT	06/07/2002	100.00	6,844,800	\$6,679,427	165,373		
High Wind Bollards	FDOT	07/31/2006	50.00	3,350,000	453,902	2,580,180	\$ 315,918	
McIntosh Road Realignment	FDOT	01/18/2007	50.00	3,128,000		3,128,000		
New Bridge over FPL Canal	FDOT	11/14/2005	42.90	2,803,250	206,309	2,590,227	6,714	
Cruise Terminal 18	FDOT	12/11/2007	50.00	2,450,000	2,322,503	0	127,497	
Midport Roadway Expansion	FDOT	06/15/2006	50.00	1,150,000	9,715	1,126,548	13,737	
People Mover	FDOT	02/05/2004	50.00	1,070,820	654,808	390,039	25,973	\$ 34,136
Midport Cranes P1 & P2 Repl.	FDOT	07/31/2006	50.00	1,050,000		1,050,000		
Port Security Grant - Federal	DHS	09/11/2007	75.00	270,000		270,000		
Port Security Grant - Federal	DHS	10/01/2007	75.00	160,290		160,290		
<b>TOTAL</b>						<b>\$ 489,838</b>	<b>\$ 34,136</b>	

\* FDOT - Florida Department of Transportation  
USDOT - United States Department of Transportation  
DHS - Department of Homeland Security

**D. Capital Assets**

Capital asset activity for the year ended September 30, 2008 was as follows:

	Balance beginning September 30, 2007	Additions	Deletions/Reclassifications	Balance ending September 30, 2008
<b>Used in operations:</b>				
Buildings, piers and other improvements	\$ 302,977,246	\$ 10,047,345	\$ (747,976)	\$ 312,276,615
Equipment	129,563,214	2,381,663	(667,692)	131,277,185
Total depreciable property	432,540,460	12,429,008	(1,415,668)	443,553,800
Less accumulated depreciation	(208,266,132)	(16,868,955)	1,206,814	(223,928,273)
Depreciable property, net	224,274,328	(4,439,947)	(208,854)	219,625,527
<b>Non-depreciable property:</b>				
Land and land improvements	56,641,001	11,272		56,652,273
Construction in progress	23,291,469	17,336,376		40,627,845
Total non-depreciable property	79,932,470	17,347,648		97,280,118
Total operating property, net	304,206,798	12,907,701	(208,854)	316,905,645
<b>Held for lease:</b>				
Buildings, piers and other improvements	88,409,978	519,674		88,929,652
Less accumulated depreciation	(48,025,023)	(3,153,445)		(51,178,468)
Depreciable leased property, net	40,384,955	(2,633,771)		37,751,184
<b>Non-depreciable leased property:</b>				
Land and land improvements	151,324,034			151,324,034
Total leased property, net	191,708,989	(2,633,771)		189,075,218
<b>Total property, net</b>	<b>\$ 495,915,787</b>	<b>\$ 10,273,930</b>	<b>\$ (208,854)</b>	<b>\$ 505,980,863</b>

**PORT EVERGLADES DEPARTMENT**  
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**D. Capital Assets (continued):**

As of September 30, 2008, major construction related contracts entered into by the Port, in excess of \$500,000, with unexpended balances, were as follows:

Contract	Contract Amount	Unexpended Balance
Terminal 18 Passenger Loading Bridges — FMT	\$ 8,181,000	\$ 5,317,650
Roof Replacements on Various Port Buildings — National Roofing	5,687,500	4,315,596
Expand Cargo Handling Facilities at Southport — Craven Thompson	2,743,547	1,528,159
Fire Apparatus — Kidie Fire Fighting	1,259,059	1,198,638
Tow Wall Improvements Study — Craven Thompson	1,811,778	1,070,920
Terminal 18 Expansion, Phase II — Bermello, Ajamil	1,999,990	853,796
Southport Berth No. 34 — Gee and Jenson/CH2M Hill	1,760,248	713,946
Billing & Harbormaster Software Upgrade — Klein Systems	1,140,500	661,490
Portwide High Wind Bollard Installation — Ebsary Foundation	2,193,561	640,827
McIntosh Loop Road Realignment — Craven Thompson	573,498	518,959
Fendering Components — Sojitz	503,675	503,675
Terminal 18 Baggage Claim Expansion — Hewett-Kier	6,222,530	407,908
Northport Parking Garage Phase III Improvements — Merkur Development	2,579,396	374,863
People Mover — Lea & Elliott	2,109,329	251,206
Roofing Systems on Various Terminals and Bldgs — Craven Thompson	712,503	231,046
Terminal 4 Expansion — CH2M Hill	533,140	192,795
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,418,268	111,847
Terminal 29 Baggage Claim Expansion — Largo Development	748,360	82,501
Energy Performance Project — Trane	4,436,520	56,048
Master Plan Update — DMJM & Harris	1,295,000	20,000
FPL Discharge Canal Bridge — EAC Consulting	1,036,987	15,360
<b>Total</b>	<b>\$ 48,946,389</b>	<b>\$ 19,067,230</b>

**E. Commercial Paper**

On September 9, 2005, the Port and the Broward County Aviation Department, in a 50/50 joint venture, purchases approximately 18.55 acres upon which to build facilities to be used for parking and baggage sorting, handling and transfer services. The port financed \$5,000,000 of its obligation through the issuance of Commercial Paper Notes under the County's commercial paper program (the "Program"). The Program is used for financing a variety of public projects. The Program is supported by a \$125,000,000 credit facility agreement and a pledge of the County's share of the Local Government Half Cent Sales Tax. Although the County's Sales Tax serves as the primary pledged revenue for the Program, the commercial paper issued for the Port will be repaid using the revenues of the Port. Under the Program, maturing commercial paper is either refunded with new commercial paper or retired from general or project related revenues, proceeds from new bond issues or proceeds from State or Federal grants.

As of September 30, 2008, the County had Sales Tax Revenue Commercial Paper Notes outstanding relative to the Port of \$5,000,000 at an interest rate 4.00%, due December 3, 2008, which is shown under Current liabilities in the accompanying Statement of Net Assets. Commercial paper activity for the year ended September 30, 2008 was as follows:

	Beginning balance September 30, 2007	Increases	Decreases	Ending balance September 30, 2008
Commercial Paper	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000

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**F. Bonds Payable**

On July 8, 2008, the County sold \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The results of the refunding are reflected in the disclosures in the following paragraphs.

The annual debt service requirements for all bonds outstanding as of September 30, 2008 are as follows:

Revenue Bonds Payable		
Year(s)	Principal	Interest
2009	\$ 12,900,000	\$ 12,231,544
2010	13,540,000	11,589,097
2011	14,220,000	10,910,994
2012	14,935,000	10,198,972
2013	15,690,000	9,441,031
2014-2018	71,080,000	35,544,403
2019-2023	56,765,000	21,304,909
2024-2028	55,785,000	6,673,433

Bonds payable activity for the year ended September 30, 2008, was as follows:

Bond Issue:	Balance beginning September 30, 2007	Additions and Appreciation	Reductions	Balance ending September 30, 2008	Due Within One Year
1989A Port Facilities, Refunding capital appreciation	\$ 2,314,685	\$ 160,406	\$ (2,475,091)	\$ -	
1989A Port Facilities, Refunding	53,185,000			53,185,000	
1998A Port Facilities, Refunding	13,065,000		(2,385,000)	10,680,000	\$ 2,495,000
1998B Port Facilities, Refunding	79,825,000			79,825,000	
1998C Port Facilities	43,795,000		(5,935,000)	37,860,000	8,735,000
1998C Port Facilities	28,645,000			28,645,000	
1998 Subordinate Port Facilities, Refunding	43,160,000		(43,160,000)	-	
2008 Subordinate Port Facilities, Refunding		46,145,000	(1,425,000)	44,720,000	1,670,000
Sub-total	<u>263,989,685</u>	<u>46,305,406</u>	<u>(55,380,091)</u>	<u>254,915,000</u>	
Less issuance discounts, plus premiums	(9,607,688)	339,515		(9,268,173)	
Total bonds payable	<u>\$ 254,381,997</u>	<u>\$ 46,644,921</u>	<u>\$ (55,380,091)</u>	<u>\$ 245,646,827</u>	<u>\$ 12,900,000</u>

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**PORT EVERGLADES DEPARTMENT**  
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**F. Bonds Payable (continued):**

Certain bond indentures contain provisions stipulating annual debt service, sinking fund and minimum net revenue requirements. In addition, certain indentures require maintenance of various accounts and specify the deposits to be made to such accounts.

The following is a summary of the major provisions and significant debt service requirements for the outstanding bonds (in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment			Optional Redemption		Original Amount Issued	Retired/Refunded	Accretion	Outstanding September 30, 2008
			Rate(%)	Dates	Year	Premium	Final Maturity Date				
1989A Port Facilities Refunding	Refunding Issue	Capital appr.	7.4 - 7.45	3-1 9-1	N/A	N/A	9-1-2010	\$ 37,875	\$ (39,747)	\$ 1,872	\$ 0
1989A Port Facilities Refunding	Refunding Issue	Term	5.0 - 7.5	3-1 9-1	N/A	N/A	9-1-2016	79,580	(26,395)		53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.4 - 4.8	3-1 9-1	2009	N/A	9-1-2012	13,195	(2,515)		10,680
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	79,825			79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	2009	N/A	9-1-2012	43,795	(5,935)		37,860
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	28,645			28,645
1998 Subordinate Port Facilities Refunding	Refunding Issue	Serial	5.003	Monthly	2009	2%	9-1-2027	49,000	(49,000)		0
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	3.642	Monthly	2009	N/A	9-1-2027	46,145	(1,425)		44,720
Total Revenue Bonds											<u>\$ 254,915</u>

During fiscal year 1998, Port Everglades Department placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of appreciation on the Capital Appreciation Term Bonds maturing on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds maturing on September 1, 2012.

The Broward County, Florida Port Facilities Revenue Bonds (Port Everglades) Refunding Bonds Series 1998A were issued to refund and defease certain of the County's outstanding Revenue Bonds. As a result of the refunding, the County increased its total debt service requirements by \$682,000, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$340,000.

PORT EVERGLADES DEPARTMENT  
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**F. Bonds Payable (continued):**

**2008 Interest Rate Swap Agreement:**

*Objective of the interest rate swap* – The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

The County terminated the previous interest rate swap agreement with AMBAC in order to remove AMBAC as the insurer on the Refunded Bonds and issue the new 2008 Bonds. The cost of the funds swap with AMBAC was terminated at a market value of \$3,390,000 payable by the County to AMBAC. The termination was funded by \$1,663,600 of cash on hand and \$1,726,400 of proceeds from the 2008 Bonds and is included as non-operating expenses in "Other expense, net" in the accompanying Statement of Revenues, Expenses and Changes in Fund Net Assets.

*Terms* – The bonds and the related swap agreement mature on September 1, 2027, and the swap's notional amount of \$46,145,000 matches the principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declines beginning in fiscal 2008. The bonds are also subject to optional redemption under certain conditions. Under the swap, the County pays the counterparty a fixed payment of 3.642% and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof, plus accrued interest, under prevailing market conditions as of the date of the determination.

*Fair value* – As of September 30, 2008, the swap had a negative fair value of \$19,000, and the swap's notional amount of \$46,145,000 matches the principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declined due to scheduled principal payments beginning in fiscal 2008. The bonds are also subject to optional redemption under certain conditions. Under the swap, the County pays the counterparty a fixed payment of 3.642% and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof, plus accrued interest, under prevailing market conditions as of the date of the determination.

*Credit risk* – As of September 30, 2008, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates changes and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

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**F. Bonds Payable (continued):**

*Basis risk* - Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." Under the swap, the County will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

*Termination risk* - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate but would become fixed-rate bonds. While this could increase the County's total debt services if at the time of termination the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

*Swap payment and associated debt* - As interest rates vary, the variable-rate interest payments and swap payments will vary. Using rates as of September 30, 2008, debt service requirements of the variable-rate bonds and the swap payments, assuming current interest rates remain the same for their term, were as follows:

Year(s)	Variable-Rate Bonds		Total
	Principal	Interest	
2009	\$ 1,670,000	\$ 1,614,586	\$ 3,284,586
2010	1,730,000	1,553,920	3,283,920
2011	1,795,000	1,491,066	3,286,066
2012	1,860,000	1,429,857	3,289,857
2013	1,930,000	1,358,281	3,288,281
2014-2018	10,760,000	5,690,403	16,450,403
2019-2023	12,880,000	3,586,409	16,466,409
2024-2028	12,095,000	1,078,933	13,173,933
Total	<u>\$ 44,720,000</u>	<u>\$ 17,803,455</u>	<u>\$ 62,523,455</u>

The interest rate swap agreement does not affect the obligation of the County under the Indenture to repay the principal and variable interest on the Series 2008 bonds. However, during the term of the swap agreement, the County effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds [presented in this note] are based on that fixed rate. The County will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination of the swap agreement may also result in the County making or receiving a termination payment.

The Series 1989A and 1998 bond covenants require that gross revenue, excluding investment income on funds in the Construction, Ad Valorem Tax, Rebate and Operating and Maintenance trust accounts will, at all times in each fiscal year, be at least equal to the sum of the following:

- a) 100% of the current expenses,
- b) 125% of the current bond principal and interest requirements,
- c) 100% of the bond reserve requirement,
- d) 100% of the required current deposits to the renewal & replacement fund.

(Continued)

# Financial Statements | Fiscal Year 2008

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**F. Bonds Payable (continued):**

Schedule of Revenues, Expenses and Debt Service Coverage  
For the Year Ended September 30, 2008  
(Dollars In Thousands)

Operating Revenues:	
Petroleum	\$ 23,620
Container	33,867
Cruise	31,489
Bulk	1,599
Breakbulk/Neobulk	1,670
Real Estate	11,878
Other	<u>13,318</u>
Subtotal	117,441
Non-Operating-Investment	6,271
Total Revenues	<u>123,712</u>
Operating Expenses	\$ 73,093
Non-Operating Expenses	<u>4,028</u>
Total Expenses	<u>77,121</u>
Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds	\$ <u>46,591</u>
Debt Service Requirements-Senior Lien Bonds	\$ 21,803
Actual Coverage	<u>2.14</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior Lien Bonds and Subordinate Bonds	\$ 25,150
Actual Coverage	<u>1.85</u>
Required Coverage	<u>1.10</u>

The 2008 Subordinate bond covenants further require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c and d below:

- a) 100% of the aggregate of current expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution) for the current Fiscal Year,
- b) 100% of the Administrative Expenses for the current Fiscal Year,
- c) 110% of the Composite Principal and Interest requirements for the current Fiscal Year, and
- d) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

All of the bonds are payable from the net revenue of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 1998 A, B, and C bonds is insured by a non-cancelable Financial Guaranty Insurance Policies issued by MBIA Insurance Corporation (MBIA.) Payment of principal and interest on the 1998 Subordinate Bonds is insured by a non-cancelable Municipal Bond Insurance Policy issued by Ambac Assurance Corporation. These bond policies unconditionally guarantee the payment of that portion of the principal and interest on the bonds that has become due for payment, but shall be unpaid by reason of nonpayment by the Port.

(Continued)

**F. Bonds Payable (continued):**

The Series 1989A, 1998, and 2008 bond covenants require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. Concurrently with the issuance of the Series 1998 bonds, MBIA issued a Debt Service Reserve Surety Bond in the amount of \$21,854,005 to meet this requirement. The reserve account requirement applicable to the 2008 Subordinate Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$3,410,502 at September 30, 2008.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability attributable to the Series 1989A, Series 1998, or Series 2008 bonds at September 30, 2008. The next rebate computation periods are August 30, 2009 for the Series 1989A, August 4, 2013 for the Series 1998, and September 30, 2009 for the Series 2008 respectively.

**Redemption of Series 2008 Bonds:**

Optional Redemption.

- (A) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year) are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.
- (B) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the conversion to a fixed rate date at 100% of the principal amount thereof, and in such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

**Defeased Bonds:** The Port has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the Port's obligation with respect to certain bond issues already outstanding. Certain proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the bond issues being refunded.

The following is a summary of the Port's defeasance transactions:

Year of Defeasance	Bond Issue Defeased	Principal Outstanding September 30, 2008
1989	Port Facilities Revenue Bonds Series 1986	\$ 55,065,000
1998	Port Facilities Refunding Bonds Series 1989A (including accretion)	19,262,810

# Financial Statements | Fiscal Year 2008

**PORT EVERGLADES DEPARTMENT**  
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**G. Leases**

The Port recognizes a significant portion of its revenue through leasing of real property.

A summary of future minimum rentals for non-cancelable leases for the next five fiscal years and in the aggregate is as follows:

Year(s)	Amount
2009	\$ 7,016,560
2010	5,498,402
2011	4,580,757
2012	3,984,307
2013	3,329,108
2014-2018	6,831,417
2019-2023	5,210,937
2024-2028	6,450,264
2029-2033	4,921,498
2034-2038	3,034,981
2039-2043	3,692,519
2044-2048	4,492,514
2049-2053	5,465,831
2054-2058	6,650,019
2059-2063	8,090,765
2064-2068	9,843,653
2069-2073	11,976,309
2074-2078	14,571,012
2079-2083	17,727,864
2084-2088	21,568,657
2089-2093	21,032,279
<b>Total</b>	<b>\$ 175,969,653</b>

**H. Pension Plan**

The County participates in the Florida Retirement System (FRS), a cost sharing, multiple-employer, Public Employment Retirement System (PERS), which covers substantially all permanent full and part-time county employees. The Port's covered payroll for employees for the year ended September 30, 2008 and 2007 was approximately \$14.5 million and \$14.9 million, respectively.

The FRS is non-contributory and is totally administered by the State of Florida. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. Benefits vest after six years of creditable service.

Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Florida Statutes.

(Continued)

**H. Pension Plan (continued):**

FRS issues an annual financial report. A copy can be obtained by sending a written request to Division of Retirement, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560

The Port's required contribution rate ranges from 9.85% and 13.12% of covered payroll based on employee risk groups. The required contribution for the Port for the year ended September 30, 2008 and 2007 was approximately \$1.0 and \$1.4 million each or 10.02% and 9.55% of covered payroll, respectively.

**I. Other Post Employment Benefits**

The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer defined benefit healthcare plan, and the benefits conform with Florida statutes, which are the legal authority for the plan. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries in their actuarial valuation calculate an offset to the cost of these benefits that is called the Employer Contribution. The Employer Contribution equals the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

	Broward County Employees
<i>Funding Policy and Annual OPEB Costs:</i>	
Required contribution rates:	
Employer	Pay-as-you-go
Plan members	None
Annual required contribution	\$4,598,826
Interest on net OPEB obligation	0
Adjustment to annual required Contribution	0
Annual OPEB cost	\$4,598,826
Contributions made	\$(1,405,675)
Increase in net OPEB obligation	\$3,193,151
Net OPEB obligation – beginning of year	0
Net OPEB obligation – end of year	\$3,193,151
Fiscal year ended	9/30/2008
Annual OPEB cost	\$4,598,826
Percentage of OPEB cost contributed	30.57%
Net OPEB obligation	\$3,193,151
<i>Funded Status and Funding Progress:</i>	
Actuarial accrued liability	\$48,754,859
Actuarial value of plan assets	0
Unfunded actuarial accrued liability	48,754,859
Funded Ratio	0.00%
Covered payroll	\$272,383,483
Unfunded actuarial accrued liability As a percentage of covered payroll	17.90%

(Continued)

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**PORT EVERGLADES DEPARTMENT**  
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**I. Other Post Employment Benefits (continued):**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plans at this time.

*Actuarial Methods and Assumptions:*

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows.

	Broward County <u>Employees</u>
Actuarial valuation date	10/1/2007
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.00%
Healthcare inflation rate	10% initial 5% ultimate

The Port's share of the net other post employment benefits liability for the year ended September 30, 2008 is \$101,865.

**J. Capital Contributions**

For the year ended September 30, 2008 and 2007, capital contributions were as follows, with details contained within Note C:

Contributor - Purposes	2008	2007
Royal Caribbean Cruises, LTD - Terminal 18 Expansion	\$ 9,117,554	
State of Florida - Cruise Terminal 18 Expansion	2,450,000	
Federal - Dredging	703,000	
State of Florida - High Wind Bollards	540,994	\$ 64,050
State of Florida - People Mover	223,012	166,810
State of Florida - FPL Discharge Canal Bridge	213,022	
Federal - Port Security Improvements	33,086	
State of Florida - Midport Roadway Expansion	23,452	
International - Organization of American States	17,589	
Broward County Sheriff's Office - Equipment		13,290
Federal - Wetlands Mitigation		17,212
State of Florida - Port Security Improvements		491,933
<b>Total capital contributions for the year ended September 30,</b>	<b>\$ 13,321,709</b>	<b>\$ 753,295</b>

(continued)

**PORT EVERGLADES DEPARTMENT**  
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**J. Capital Contributions (continued):**

Beginning in November 2009, the Port will become the home port of a new class of cruise ships which can accommodate in excess of 5,000 passengers. To accommodate ships of this size requires renovations to existing terminals. The cost of the renovations is shared by contractual agreements with the cruise ship companies. The first such agreement is with Royal Caribbean Cruises, Ltd. (RCL). The total estimated cost of renovation is \$75,200,961 of which RCL will pay up to a maximum of \$67,014,940. As of September 30, 2008, RCL's cost share was \$9,117,554 of which \$3,457,695 had been paid. The remaining balance of \$5,659,859 is shown as "Accounts Receivable-construction" in the accompanying Statement of Net Assets.

**K. Commitments and Contingencies**

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. Through efforts of PEECO and the Port, the contaminated areas have all been deemed eligible for state funded clean up by the Florida Department of Environmental Protection as an Early Detection Incentive (EDI) Site. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

Federal and state grants are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

**L. Lease Termination**

On April 29, 2008, the Board of County Commissioners approved an agreement for the phased termination of the 44.46 acres of container yard land lease with Universal Maritime Service Corporation (Universal) and Maersk, Inc. Under the terms of the termination agreement, the County received a termination payment of \$2,350,000 along with the acquisition of two buildings with a fair market value of \$1,450,000. These amounts totaling \$3,800,000 were included as "Lease termination settlement" in operating revenues in the year ended September 30, 2008 Statement of Revenues, Expenses and Changes in Fund Net Assets.



**Broward County Board of County Commissioners**

Seated, from left: Vice Mayor Ken Keechl, District 4; and Mayor Stacy Ritter, District 3. Standing, from left: Lois Wexler, District 5; John Rodstrom, Jr., District 7; Diana Wasserman-Rubin, District 8; Josephus Eggelleton, Jr., District 9; Kristin D. Jacobs, District 2; Sue Gunzburger, District 6; and, Ilene Lieberman, District 1.



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