
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2018**
- OR**
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period to**

Commission File Number 001-32505

TRANSMONTAIGNE PARTNERS LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

34-2037221
(I.R.S. Employer
Identification No.)

**Suite 3100, 1670 Broadway
Denver, Colorado 80202**
(Address, including zip code, of principal executive offices)

(303) 626-8200
(Telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Title of Each Class	Name of Each Exchange on Which Registered
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Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/> Emerging growth company <input type="checkbox"/>
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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The aggregate market value of common units held by non-affiliates of the registrant on June 30, 2018 was \$480,962,668 computed by reference to the last sale price (\$36.84 per common unit) of the registrant's common units on the New York Stock Exchange on June 30, 2018.

As of February 27, 2019, the registrant has no common units outstanding.

* The registrant is a voluntary filer of reports required to be filed by certain companies under Section 13 or 15(d) of the Securities Exchange Act of 1934 and has filed all reports that would have been required to have been filed by the registrant during the preceding 12 months had it been subject to such filing requirements during the entirety of such period.

DOCUMENTS INCORPORATED BY REFERENCE

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None.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) contains “forward-looking statements” within the meaning of federal securities laws. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. When used in this Annual Report, the words “could,” “may,” “should,” “will,” “seek,” “believe,” “expect,” “anticipate,” “intend,” “continue,” “estimate,” “plan,” “target,” “predict,” “project,” “attempt,” “is scheduled,” “likely,” “forecast,” the negatives thereof and other similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. You are cautioned not to place undue reliance on any forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” included in this Annual Report. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our ability to successfully implement our business strategy;
- competitive conditions in our industry;
- actions taken by third-party customers, producers, operators, processors and transporters;
- pending legal or environmental matters;
- costs of conducting our operations;
- our ability to complete internal growth projects on time and on budget;
- general economic conditions;
- the price of oil, natural gas, natural gas liquids and other commodities in the energy industry;
- the price and availability of financing;
- large customer defaults;
- interest rates;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results;
- effects of existing and future laws and governmental regulations;
- the effects of future litigation; and
- plans, objectives, expectations and intentions contained in this Annual Report that are not historical.

All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Part I

As used in this Annual Report, unless the context requires otherwise, references to “we,” “us,” “our,” “TransMontaigne Partners,” “the Partnership,” or “the Company” are intended to mean, prior to the Take-Private Transaction (defined below), TransMontaigne Partners L.P., and following the Take-Private Transaction, TransMontaigne Partners LLC, and our wholly owned and controlled operating subsidiaries. References to “TransMontaigne GP” or “our general partner” are intended, prior to the Take-Private Transaction, to mean TransMontaigne GP L.L.C., our general partner prior to the Take-Private Transaction. References to “ArcLight” are intended to mean ArcLight Energy Partners Fund VI, L.P., its affiliates and subsidiaries other than TransMontaigne GP, us and our subsidiaries.

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

On February 26, 2019, an affiliate of ArcLight completed its previously announced acquisition of all of the Partnership’s outstanding publicly traded common units not already held by ArcLight and its affiliates by way of our merger (the “Merger”) with a wholly owned subsidiary of TLP Finance Holdings, LLC (“TLP Finance”), an indirect controlled subsidiary of ArcLight. At the effective time of the Merger, each of the Partnership’s general partner units issued and outstanding immediately prior to the acquisition effective time was converted into (i)(a) one Partnership common unit, and (i)(b) in aggregate, a non-economic general partner interest in the Partnership, (ii) each of the Partnership’s incentive distribution rights issued and outstanding immediately prior to the acquisition effective time was converted into 100 Partnership common units, (iii) our general partner distributed its common units in the Partnership (the “Transferred GP Units”) to TLP Acquisition Holdings, LLC, a Delaware limited liability company (“TLP Holdings”), and TLP Holdings contributed the Transferred GP Units to TLP Finance, (iv) the Partnership converted into the Company (a Delaware limited liability company) pursuant to Section 17-219 of the Delaware Limited Partnership Act and changed its name to “TransMontaigne Partners LLC”, and all of our common units owned by TLP Finance were converted into limited liability company interests, (v) the non-economic interest in the Company owned by our general partner was automatically cancelled and ceased to exist and our general partner merged with and into the Company with the Company surviving, and (vi) the Company became 100% owned by TLP Finance (the transactions described in the foregoing clauses (i) through (iv), collectively with the Merger, the “Take-Private Transaction”).

As a result of the Take-Private Transaction, our common units ceased to be publicly traded, and our common units are no longer listed on the New York Stock Exchange (“NYSE”). Our currently outstanding 6.125% senior unsecured notes due in 2026 remain outstanding, and the Company is voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in those notes.

Overview

We are a terminaling and transportation company with assets and operations in the United States along the Gulf Coast, in the Midwest, in Houston and Brownsville, Texas, along the Mississippi and Ohio Rivers, in the Southeast and on the West Coast. We provide integrated terminaling, storage, transportation and related services for customers engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt. We do not purchase or market products that we handle or transport. Therefore, we do not have direct exposure to changes in commodity prices, except for the value of refined product gains and losses arising from terminaling services agreements with certain customers, which accounts for a small portion of our revenue.

We use our owned and operated terminaling facilities to, among other things: receive refined products from the pipeline, ship, barge or railcar making delivery on behalf of our customers and transfer those refined products to the tanks located at our terminals; store the refined products in our tanks for our customers; monitor the volume of the refined products stored in our tanks; distribute the refined products out of our terminals in vessels, railcars or truckloads using truck racks and other distribution equipment located at our terminals, including pipelines; heat residual fuel oils and asphalt stored in our tanks; and provide other ancillary services related to the throughput process.

Recent Developments

Take-Private Transaction. On February 26, 2019, we completed our Take-Private Transaction.

Expansion of our Brownsville operations. The Frontera joint venture waived its right of first refusal to participate in our previously announced Brownsville terminal expansion. Accordingly, our Brownsville expansion project will be 100% constructed and owned by the Company. The project, which is underpinned by new long-term agreements, includes the construction of approximately 630,000 barrels of additional liquids storage capacity and the conversion of our Diamondback Pipeline to transport diesel and gasoline to the U.S./Mexico border. The Diamondback Pipeline is comprised of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border, as well as a 6" pipeline, which runs parallel to the 8" pipeline, that has been idle and can be used to transport additional refined products. We expect the first tanks of the additional liquids storage capacity under construction to be placed into commercial service during the first quarter of 2019. We expect to recommission the Diamondback Pipeline and resume operations on both the 8" pipeline and the previously idle 6" pipeline by the end of 2019, with the remaining additional liquids storage capacity being placed into commercial service at the same time. The anticipated aggregate cost of the terminal expansion and pipeline recommissioning is estimated to be approximately \$55 million.

Expansion of our Collins terminal. Our Collins, Mississippi terminal complex is strategically located for the bulk storage market and is the only independent terminal capable of receiving from, delivering to, and transferring refined petroleum products between the Colonial and Plantation pipeline systems. We continue to implement the design and construction of approximately 870,000 barrels of new storage capacity supported by the execution of a new long-term, fee-based terminaling services agreement with a third party customer, which constitutes the beginning of a Phase II buildout. To facilitate our further expansion of tankage at our Collins terminal, we also entered into an agreement with Colonial Pipeline Company for significant improvements to the Colonial Pipeline receipt and delivery manifolds and our related receipt and delivery facilities. The improvements will result in significant increased flexibility for our Collins terminal customers including the simultaneous receipt and delivery of gasoline from and to Colonial's Line 1 at full line rates including the ability to receive and deliver segregated batches at these rates; a dedicated and segregated line for the receipt and delivery of distillates from and to Colonial's Line 2; and a dedicated and segregated line for the receipt and delivery of jet fuel from and to Colonial's Line 2. The anticipated cost of the approximately 870,000 barrels of new storage capacity and our share of the improvements to the pipeline connections is approximately \$55 million, with expected annual cash returns in the low-teens. We are currently in active discussions with several other existing and prospective customers regarding additional future capacity at our Collins terminal. We expect the first of the new tanks to come online in the first quarter of 2019 and the Colonial Pipeline Company improvements to come online in the second quarter of 2019.

Expansion of our West Coast terminals. On December 15, 2017, we acquired the West Coast terminals from a third party for a total purchase price of approximately \$276.8 million. The West Coast terminals consist of two waterborne refined product and crude oil terminals located in the San Francisco Bay Area refining complex with a total of 64 storage tanks with approximately 5 million barrels of active storage capacity. The West Coast terminals have access to domestic and international crude oil and refined products markets through marine, pipeline, truck and rail logistics capabilities.

Pursuant to a new long-term terminaling services agreement, we have begun the construction of an additional 125,000 barrels of storage capacity at our Richmond West Coast terminal. The cost of constructing this new capacity is expected to be approximately \$8 million. We are also pursuing other high-return investment opportunities similar to this at these terminals. The first of the new tanks began to come online in the fourth quarter of 2018.

Our Assets and Operations

Our terminals are located in six geographic regions, which we refer to as our Gulf Coast, Midwest, Brownsville, River, Southeast and West Coast terminals. In addition, we have unconsolidated investments in BOSTCO and Frontera (each defined below). The locations and approximate aggregate active storage capacity at our owned and joint venture terminal facilities as of December 31, 2018 are as follows:

	Active storage capacity (shell bbls)
Our Terminals by Region:	
Gulf Coast Terminals:	
Port Everglades North (Fort Lauderdale), FL	2,487,000
Port Everglades South (Fort Lauderdale), FL (1)	376,000
Jacksonville, FL	271,000
Cape Canaveral, FL	724,000
Port Manatee, FL	1,293,000
Pensacola, FL	270,000
Fisher Island (Miami), FL	673,000
Tampa, FL	760,000
Gulf Coast Total	6,854,000
Midwest Terminals:	
Rogers, AR and Mount Vernon, MO (aggregate amounts)	420,000
Cushing, OK	1,005,000
Oklahoma City, OK	158,000
Midwest Total	1,583,000
Brownsville Terminal	840,000
River Terminals:	
Arkansas City, AR	446,000
Evansville, IN	245,000
New Albany, IN	201,000
Greater Cincinnati, KY	189,000
Henderson, KY	170,000
Louisville, KY	183,000
Owensboro, KY	154,000
Paducah, KY	322,000
Baton Rouge, LA (Dock)	—
Greenville, MS (Clay Street)	350,000
Greenville, MS (Industrial Road)	56,000
Cape Girardeau, MO	140,000
East Liverpool, OH	228,000
River Total	2,684,000

	Active storage capacity (shell bbls)
Southeast Terminals:	
Albany, GA	203,000
Americus, GA	98,000
Athens, GA	203,000
Bainbridge, GA	367,000
Belton, SC	—
Birmingham, AL	178,000
Charlotte, NC	121,000
Collins/Purvis, MS (Collins, bulk storage)	5,410,000
Collins, MS (Collins Rack)	200,000
Doraville, GA	438,000
Fairfax, VA	513,000
Greensboro, NC	479,000
Griffin, GA	107,000
Lookout Mountain, GA	219,000
Macon, GA	174,000
Meridian, MS	139,000
Montvale, VA	503,000
Norfolk, VA	1,336,000
Richmond, VA	448,000
Rome, GA	152,000
Selma, NC	529,000
Spartanburg, SC	166,000
Southeast Total	11,983,000
West Coast Terminals:	
Martinez, CA	4,754,000
Richmond, CA	561,000
West Coast Total	5,315,000
Our Joint Ventures Terminals:	
Frontera Joint Venture Terminal (2)	1,656,000
BOSTCO Joint Venture Terminal (3)	7,080,000
TOTAL CAPACITY	37,995,000

- (1) Reflects our ownership interest net of a major oil company's ownership interest in certain tank capacity.
- (2) Reflects the total active storage capacity of Frontera Brownsville LLC ("Frontera"), of which we have a 50% ownership interest.
- (3) Reflects the total active storage capacity of Battleground Oil Specialty Terminal Company LLC ("BOSTCO"), of which we have a 42.5%, general voting, Class A Member interest.

Gulf Coast Operations. Our Gulf Coast terminals consist of eight refined product terminals and is the largest terminal network in Florida. These terminals have approximately 6.9 million barrels of aggregate active storage capacity in ports including Port Everglades, Miami and Cape Canaveral, which are among the busiest cruise ship ports in the nation. At our Gulf Coast terminals, we handle refined products and crude oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and crude oil. Our Gulf Coast terminals receive refined products from vessels on behalf of our customers. In addition, our Jacksonville terminal also receives asphalt by rail, and our Port Everglades (North) terminal also receives product by truck. We distribute by truck or barge at all of our Gulf Coast terminals. In addition, we distribute products by pipeline at our Port Everglades and Tampa terminals. A major oil company retains an ownership interest, ranging from 25% to 50%, in specific tank capacity at our Port Everglades (South) terminal. We manage and operate the Port Everglades (South) terminal, and we are reimbursed by the major oil company for its proportionate share of our operating and maintenance costs.

Midwest Terminals and Pipeline Operations. In Missouri and Arkansas, we own and operate the Razorback pipeline and terminals in Mount Vernon, Missouri, at the origin of the pipeline and in Rogers, Arkansas, at the terminus of the pipeline. We refer to these two terminals collectively as the Razorback terminals. The Razorback pipeline is a 67-mile, 8-inch diameter interstate common carrier pipeline that transports light refined product from our terminal at Mount Vernon, where it is interconnected with a pipeline system owned by a third party, to our terminal at Rogers. The Razorback pipeline has a capacity of approximately 30,000 barrels per day. The Razorback terminals have approximately 0.4 million barrels of aggregate active storage capacity. Our Rogers facility is the only refined products terminal located in Northwest Arkansas.

We also own and operate a terminal facility in Oklahoma City, Oklahoma with approximately 0.2 million barrels of aggregate active storage capacity. Our Oklahoma City terminal receives gasolines and diesel fuels from a pipeline system owned by a third party for delivery via our truck rack for redistribution to locations throughout the Oklahoma City region.

We leased a portion of land in Cushing, Oklahoma and constructed storage tanks and associated infrastructure on the property for the receipt of crude oil by truck and pipeline, the blending of crude oil and the storage of approximately 1.0 million barrels of crude oil.

Brownsville, Texas Operations. We own and operate a refined product terminal with approximately 0.8 million barrels of aggregate active storage capacity and related ancillary facilities in Brownsville independent of the Frontera joint venture, as well as the Diamondback pipeline which handles liquid product movements between south Texas and Mexico. At our Brownsville terminal we handle refined petroleum products, chemicals, vegetable oils, naphtha, wax and propane on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and natural gas liquids. Our Brownsville facilities receive refined products on behalf of our customers from vessels, by truck or railcar.

The Diamondback pipeline consists of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border and a 6" pipeline, which runs parallel to the 8" pipeline that can be used by us in the future to transport additional refined products to Matamoros, Mexico. The 8" pipeline has a capacity of approximately 20,000 barrels per day. The 6" pipeline has a capacity of approximately 12,000 barrels per day. Operations on the Diamondback pipeline were shut down in the first quarter of 2018; however, we expect to recommission the Diamondback pipeline and resume operations by the end of 2019.

The customers we serve at our Brownsville terminal facilities consist principally of wholesale and retail marketers of refined products and industrial and commercial end-users of refined products, waxes and industrial chemicals.

In 2018 and prior thereto, we also operated and maintained the United States portion of a 174-mile refined products pipeline owned by a third party. This pipeline connects our Brownsville terminal complex to a pipeline in Mexico that delivers to a third party terminal located in Reynosa, Mexico and terminates at the third party's refinery, located in Cadereyta, Nuevo Leon, Mexico, a suburb of the large industrial city of Monterrey. The pipeline transports refined products. We operated and managed the 18-mile portion of the pipeline located in the United States for a fee that was based on the average daily volume handled during the month. Additionally, we were reimbursed for non-routine maintenance expenses based on the actual costs plus a fee based on a fixed percentage of the expense. Our services for this pipeline terminated on August 23, 2018, and a third party has taken operatorship of the pipeline.

River Operations. Our River terminals are composed of 12 refined product terminals located along the Mississippi and Ohio Rivers with approximately 2.7 million barrels of aggregate active storage capacity. Our River operations also include a dock facility in Baton Rouge, Louisiana, which is the only direct waterborne connection between the Colonial pipeline and Mississippi River waterborne transportation. At our River terminals, we handle gasolines, diesel fuels, heating oil, chemicals and fertilizers on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and industrial and commercial end-users. Our River terminals receive products from vessels and barges on behalf of our customers and distribute products primarily to trucks and barges.

Southeast Operations. Our Southeast terminals consist of 22 refined product terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina and Virginia with an aggregate active storage capacity of approximately 12.0 million barrels. At our Southeast terminals, we handle gasolines, diesel fuels, ethanol, biodiesel, jet fuel and heating oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. Our Southeast terminals primarily receive products from the Plantation and Colonial pipelines on behalf of our customers and distribute products primarily to trucks with the exception of the Collins bulk storage terminal. The Collins terminal, currently going through expansion, is the only independent terminal capable of storing and redelivering product to, from and between the Colonial and Plantation pipelines.

West Coast Operations. Our West Coast terminals consist of two refined product terminals with approximately 5.3 million barrels of aggregate active storage capacity. The terminals are strategically located in close proximity to three San Francisco Bay refineries and the origin of the North California products pipeline distribution system. At our West Coast terminals, we handle crude oil, gasoline, diesel, jet fuel, gasoline blend stocks, fuel oil, Avgas and ethanol on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. Our West Coast terminals primarily receive products from vessels, pipeline and rail facilities on behalf of our customers and distribute products primarily via vessel, pipeline, truck and rail facilities. We acquired the West Coast terminals in December 2017.

Investment in Frontera. On April 1, 2011, we contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the Frontera joint venture, in exchange for a cash payment of approximately \$25.6 million and a 50% ownership interest in the Frontera joint venture. An affiliate of PEMEX, Mexico's state owned petroleum company, acquired the remaining 50% ownership interest in Frontera for a cash payment of approximately \$25.6 million. We operate the Frontera assets under an operations and reimbursement agreement between us and Frontera. Frontera has approximately 1.7 million barrels of aggregate active storage capacity. Our 50% ownership interest does not allow us to control Frontera, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Frontera under the equity method of accounting.

Investment in BOSTCO. On December 20, 2012, we acquired a 42.5% Class A ownership interest in BOSTCO from Kinder Morgan Battleground Oil, LLC, a wholly owned subsidiary of Kinder Morgan. BOSTCO is a terminal facility on the Houston Ship Channel designed to handle residual fuel, feedstocks, distillates and other black oils. The initial phase of BOSTCO involved the construction of 51 storage tanks with approximately 6.2 million barrels of storage capacity. The BOSTCO facility began initial commercial operation in the fourth quarter of 2013. Completion of the full 6.2 million barrels of storage capacity and related infrastructure occurred in the second quarter of 2014.

In the second quarter of 2013 work began on a 900,000 barrel expansion that was placed into service at the end of the third quarter of 2014. The expansion included six, 150,000 barrel, ultra-low sulphur diesel tanks, additional pipeline and deep water vessel dock access and high-speed loading at a rate of 25,000 barrels per hour. With the addition of this expansion project, BOSTCO has fully subscribed capacity of approximately 7.1 million barrels at an overall construction cost of approximately \$539 million. Our total payments for the initial and the expansion projects were approximately \$237 million. We have primarily funded our payments for BOSTCO by utilizing borrowings under our revolving credit facility.

Our investment in BOSTCO entitles us to appoint a member to the Board of Managers of BOSTCO, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, BOSTCO's business. Kinder Morgan is responsible for managing BOSTCO's day-to-day operations. Our 42.5% Class A ownership interest does not allow us to control BOSTCO, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in BOSTCO under the equity method of accounting.

Our Services and Revenue Streams

We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. The fees we charge and our other sources of revenue are composed of:

- **Terminaling services fees.** Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volume of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "ancillary." In addition, "ancillary" revenue also includes fees received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.
- **Pipeline transportation fees.** We earn pipeline transportation fees at our Diamondback pipeline either based on the volume of product transported or under capacity reservation agreements. Revenue associated with the capacity reservation is recognized ratably over the respective term, regardless of whether the capacity is actually utilized. We earn pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who has contracted for 100% of our Razorback system.
- **Management fees and reimbursed costs.** We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We lease land under operating leases and thereafter receive a fee as the lessor or sublessor from third parties and, in certain cases, our affiliates. We also managed and operated for an affiliate of PEMEX, Mexico's state-owned petroleum company, a products pipeline connected to our Brownsville terminal facility and received a management fee through August 23, 2018.

Further detail regarding our financial information can be found under Item 8. "Financial Statements and Supplementary Data" of this Annual Report.

Business Strategies

Generate stable cash flows through the use of long-term contracts with our customers. We intend to continue to generate stable and predictable cash flows by capitalizing on our high quality, well positioned and geographically diverse asset base, which is critical infrastructure for our customers. In addition, we seek to continue to enhance the stability of our business by focusing on our highly contracted assets, long-term relationships with high quality customers, fee-based cash flows and multi-year minimum revenue commitments. We generate revenue from customers who pay us fees based on the volume of terminal capacity contracted for, volume of refined products throughput at our terminals or volume of refined products transported in our pipelines.

Attract additional volumes to our systems. We intend to attract new volumes of refined products, crude oil and specialty chemicals to our systems and terminals from existing and new customers by leveraging our asset base,

continuing to provide superior customer service and through aggressively marketing our services to additional customers in our areas of operation. We have available capacity at certain terminal locations; as a result, we can accommodate additional volumes at a minimal incremental cost.

Capitalize on organic growth opportunities associated with our existing assets. We continually seek to identify and evaluate economically attractive organic expansion and asset enhancement opportunities that leverage our existing asset footprint and strategic relationships with our customers. We intend to focus on projects that can be completed at a relatively low cost and that have potential for attractive returns. For example at our Collins terminal, we continue to implement the design and construction of 870,000 barrels of new storage capacity supported by the execution of a new long-term, fee-based terminaling services agreement with a third party customer, which constitutes the beginning of a Phase II expansion. 870,000 barrels entered into service in the first quarter of 2019. To facilitate our further expansion of tankage at Collins, we also entered into an agreement with Colonial Pipeline Company for significant improvements to the Colonial Pipeline receipt and delivery manifolds and our related receipt and delivery facilities. The improvements will result in significant increased flexibility for our Collins customers including the simultaneous receipt and delivery of gasoline from and to Colonial's Line 1 at full line rates including the ability to receive and deliver segregated batches at these rates; a dedicated and segregated line for the receipt and delivery of distillates from and to Colonial's Line 2; and a dedicated and segregated line for the receipt and delivery of jet fuel from and to Colonial's Line 2. The anticipated cost of the approximately 870,000 barrels of new storage capacity and our share of the improvements to the pipeline connections is approximately \$55 million, with expected annual cash returns in the low-teens. We are currently in active discussions with several other existing and prospective customers regarding additional future capacity at our Collins terminal.

In addition our Brownsville terminal expansion project, which is underpinned by new long-term agreements, includes the construction of approximately 630,000 barrels of additional liquids storage capacity and the conversion of our Diamondback Pipeline to transport diesel and gasoline to the U.S./Mexico border. The Diamondback Pipeline is comprised of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border, as well as a 6" pipeline, which runs parallel to the 8" pipeline, that has been idle and can be used to transport additional refined products. We expect the first tanks of the additional liquids storage capacity under construction to be placed into commercial service during the first quarter of 2019. We expect to recommission the Diamondback Pipeline and resume operations on both the 8" pipeline and the previously idle 6" pipeline by the end of 2019, with the remaining additional liquids storage capacity being placed into commercial service at the same time. The anticipated aggregate cost of the terminal expansion and pipeline recommissioning is estimated to be approximately \$55 million.

Pursue strategic and accretive acquisitions, including acquisitions from ArcLight and its affiliates in drop down transactions. We plan to pursue accretive acquisitions of high quality, critical energy infrastructure assets, including drop down transactions from ArcLight, an affiliate of which, following the Take-Private Transaction is our sole equity-holder, and its affiliates, that are complementary to our existing asset base or that provide attractive returns in new operating regions or business lines. We will pursue acquisitions in our areas of operation that we believe will allow us to realize operational efficiencies by capitalizing on our existing infrastructure, personnel and customer relationships. We will also seek acquisitions in new geographic areas or new but related business lines to the extent that we believe we can utilize our operational expertise to enhance our business with these acquisitions.

Maintain a disciplined financial policy. We will continue to pursue a disciplined financial policy by maintaining a prudent capital structure, managing our exposure to interest rate risk and conservatively managing our cash reserves. We believe this conservative capital structure will allow us to consider attractive growth projects and acquisitions even in challenging commodity price or capital market environments.

Competitive Strengths

We believe that we are well positioned to successfully execute our business strategies using the following competitive strengths:

Our long-term relationships with our high-quality, creditworthy customers provide us with stable cash flows. We have strong relationships with high-quality, creditworthy counterparties. Our highly contracted assets are generally utilized by long tenured customers and have high contract renewal rates. Our actual revenue for a given year is higher than our contractual commitments because certain of our terminaling services agreements with customers do not contain minimum revenue commitments and because our customers often use other ancillary services in addition to the services covered by the minimum revenue commitments. We believe that the fee-based nature of our business, our minimum revenue commitments from our customers, the long-term nature of our contracts with many of our customers and our lack of material direct exposure to changes in commodity prices (except for the value of refined product gains and losses arising from terminaling services agreements with certain customers) will provide us with stable cash flows.

We have a high quality, well positioned and diversified asset base. We believe that our substantial and geographically diverse asset base will provide us with stable cash flows. Our terminals and truck loading racks with blending capabilities have substantial connectivity to major liquids pipelines in the Northeast, Southeast, Gulf Coast, Midwest and West Coast regions and provide critical services to our customers. We have high utilization of our existing storage capacity, which enables us to focus on expanding our terminal capacity and acquiring additional terminal capacity for our current and future customers.

We have minimal direct commodity price risk. Our highly contracted terminaling and transportation asset base mitigates volatility in our cash flows by limiting our direct exposure to commodity prices. Our throughput and related services fees in these businesses primarily provide us with fee-based cash flows and multi-year minimum revenue commitments. For the year ended December 31, 2018, 75% of our revenue was generated from firmly committed fee-based contracts pursuant to our terminaling service fees and the remaining 25% of our revenue was generated from ratable revenue sources.

Our Relationship with ArcLight and its Affiliates

Following the Take-Private Transaction, which closed on February 26, 2019, we are wholly owned by TLP Finance, an indirect controlled subsidiary of ArcLight. ArcLight is a private equity firm focused on North American and Western European energy assets. Since its establishment in 2001, ArcLight has invested over \$19 billion across multiple energy cycles in more than 100 investments. Headquartered in Boston, MA with an additional office in Luxembourg, the firm's investment team brings extensive energy expertise, industry relationships and specialized value creation capabilities to its portfolio. ArcLight controls our sole equity-holder and has a proven track record of investments across the energy industry value chain. ArcLight bases its investments on fundamental asset values and execution of defined growth strategies with a focus on cash flow generating assets and service companies with conservative capital structures.

ArcLight initially acquired its 100% interest in our general partner from NGL Energy Partners LP, or NGL, on February 1, 2016. That transaction did not involve any acquisition of any of the Partnership's common units that were held by the public, but ArcLight separately acquired approximately 3.2 million of our common units from NGL on April 1, 2016. As a result of these acquisitions, ArcLight's ownership in us consisted of 100% of our general partner interest and incentive distribution rights and approximately 19.2% of our common units prior to the Take-Private Transaction.

Competition

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling and transportation services on a more competitive basis. We compete with national, regional and local terminal and transportation companies, including the major integrated oil companies, of widely varying sizes, financial resources and levels of experience. These competitors include BP p.l.c., Buckeye Partners, L.P., Chevron U.S.A. Inc., CITGO Petroleum Corporation, Exxon Mobil Oil Corporation, HollyFrontier Corporation and its affiliate Holly Energy Partners, L.P., Kinder Morgan, Inc., Magellan Midstream Partners, L.P., Marathon Petroleum Corporation and its affiliate MPLX LP, Motiva Enterprises LLC, Murphy Oil Corporation, NuStar Energy L.P., Phillips 66 and its

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affiliate Phillips 66 Partners LP, Sunoco, Inc. and its affiliate Sunoco Logistics Partners L.P., and terminals in the Caribbean. In particular, our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than we are and have greater financial resources, and control substantially greater storage capacity, than we do;
- the perception that another company can provide better service; and
- the availability of alternative supply points, or supply points located closer to our customers' operations.

We also compete with national, regional and local terminal and transportation companies for acquisition and expansion opportunities. Some of these competitors are substantially larger than us and have greater financial resources and lower costs of capital than we do.

Significant Customer Relationships

We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. We have several significant customer relationships that made up 86% of the total revenue for the year ended December 31, 2018. These relationships include: NGL Energy Partners LP, Castleton Commodities International LLC, RaceTrac Petroleum Inc., Glencore Ltd., Musket Corporation, BP, Associated Asphalt, Magellan Pipeline Company, L.P., United States Government, Valero Marketing and Supply Company, PMI Trading Ltd., Exxon Mobil Oil Corporation, World Fuel Services Corporation, Chevron Corporation, Shell and Andeavor.

Industry Overview

Refined product terminaling and transportation companies, such as TransMontaigne Partners, receive, store, blend, treat and distribute foreign and domestic cargoes to and from oil refineries, wholesalers, retailers and ultimate end-users around the country. The substantial majority of the petroleum refining that occurs in the United States is concentrated in the Gulf Coast region, which necessitates the transportation of this domestic product to other areas, such as the East Coast, Florida, Southeast and Midwest regions of the country. Recently, an increased amount of domestic crude oil is being extracted throughout unconventional shale formations (i.e. Bakken, Eagle Ford, Utica, etc.). These shale formations are generally located in areas that are highly constrained in storage and transportation infrastructure; thereby offering the prospect of new growth and development for terminaling and transportation companies such as TransMontaigne Partners.

Refining. The storage and handling services of feedstocks or crude oil used in the refining process are generally handled by terminaling and transportation companies such as TransMontaigne Partners. United States based refineries refine multiple grades of feedstock or crude oil into various light refined products and heavy refined products. Light refined products include gasoline and diesel fuel, as well as propane, butane, heating oils and jet fuels. Heavy refined products include residual fuel oils for consumption in ships and power plants and asphalt. Refined products of specific grade and characteristics are substantially identical in composition from one refinery to another and are referred to as being "fungible." The refined products are initially staged at the refinery, and then shipped out either in large "batches" via pipeline or vessel or by individual truck-loads. The refineries owned by major oil companies then schedule for delivery some of their refined product output to satisfy their own retail delivery obligations, for example, at branded gasoline stations, and sell the remainder of their refined product output to independent marketing and distribution companies or traders for resale.

Transportation. Before an independent distribution and marketing company distributes refined petroleum products into wholesale markets, it must first schedule that product for shipment by tankers, barges, railcars or on common carrier pipelines to a liquid bulk terminal.

Refined product is transported to marine terminals, such as our Gulf Coast terminals and Baton Rouge, Louisiana dock facility, by vessels or barges. Because there are economies of scale in transporting products by vessel,

marine terminals with larger storage capacities for various commodities have the ability to offer their customers lower per-barrel freight costs to a greater extent than do terminals with smaller storage capacities.

Refined product reaches inland terminals, such as our Southeast and Midwest terminals, primarily by common carrier pipelines. Common carrier pipelines are pipelines with published tariffs that are regulated by the FERC or state authorities. These pipelines ship fungible refined products in multiple cycles of large batches, with each batch generally consisting of product owned by several different companies. As a batch of product is shipped on a pipeline, each terminal operator along the way draws the volume of product that is scheduled for that facility as the batch passes in the pipeline. Consequently, each terminal operator must monitor the type of product in the common carrier pipeline to determine when to draw product scheduled for delivery to that terminal. In addition, both the common carrier pipeline and the terminal operator monitor the volume of product drawn to ensure that the amount scheduled for delivery at that location is actually received.

At both inland and marine terminals, the various products are stored in tanks on behalf of our customers.

Delivery. Most terminals have a tanker truck loading facility commonly referred to as a “rack.” Often, commercial and industrial end-users and independent retailers rely on independent trucking companies to pick up product at the rack and transport it to the end-user or retailer at its specified location. Each truck holds an aggregate of approximately 8,000 gallons (approximately 190 barrels) of various refined products in different compartments. To initiate the loading of product, the driver uses an access control card that identifies the customer purchasing the refined product, the carrier and the driver as well as the type or grade of refined products to be pumped into the truck. A computerized system electronically reviews the credentials of the carrier, including insurance and certain mandated certifications, and confirms the customer is within product allocation or credit limits. When all conditions are verified as being current and correct, the system authorizes the delivery of the refined product to the truck. As refined product is being loaded into the truck, ethanol, biodiesel or additives are injected to conform to government specifications and individual customer requirements. As part of the Renewable Fuel Standard Act, ethanol and biodiesel are often blended with the refined product across the rack to create a certain “spec” of saleable product. Additionally, if a truck is loading gasoline for retail sale by an independent gasoline station, generic additives will be added to the gasoline as it is loaded into the truck. If the gasoline is for delivery to a branded retail gasoline station, the proprietary additive compound of that particular retailer will be added to the gasoline as it is loaded. The type and amount of additive are electronically and mechanically controlled by equipment located at the truck loading rack. Generally one to two gallons of additive are injected into an 8,000 gallon truckload of gasoline.

At marine terminals, the refined product stored in tanks may be delivered to tanker trucks over a rack in the same manner as at an inland terminal or be delivered onto large ships, ocean-going barges, or inland barges for delivery to various distribution points around the world. In addition, cruise ships and other vessels are fueled through a process known as “bunkering”, either at the dock, through a pipeline, or by truck or barge. Cruise ships typically purchase approximately 6,000 to 8,000 barrels, the equivalent of up to 42 tanker truckloads, of bunker fuel per refueling. Bunker fuel is a mixture of residual fuel oil and diesel fuel. Each large vessel generally requires its own mixture of bunker fuel to match the distinct characteristics of that ship’s engines and turbines. Because the mixture for each ship requires precision to mix and deliver, cruise ships often prefer to obtain their fuel from experienced terminaling companies such as TransMontaigne Partners.

Terminals and Pipeline Control Operations

The pipelines we own or operate are operated via wireless, radio and frame relay communication systems from a central control room located in Atlanta, Georgia. We also monitor activity at our terminals from this control room.

The control center operates with Supervisory Control and Data Acquisition, or SCADA, systems. Our control center is equipped with computer systems designed to continuously monitor operational data, including refined product throughput, flow rates and pressures. In addition, the control center monitors alarms and throughput balances. The control center operates remote pumps, motors and valves associated with the receipt of refined products. The computer systems are designed to enhance leak-detection capabilities, sound automatic alarms if operational conditions outside of pre-established parameters occur and provide for remote-controlled shutdown of pump stations on the pipeline. Pump

stations and meter-measurement points on the pipeline are linked by high speed communication systems for remote monitoring and control. In addition, our Collins, Mississippi facility contains full back-up/redundant disaster recovery systems covering all of our SCADA systems.

Safety and Maintenance

We perform preventive and normal maintenance on the pipeline and terminal systems we operate or own and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of the pipeline and terminal tanks we operate or own as required by code or regulation. External coatings and impressed current cathodic protection systems are used to protect against external corrosion. We conduct all cathodic protection work in accordance with National Association of Corrosion Engineers standards. We continually monitor, test, and record the effectiveness of these corrosion-inhibiting systems.

We monitor the structural integrity of all of our Department of Transportation, or DOT, regulated pipeline systems. These pipeline systems include the 67-mile Razorback pipeline; a 37-mile pipeline, known as the "Pinebelt pipeline," located in Covington County, Mississippi that transports refined petroleum liquids between our Collins and Purvis bulk storage terminal facilities; a one-mile diesel fuel pipeline, known as the Bellemeade pipeline, owned by and operated for Dominion Virginia Power Corp. in Richmond, Virginia; the Diamondback pipeline; and, until August 23, 2018, an approximately 18-mile, refined petroleum liquids pipeline in Texas, known as the "MB pipeline," that we operated and maintained on behalf of PMI Services North America, Inc., an affiliate of PEMEX, which a third party has since taken operatorship. The maintenance of structural integrity includes a program of integrity management that conforms to Federal and State regulations and follows industry periodic inspection and testing guidelines. Beginning in 2002, the DOT required internal inspections or other integrity testing of all DOT-regulated crude oil and refined product pipelines that affect or could affect high consequence areas, or HCA's. We believe that the pipelines we own and manage meet or exceed all DOT inspection requirements for pipelines located in the United States.

Maintenance facilities containing equipment for pipe repairs, spare parts, and trained response personnel are located along all of these pipelines. Employees participate in simulated spill deployment exercises on a regular basis. They also participate in actual spill response boom deployment exercises in planned spill scenarios in accordance with Oil Pollution Act of 1990 requirements. We believe that the pipelines we own and manage have been constructed and are maintained in all material respects in accordance with applicable federal, state, and local laws and the regulations and standards prescribed by the American Petroleum Institute, the DOT, and accepted industry practice.

At our terminals, tanks designed for gasoline storage are equipped with internal or external floating roofs or alternative vapor control devices designed to minimize emissions and prevent potentially flammable vapor accumulation between fluid levels and the roof of the tank. Our terminal facilities have all required facility response plans, spill prevention and control plans and other plans and programs to respond to emergencies.

Many of our terminal loading racks are protected with fire protection systems activated by either heat sensors or an emergency switch. Several of our terminals also are protected by foam systems that are activated in case of fire.

Safety Regulation

We are subject to regulation by the DOT under the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, or PIPES, and comparable state statutes relating to the design, installation, testing, construction, operation, replacement and management of the pipeline facilities we operate or own. PIPES covers petroleum and petroleum products and requires any entity that owns or operates pipeline facilities to comply with such regulations and also to permit access to and copying of records and to make certain reports and provide information as required by the Secretary of Transportation. We believe that we are in material compliance with these PIPES regulations.

The DOT Office of Pipeline and Hazardous Materials Safety Administration, or PHMSA, has promulgated regulations that require qualification of pipeline personnel. These regulations require pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities. The intent of these regulations is to ensure a qualified work force and to reduce the probability and consequence of incidents caused by human error. The regulations establish qualification requirements for individuals performing covered tasks, and

amends certain training requirements in existing regulations. We believe that we are in material compliance with these PHMSA regulations.

We also are subject to PHMSA regulation for High Consequence Areas, or HCAs, for Category 2 pipeline systems (companies operating less than 500 miles of jurisdictional pipeline). This regulation specifies how to assess, evaluate, repair and validate the integrity of pipeline segments that could impact populated areas, areas unusually sensitive to environmental damage and commercially navigable waterways, in the event of a release. The pipelines we own or manage are subject to these requirements. The regulation requires an integrity management program that utilizes internal pipeline inspection, pressure testing, or other equally effective means to assess the integrity of pipeline segments in HCAs. The program requires periodic review of pipeline segments in HCAs to ensure adequate preventative and mitigating measures exist. Through this program, we evaluated a range of threats to each pipeline segment's integrity by analyzing available information about the pipeline segment and consequences of a failure in an HCA. The regulation requires prompt action to address integrity issues raised by the assessment and analysis. We have completed baseline assessments for all segments and believe that we are in material compliance with these PHMSA regulations. PHMSA is expected to issue revised regulations in 2019 applicable to oil and liquids pipelines, which are expected to impose, among other things, enhanced inspection requirements. While we cannot predict the final form of these regulations at this time, we do not anticipate the regulations to impact our operations materially differently from other similarly situated operators.

Our terminals also are subject to various state regulations regarding our storage of refined product in aboveground storage tanks. These regulations require, among other things, registration of tanks, financial assurances and inspection and testing, consistent with the standards established by the American Petroleum Institute. We have completed baseline assessments for all of the segments and believe that we are in material compliance with these aboveground storage tank regulations.

We also are subject to the requirements of the federal Occupational Safety and Health Act, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard, the Environmental Protection Agency, or EPA, community right-to-know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act, and comparable state statutes require us to organize and disclose information about the hazardous materials used in our operations. Certain parts of this information must be reported to employees, state and local governmental authorities and local citizens upon request. We believe that we are in material compliance with OSHA and state requirements, including general industry standards, record keeping requirements and monitoring of occupational exposures.

In general, we expect to increase our expenditures during the next decade to comply with higher industry and regulatory safety standards such as those described above. Although we cannot estimate the magnitude of such expenditures at this time, we do not believe that they will have a material adverse impact on our results of operations.

Environmental Matters

Our operations are subject to stringent and complex laws and regulations pertaining to health, safety and the environment. As an owner or operator of refined product terminals and pipelines, we must comply with these laws and regulations at federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;
- requiring capital expenditures to comply with environmental control requirements; and
- enjoining the operations of facilities deemed in non-compliance with permits issued pursuant to such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to cleanup and restore sites where hydrocarbons, hazardous substances or wastes have been released or disposed of. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hydrocarbons, hazardous substances or other wastes into the environment.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. As a result, there can be no assurance as to the amount or timing of future expenditures that may be required for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate. We try to anticipate future regulatory requirements that may affect our operations and to plan accordingly to comply with and minimize the costs of such requirements.

We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position or results of operations. In addition, we believe that the various environmental activities in which we are presently engaged are not expected to materially interrupt or diminish our operational ability. We cannot assure, however, that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. The following is a discussion of certain potential material environmental concerns that relate to our business.

Water. The Federal Water Pollution Control Act of 1972, renamed and amended as the Clean Water Act or CWA, imposes strict controls against the discharge of pollutants, including oil and its derivatives into navigable waters. The discharge of pollutants into regulated waters is prohibited except in accordance with the regulations issued by the EPA or the state. We are subject to various types of storm water discharge requirements at our terminals. The EPA and a number of states have adopted regulations that require us to obtain permits to discharge storm water run-off from our facilities. Such permits may require us to monitor and sample the effluent from our operations. The cost involved in obtaining and renewing these storm water permits is not material. We believe that we are in material compliance with effluent limitations at our facilities and with the CWA generally.

The CWA provides penalties for any discharges of petroleum products in reportable quantities and imposes substantial potential liability for the costs of removing an oil or hazardous substance spill. State laws for the control of water pollution also provide for various civil and criminal penalties and liabilities in the event of a release of petroleum or its derivatives in surface waters or into the groundwater. Spill prevention control and countermeasure requirements of federal laws require, among other things, appropriate containment be constructed around product storage tanks to help prevent the contamination of navigable waters in the event of a product tank spill, rupture or leak.

The primary federal law for oil spill liability is the Oil Pollution Act of 1990, as amended, or OPA, which addresses three principal areas of oil pollution—prevention, containment and cleanup. It applies to vessels, offshore platforms, and onshore facilities, including terminals, pipelines and transfer facilities. In order to handle, store or transport oil, facilities are required to file oil spill response plans with the United States Coast Guard, the Office of Pipeline Safety or the EPA. Numerous states have enacted laws similar to OPA. Under OPA and similar state laws, responsible parties for a regulated facility from which oil is discharged may be liable for removal costs and natural resources damages. We believe that we are in material compliance with regulations pursuant to OPA and similar state laws.

Contamination resulting from spills or releases of refined products is an inherent risk in the petroleum terminal and pipeline industry. To the extent that groundwater contamination requiring remediation exists around the facilities we own as a result of past operations, we believe any such contamination is being controlled or remedied without having a material adverse effect on our financial condition. However, such costs can be unpredictable and are site specific and, therefore, the effect may be material in the aggregate.

Air Emissions. Our operations are subject to the federal Clean Air Act, or CAA, and comparable state and local statutes. The CAA requires most industrial operations in the United States to incur expenditures to meet the air emission control standards that are developed and implemented by the EPA and state environmental agencies. These laws and regulations regulate emissions of air pollutants from various industrial sources, including our operations, and also impose various monitoring and reporting requirements. Such laws and regulations may require a facility to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in the increase of existing air emissions and obtain and strictly comply with air permits containing requirements.

Most of our terminaling operations require air permits. These operations generally include volatile organic compound emissions (primarily hydrocarbons) associated with truck loading activities and tank working and breathing losses. The sources of these emissions are strictly regulated through the permitting process. Such regulation includes stringent control technology and extensive permit review and periodic renewal. The cost involved in obtaining and renewing these permits is not material.

Moreover, any of our facilities that emit volatile organic compounds or nitrogen oxides and are located in ozone non-attainment areas face increasingly stringent regulations, including requirements to install various levels of control technology on sources of pollutants. We believe that we are in material compliance with existing standards and regulations pursuant to the CAA and similar state and local laws, and we do not anticipate that implementation of additional regulations will have a material adverse effect on us.

Congress and numerous states are currently considering proposed legislation directed at reducing “greenhouse gas emissions.” It is not possible at this time to predict how future legislation that may be enacted to address greenhouse gas emissions would impact our operations. We believe we are in compliance with existing federal and state greenhouse gas reporting regulations. Although future laws and regulations could result in increased compliance costs or additional operating restrictions, they are not expected to have a material adverse effect on our business, financial position, results of operations and cash flows.

Hazardous and Solid Waste. Our operations are subject to the Federal Resource Conservation and Recovery Act, as amended, or RCRA, and comparable state laws, which impose detailed requirements for the handling, storage, treatment, and disposal of hazardous and solid waste. All of our terminal facilities are classified by the EPA as Very Small Quantity Generators. Our terminals do not generate hazardous waste except in isolated and infrequent cases. At such times, only third party disposal sites which have been audited and approved by us are used. Our operations also generate solid wastes that are regulated under state law or the less stringent solid waste requirements of RCRA. We believe that we are in substantial compliance with the existing requirements of RCRA and similar state and local laws, and the cost involved in complying with these requirements is not material.

Site Remediation. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or CERCLA, also known as the “Superfund” law, and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations such as landfills. In the course of our operations we will generate wastes or handle substances that may fall within the definition of a “hazardous substance.” CERCLA authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Under CERCLA, we could be subject to joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released, for damages to natural resources and for the costs of certain health studies. We believe that we are in material compliance with the existing requirements of CERCLA.

We currently own, lease, or operate numerous properties and facilities that for many years have been used for industrial activities, including refined product terminaling operations. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons, was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes (including substances disposed of or released by prior owners or operators) or remediate contaminated property (including groundwater contamination, whether from prior owners or operators or other historic activities or spills).

In connection with our acquisition of the Florida and Midwest terminals on May 27, 2005, a subsidiary of NGL Energy Partners LP agreed to indemnify us against potential environmental claims, losses and expenses that were identified on or before May 27, 2010 and that were associated with the ownership or operation of the Florida and Midwest terminals prior to May 27, 2005. The maximum liability for this indemnification obligation is \$15.0 million and it has no obligation to indemnify us for aggregate losses until such losses exceed \$250,000 in the aggregate. There are no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after May 27, 2005.

In connection with our acquisition of the Brownsville, Texas and River facilities, a subsidiary of NGL Energy Partners LP agreed to indemnify us against potential environmental claims, losses and expenses that were identified on or before December 31, 2010 and that were associated with the ownership or operation of the Brownsville and River facilities prior to December 31, 2006. Our environmental losses must first exceed \$250,000 and the indemnification obligations are capped at \$15.0 million. The deductible amount, cap amount and time limitation for indemnification do not apply to any environmental liabilities known to exist as of December 31, 2006.

In connection with our acquisition of the Southeast facilities, a subsidiary of NGL Energy Partners LP agreed to indemnify us against potential environmental claims, losses and expenses that were identified on or before December 31, 2012 and that were associated with the ownership or operation of the Southeast terminals prior to December 31, 2007. Our environmental losses must first exceed \$250,000 and the indemnification obligations are capped at \$15.0 million. The deductible amount, cap amount and time limitation for indemnification do not apply to any environmental liabilities known to exist as of December 31, 2007.

In connection with our acquisition of the Pensacola, Florida terminal, a subsidiary of NGL Energy Partners LP agreed to indemnify us against potential environmental claims, losses and expenses that are identified on or before March 1, 2016, and that were associated with the ownership or operation of the Pensacola terminal prior to March 1, 2011. Our environmental losses must first exceed \$200,000 and the indemnification obligations are capped at \$2.5 million. The deductible amount, cap amount and limitation of time for indemnification do not apply to any environmental liabilities known to exist as of March 1, 2011.

The forgoing environmental indemnification obligations of a subsidiary of NGL Energy Partners LP to us remain in place and were not affected by the Take-Private Transaction.

Endangered Species Act. The Endangered Species Act restricts activities that may affect endangered or threatened species or their habitats. While some of our facilities are in areas that may be designated as habitat for endangered or threatened species, we believe that we are in substantial compliance with the Endangered Species Act. However, the discovery of previously unidentified endangered or threatened species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected area.

Operational Hazards and Insurance

Our terminal and pipeline facilities may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance of various types that we consider adequate to cover our operations, properties and loss of income at specified locations. Coverage for domestic acts of terrorism as defined in Terrorism Risk Insurance Program Reauthorization Act 2007 are covered under certain of our casualty insurance policies.

The insurance covers all of our facilities in amounts that we consider to be reasonable. The insurance policies are subject to deductibles that we consider reasonable and not excessive. Our insurance does not cover every potential risk associated with operating terminals, pipelines and other facilities. Consistent with insurance coverage generally available to the industry, our insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage for sudden and accidental occurrences.

Tariff Regulation

The Razorback pipeline, which runs between Mount Vernon, Missouri and Rogers, Arkansas and the Diamondback pipeline, which runs between Brownsville, Texas and the United States-Mexico border, transport

petroleum products subject to regulation by the FERC under the Interstate Commerce Act and the Energy Policy Act of 1992 and rules and orders promulgated under those statutes. FERC regulation requires that the rates of pipelines providing interstate service, such as the Razorback and Diamondback pipelines, be filed at FERC and posted publicly, and that these rates be “just and reasonable” and nondiscriminatory. Rates are currently regulated by the FERC primarily through an index methodology, whereby a pipeline is allowed to change its rates based on the change from year to year in the Producer Price Index for Finished Goods (PPI-FG), plus a 1.23 percent adjustment for the five-year period beginning July 1, 2016. In the alternative, interstate pipeline companies may elect to support rate filings by using a cost-of-service methodology, competitive market showings, or actual agreements between shippers and the oil pipeline company. The current rates charged by each of our Razorback and Diamondback pipelines are negotiated rates that were established via agreement with non-affiliated shippers, and are not established via an index methodology or via a cost-of-service methodology.

Index-Rate Methodology. On October 20, 2016, the FERC issued an Advanced Notice of Proposed Rulemaking (ANOPR) to consider modifications to its current policies for evaluating pipeline index rate changes for the purpose of ensuring that index rate increases do not cause pipeline revenues to substantially deviate from costs. Specifically, FERC is considering the following changes to their current indexing methodologies for pipelines that utilize index rate changes: (A) deny index increases to rates for any pipeline whose FERC Form No. 6, Page 700 revenues exceed costs by fifteen percent for both of the prior two years; (B) deny index increases to rates that exceed by five percent the cost changes reported on Page 700; and (C) apply these reforms to costs more closely associated with the proposed indexed rate rather than total company-wide cost and revenue data currently reported on Page 700. Initial comments were filed on January 19, 2017, and reply comments were due on March 6, 2017. It is premature to know what, if any, impact these proposed regulatory changes may have on pipelines that utilize index rate changes, or whether the proposal will be modified or even adopted all.

Cost-of-service methodology. Formerly, FERC policy permitted interstate pipelines, including those owned by master limited partnerships (MLPs), to include an income tax allowance in their cost of service used to calculate cost-based transportation rates to reflect the actual or potential income tax liability attributable to their public utility income, regardless of the form of ownership. On July 1, 2016, in *United Airlines, Inc. v FERC*, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated a pair of FERC orders to the extent they permitted an interstate refined petroleum products pipeline owned by a MLP to include an income tax allowance in its cost-of-service-based rates. In that case, interstate shippers argued that FERC’s discounted cash flow methodology provides for a sufficient after-tax return on equity (ROE) to attract investment in partnerships not taxed at the partnership level. The shippers claimed that the combination of the ROE allowed by FERC, based in part on the equity returns of entities taxed as corporations, and FERC’s tax allowance policy resulted in “double recovery” of taxes by the partners in the partnership in that case. The D.C. Circuit agreed, finding that FERC failed to provide sufficient evidence that granting the tax allowance to the pipeline partnership would not result in double recovery. The D.C. Circuit remanded the case to FERC, ordering FERC to demonstrate that the allowance does not permit double recovery, remove any instances of duplicative recovery or develop a new methodology for ratemaking that does not result in double recovery. On December 15, 2016, FERC issued a Notice of Inquiry seeking advice from energy industry participants on how to address the potential for over-recovery of income tax costs from MLPs under FERC’s current ratemaking policy. Initial comments were due March 8, 2017, and reply comments were due April 7, 2017. On March 15, 2018, FERC issued a Revised Policy Statement on Treatment of Income Taxes in which FERC found that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and an ROE pursuant to FERC’s discounted cash flow methodology. FERC revised its previous policy, stating that it would no longer permit an MLP pipeline to recover an income tax allowance in its cost of service. FERC stated it will address the application of the *United Airlines, Inc. v. FERC* decision to non-MLP partnership forms as those issues arise in subsequent proceedings. FERC will also apply the revised Policy Statement and the Tax Cuts and Jobs Act of 2017 to initial pipeline cost-of-service rates and cost-of-service rate changes on a going-forward basis under FERC’s existing ratemaking policies, including cost-of-service rate proceedings resulting from shipper-initiated complaints. On July 18, 2018, FERC dismissed requests for rehearing and clarification of the March 15, 2018 Revised Policy Statement, but provided further guidance, clarifying that a pass-through entity will not be precluded in a future proceeding from arguing and providing evidentiary support that it is entitled to an income tax allowance and demonstrating that its recovery of an income tax allowance does not result in a double recovery of investors’ income tax costs. On February 21, 2019, FERC issued its first order (*Trailblazer Pipeline Company LLC*) addressing how its Revised Policy Statement on Treatment of Income Taxes applies to a pipeline

organized as a pass-through entity that is not an MLP in a Natural Gas Act section 4 rate case proceeding. In *Trailblazer*, FERC issued preliminary findings that *United Airlines* likely precludes an income tax allowance for owners of a pipeline that are taxed as individuals, while it may permit an income tax allowance for those owners taxed as corporations. Although FERC's findings are preliminary and subject to former proceedings before an administrative law judge, its *Trailblazer* order suggests that FERC may extend its Revised Policy Statement on Treatment of Income Taxes to other types of pass-through entities that were not addressed in *United Airlines*.

Negotiated rates. The current rates charged by each of the Razorback and Diamondback pipelines are negotiated rates that were established via agreement with non-affiliated shippers, and are not index rates or cost-of-service rates. Therefore, while we continue to monitor FERC's policy changes, we do not expect such changes to have an adverse impact on the rates charged by the Razorback and Diamondback pipelines.

The FERC generally has not investigated interstate oil pipeline rates on its own initiative when those rates have not been the subject of a protest or a complaint by a shipper. A shipper or other party having a substantial economic interest in our rates could, however, challenge our rates. In response to such challenges, the FERC could investigate our rates and require us to modify the amounts charged. In the absence of a challenge to our rates, given our ability to utilize either filed rates as annually indexed or to utilize rates tied to cost of service methodology, competitive market showing, or actual agreements between shippers and us, we do not believe that FERC's regulations governing oil pipeline ratemaking would have any negative material monetary impact on us unless the regulations were substantially modified in such a manner so as to effectively prevent a pipeline company's ability to earn a fair return for the shipment of petroleum products utilizing its transportation system, which we believe to be an unlikely scenario.

In addition to being regulated by the FERC, we are required to maintain a Presidential Permit from the United States Department of State to operate and maintain the Diamondback pipeline, because the pipeline transports petroleum products across the international boundary line between the United States and Mexico. The Department of State's regulations do not affect our rates but do require the agency's approval for the international crossing. We do not believe that these regulations would have any negative material monetary impact on us unless the regulations were substantially modified, which we believe to be an unlikely scenario.

Title to Properties

The Razorback and Diamondback pipelines are generally constructed on easements and rights-of-way granted by the apparent record owners of the property and in some instances these grants are revocable at the election of the grantor. Several rights-of-way for the Razorback pipeline and other real property assets are shared with other pipelines and other assets owned by third parties. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets, and state highways and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some cases, property for pipeline purposes was purchased in fee.

Some of the leases, easements, rights-of-way, permits, licenses and franchise ordinances transferred to us will require the consent of the grantor to transfer these rights, which in some instances is a governmental entity. We have obtained sufficient third-party consents, permits, and authorizations for the transfer of the facilities necessary for us to operate our business in all material respects as described in this Annual Report. With respect to any consents, permits, or authorizations that have not been obtained, we believe that these consents, permits, or authorizations will be obtained, or that the failure to obtain these consents, permits, or authorizations would not have a material adverse effect on the operation of our business.

We believe that we have satisfactory title to all of our assets. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to cleanup environmental contamination, liens for current taxes and other burdens, and easements, restrictions and other encumbrances to which the underlying properties were subject at the time of our acquisition, we believe that none of these burdens should

materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Employees

We do not have any direct employees and our officers are employees of an ArcLight affiliate. Pursuant to our omnibus agreement with ArcLight, all of our officers and the employees who provide services to the Company are employed by TLP Management Services, a controlled subsidiary of ArcLight. TLP Management Services provides payroll and maintains all employee benefits programs on behalf of the Company.

As of March 8, 2019, approximately 563 employees of TLP Management Services provided services directly to us. As of March 8, 2019, none of TLP Management Services employees who provide services directly to us were covered by a collective bargaining agreement.

Available Information

We file annual, quarterly, and current reports, and other documents with the SEC under the Securities Exchange Act of 1934. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The public can obtain any documents that we file at <http://www.sec.gov>.

In addition, our annual reports on Form 10-K, as well as our quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to all of the foregoing reports, are made available free of charge on or through the “Investor” section of our website at www.transmontaignepartners.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

Our business, operations and financial condition are subject to various risks. You should carefully consider the following risk factors together with all of the other information set forth in this Annual Report, including the matters addressed under “Cautionary Statement Regarding Forward-Looking Statements,” in connection with any investment in our securities. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected, which could result in investors in our securities losing all or part of their investment.

Risks Inherent in Our Business

We depend upon a relatively small number of customers for a substantial majority of our revenue. A substantial reduction of revenue from one or more of these customers would have a material adverse effect on our financial condition and results of operations.

We expect to derive a substantial majority of our revenue from a small number of significant customers for the foreseeable future. For example, in 2018 NGL Energy Partners LP accounted for approximately 22% of our annual revenue. Events that adversely affect the business operations of any one or more of our significant customers may adversely affect our financial condition or results of operations. Therefore, we are indirectly subject to the business risks of our significant customers, many of which are similar to the business risks we face. For example, a material decline in refined petroleum product supplies available to our customers, or a significant decrease in our customers’ ability to negotiate marketing contracts on favorable terms, could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities, which would likely cause our revenue and results of operations to decline. In addition, if any of our significant customers were unable to meet their contractual commitments to us for any reason, then our revenue and cash flow would decline.

We are exposed to the credit risks of our significant customers which could affect our creditworthiness. Any material nonpayment or nonperformance by such customers could also adversely affect our financial condition and results of operations.

We have various credit terms with virtually all of our customers, and our customers have varying degrees of creditworthiness. Although we evaluate the creditworthiness of each of our customers, we may not always be able to fully anticipate or detect deterioration in their creditworthiness and overall financial condition, which could expose us to risks of loss resulting from nonpayment or nonperformance by our significant customers. Some of our significant customers may be highly leveraged and subject to their own operating and regulatory risks. Any material nonpayment or nonperformance by our significant customers could require us to pursue substitute customers for our affected assets or provide alternative services. There can be no assurance that any such efforts would be successful or would provide similar revenue. These events could adversely affect our financial condition and results of operations.

Our continued expansion programs may require access to additional capital. Tightened capital markets or more expensive capital could impair our ability to maintain or grow our operations.

Our primary liquidity needs are to fund our approved capital projects and future expansion. Our revolving credit facility provides for a maximum borrowing line of credit equal to \$850 million. At December 31, 2018, our outstanding borrowings were \$306 million. At December 31, 2018, the capital expenditures to complete the approved additional investments and expansion capital projects are estimated to be approximately \$70 million. We expect to fund our future investments and expansion capital expenditures with additional borrowings under our revolving credit facility. If we cannot obtain adequate financing to complete the approved investments and capital projects while maintaining our current operations, we may not be able to continue to operate our business as it is currently conducted.

Moreover, our long term business strategies include acquiring additional energy-related terminaling and transportation facilities and further expansion of our existing terminal capacity. We will need to raise additional funds to grow our business and implement these strategies. We anticipate that such additional funds would be raised through equity or debt financings. Any equity or debt financing, if available at all, may not be on terms that are favorable to us. Limitations on our access to capital could result from events or causes beyond our control, and could include, among other factors, significant increases in interest rates, increases in the risk premium required by investors, generally or for investments in energy-related companies, decreases in the availability of credit or the tightening of terms required by lenders. If we cannot obtain adequate financing, we may not be able to fully implement our business strategies, and our business, results of operations and financial condition would be adversely affected.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of December 31, 2018, we had total long-term debt of \$598.6 million and we had an unused borrowing base availability of \$544 million under our revolving credit facility. Our level of debt could have important consequences to us. For example our level of debt could:

- impair our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes;
- require us to dedicate a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations and future business opportunities;
- make us more vulnerable to competitive pressures, changes in interest rates or a downturn in our business or the economy generally; or
- limit our flexibility in responding to changing business and economic conditions.

If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling

assets, restructuring or refinancing our debt or seeking additional equity capital. We may not be able to affect any of these actions on satisfactory terms, or at all.

Restrictive covenants in our revolving credit facility, the indenture governing our senior notes and future debt instruments may limit our ability to respond to changes in market conditions or pursue business opportunities.

Our revolving credit facility and the indenture governing our senior notes contain, and the terms of any future indebtedness may contain, restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional debt;
- make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

Our revolving credit facility also contains covenants requiring us to maintain certain financial ratios and tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and there is no assurance that that we will meet any such ratios and tests.

The provisions of our revolving credit facility may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit facility could result in a default or an event of default that could enable our lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our security-holders could experience a partial or total loss of their investment. Please read “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We may incur substantial additional indebtedness, which could further exacerbate the risks that we may face.

Subject to the restrictions in the instruments governing our outstanding indebtedness (including our revolving credit facility and senior notes), we may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the instruments governing our outstanding indebtedness do contain restrictions on the incurrence of additional indebtedness, these restrictions will be subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial. As of December 31, 2018, we had additional borrowing capacity of \$544 million under our revolving credit facility, all of which would be secured if borrowed.

Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

- we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;

- increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and
- depending on the levels of our outstanding indebtedness, our ability to obtain additional financing for working capital, capital expenditures and general company purposes may be limited.

The obligations of our customers under their terminaling services agreements may be reduced or suspended in some circumstances, which would adversely affect our financial condition and results of operations.

Our agreements with our customers provide that, if any of a number of events occur, which we refer to as events of force majeure, and the event renders performance impossible with respect to a facility, usually for a specified minimum period of days, our customer's obligations would be temporarily suspended with respect to that facility. Force majeure events include, but are not limited to, wars, acts of enemies, embargoes, import or export restrictions, strikes, lockouts, acts of nature, including fires, storms, floods, hurricanes, explosions and mechanical or physical failures of our equipment or facilities or those of third parties. In the event of a force majeure, a significant customer's minimum revenue commitment may be reduced or the contract may be subject to termination. As a result, our revenue and results of operations could be materially adversely affected.

A significant portion of our operations are conducted through joint ventures, over which we do not maintain full control and which have unique risks.

A significant portion of our operations are conducted through joint ventures. We are entitled to appoint a member to the BOSTCO board of managers and maintain certain rights of approval over significant changes to, or expansion of, BOSTCO's business, however Kinder Morgan serves as the operator of BOSTCO and is responsible for its day-to-day operations. Although we serve as the operator of Frontera, there are restrictions and limitations on our authority to take certain material actions absent the consent of our joint venture partner. With respect to our existing joint ventures, we share ownership with partners that may not always share our goals and objectives. Differences in views among the partners may result in delayed decisions or failures to agree on major matters, such as large expenditures or contractual commitments, the construction of assets or borrowing money, among others. Delay or failure to agree may prevent action with respect to such matters, even though such action may not serve our best interest or that of the joint venture. Accordingly, delayed decisions and disagreements could adversely affect the business and operations of the joint ventures and, in turn, our business and operations. From time to time, our joint ventures may be involved in disputes or legal proceedings which may negatively affect our investments. Accordingly, any such occurrences could adversely affect our financial condition, operating results and cash flows.

Competition from other terminals and pipelines that are able to supply our customers with storage capacity at a lower price could adversely affect our financial condition and results of operations.

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling services on a more competitive basis. We compete with national, regional and local terminal and pipeline companies, including the major integrated oil companies, of widely varying sizes, financial resources and experience. Our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than us and have greater financial resources and control substantially greater product storage capacity, than we do;
- the perception that another company may provide better service; and
- the availability of alternative supply points or supply points located closer to our customers' operations.

In addition, our affiliates, including ArcLight, may engage in competition with us. If we are unable to compete with services offered by our competitors, including ArcLight and its affiliates, it could have a material adverse effect on our financial condition, results of operations and cash flows.

Many of our terminal facilities are connected to, and rely on, pipelines owned and operated by third parties for the receipt and distribution of refined petroleum products, and such pipeline operators may compete with us, make changes to their transportation service offerings or their pipeline tariffs, or suffer outages or reduced product transportation, which in each case would adversely affect our financial condition and results of operations.

Our Southeast facilities include 22 refined product terminals located along the Plantation and Colonial pipeline systems and primarily receive products from Plantation and Colonial on behalf of our customers. In addition, the Collins, Mississippi bulk storage terminal receives from, delivers to, and transfers refined petroleum products between the Colonial and Plantation pipeline systems. In these instances, we depend on our terminals' connections to such petroleum pipelines owned and operated by third parties to supply our terminal facilities. Our ability to compete in a particular terminal market could be harmed by factors we cannot control, including changes in pipeline service offerings at one or more of our terminals or changes in pipeline tariffs that make alternative third party terminal locations or different transportation options more attractive to our current or prospective customers.

The FERC regulates the rates the pipeline operators can charge, and the terms and conditions they can offer, for interstate transportation service on refined products pipelines that connect to our terminals. Generally, petroleum products pipelines may change their rates within prescribed levels, which could lead our current or prospective customers to seek alternative delivery methods or destinations. Moreover, we cannot control or predict the amount of refined petroleum products that our customers are able to transport on the third party pipelines connecting into our terminals. The level of throughput on these pipelines can be impacted by a number of factors, including the quality or quantity of refined product produced, pipeline outages or interruptions due to weather-related or other natural causes, competitive forces, testing, line repair, damage, reduced operating pressures or other causes any of which could negatively impact our customers' shipments to our terminals. As a result, our revenue and results of operations could be materially adversely affected.

Any acquisitions we make are subject to substantial risks, which could adversely affect our financial condition and results of operations.

Any acquisition involves potential risks, including risks that we may:

- fail to realize anticipated benefits, such as cost-savings or cash flow enhancements;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- encounter difficulties operating in new geographic areas or new lines of business;
- be unable to secure adequate customer commitments to use the acquired systems or facilities;
- incur or assume unanticipated liabilities, losses or costs associated with the business or assets acquired for which we are not indemnified or for which the indemnity is inadequate;
- be unable to hire, train or retain qualified personnel to manage and operate our growing business and assets;
- be unable to successfully integrate the assets or businesses we acquire;
- less effectively manage our historical assets because of the diversion of management's attention; or

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- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

If any acquisitions we ultimately consummate result in one or more of these outcomes, our financial condition and results of operations may be adversely affected.

Expanding our business by constructing new facilities subjects us to risks that the project may not be completed on schedule and that the costs associated with the project may exceed our estimates or budgeted costs, which could adversely affect our financial condition and results of operations.

The construction of additions or modifications to our existing terminal and transportation facilities, and the construction of new terminals and pipelines, involves numerous regulatory, environmental, political, legal and operational uncertainties beyond our control and requires the expenditure of significant amounts of capital. If we undertake these projects, they may not be completed on schedule or at all and may exceed the budgeted cost. If we experience material cost overruns, we would have to finance these overruns using cash from operations, delaying other planned projects, incurring additional indebtedness or obtaining additional equity. Any or all of these methods may not be available when needed or may adversely affect our future results of operations and cash flows. Moreover, our revenue may not increase immediately upon the expenditure of funds on a particular project. For instance, if we construct additional storage capacity, the construction may occur over an extended period of time, and we will not receive any material increases in revenue until the project is completed. Moreover, we may construct additional storage capacity to capture anticipated future growth in consumption of products in a market in which such growth does not materialize.

Adverse economic conditions periodically result in weakness and volatility in the capital markets, that may limit, temporarily or for extended periods, the ability of one or more of our significant customers to secure financing arrangements adequate to purchase their desired volume of product, which could reduce use of our tank capacity and throughput volumes at our terminal facilities and adversely affect our financial condition and results of operations.

Domestic and international economic conditions affect the functioning of capital markets and the availability of credit. Adverse economic conditions periodically result in weakness and volatility in the capital markets, which in turn can limit, temporarily or for extended periods, the credit available to various enterprises, including those involved in the supply and marketing of refined products. As a result of these conditions, some of our customers may suffer short or long-term reductions in their ability to finance their supply and marketing activities, or may voluntarily elect to reduce their supply and marketing activities in order to preserve working capital. A significant decrease in our customers' ability to secure financing arrangements adequate to support their historic refined product throughput volumes could result in a material decline in the use of our tank capacity or the throughput of refined product at our terminal facilities. We may not be able to generate sufficient additional revenue from third parties to replace any shortfall in revenue from our current customers, which would likely cause our revenue and results of operations to decline.

Our business involves many hazards and operational risks, including adverse weather conditions, which could cause us to incur substantial liabilities and increased operating costs.

Our operations are subject to the many hazards inherent in the terminaling and transportation of products, including:

- leaks or accidental releases of products or other materials into the environment, whether as a result of human error or otherwise;
- extreme weather conditions, such as hurricanes, tropical storms and rough seas, which are common along the Gulf Coast, and earthquakes, which are common along the West Coast;
- explosions, fires, accidents, mechanical malfunctions, faulty measurement and other operating errors; or
- acts of terrorism or vandalism.

If any of these events were to occur, we could suffer substantial losses because of personal injury or loss of life, severe damage to and destruction of storage tanks, pipelines and related property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations and potentially substantial unanticipated costs for the repair or replacement of property and environmental cleanup. In addition, if we suffer accidental releases or spills of products at our terminals or pipelines, we could be faced with material third-party costs and liabilities, including those relating to claims for damages to property and persons and governmental claims for natural resource damages or fines or penalties for related violations of environmental laws or regulations. We are not fully insured against all risks to our business and if losses in excess of our insurance coverage were to occur, they could have a material adverse effect on our operations. Furthermore, events like hurricanes can affect large geographical areas which can cause us to suffer additional costs and delays in connection with subsequent repairs and operations because contractors and other resources are not available, or are only available at substantially increased costs following widespread catastrophes.

We are not fully insured against all risks incident to our business, and could incur substantial liabilities as a result.

We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially, and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, our insurance carriers require broad exclusions for losses due to terrorist acts. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial condition. In accordance with typical industry practice, we do not have any property or title insurance on the Razorback and Diamondback pipelines.

Our insurance policies each contain caps on the insurer's maximum liability under the policy, and claims made by us are applied against the caps. In the event we reach the cap, we would seek to acquire additional insurance in the marketplace; however, we can provide no assurance that such insurance would be available or if available, at a reasonable cost.

A significant decrease in demand for refined products due to alternative fuel sources, new technologies or adverse economic conditions may cause one or more of our significant customers to reduce their use of our tank capacity and throughput volumes at our terminal facilities, which would adversely affect our financial condition and results of operations.

Market uncertainties, adverse economic conditions or lack of consumer confidence resulting in lower consumer spending on gasolines, distillates and travel, and high prices of refined products may cause a reduction in demand for refined products, which could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities. Additionally, the volatility in the price of refined products may render our customers' hedging activities ineffective, which could cause one or more of our significant customers to decrease their supply and marketing activities in order to reduce their exposure to price fluctuations.

Additional factors that could lead to a decrease in market demand for refined products include:

- an increase in the market price of crude oil that leads to higher refined product prices;
- higher fuel taxes or other governmental or other regulatory actions that increase, directly or indirectly, the cost of gasolines or other refined products;
- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy, whether as a result of technological advances by manufacturers, pending legislation proposing to mandate higher fuel economy or otherwise; or
- an increase in the use of alternative fuel sources, such as ethanol, biodiesel, fuel cells and solar, electric and battery-powered engines.

Mergers between our existing customers and our competitors could provide strong economic incentives for the combined entities to utilize their existing systems instead of ours in those markets where the systems compete. As a result, we could lose some or all of the volumes and associated revenues from these customers and we could experience difficulty in replacing those lost volumes and revenues.

Because most of our operating costs are fixed, any decrease in throughput volumes at our terminal facilities, would likely result not only in a decrease in our revenue, but also a decline in cash flow of a similar magnitude, which would adversely affect our results of operations, financial position and cash flows.

Cyber-attacks that circumvent our security measures and other breaches of our information technology systems could disrupt our operations and result in increased costs.

We utilize information technology systems to operate our assets and manage our businesses. A cyber-attack or other security breach of our information technology systems could result in a breach of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes, including as a result of attempts to seek ransom from the Company. Additionally, we rely on third-party systems that could also be subject to cyber-attacks or security breaches, and the failure of which could have a significant adverse effect on the operation of our assets. We and the operators of the third-party systems on which we depend may not have the resources or technical sophistication to anticipate or prevent every emerging type of cyber-attack, and such an attack, or the additional security measures undertaken to prevent such an attack, could adversely affect our results of operations, financial position or cash flows.

In addition, we collect and store sensitive data, including our proprietary business information and information about our customers, suppliers and other counterparties, and personally identifiable information of the employees of TLP Management Services, on our information technology networks. Despite our security measures, our information technology and infrastructure may be vulnerable to cyber-attacks or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disseminated, lost or stolen. Any such access, dissemination or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or could disrupt our operations, any of which could adversely affect our results of operations, financial position or cash flows.

We could also face attempts to obtain unauthorized access to our information technology systems, proprietary business information, and information about our customers by targeting acts of deception against individuals with legitimate access to physical locations or information. We regularly remind our officers and the employees providing services to the Company of these risks, and we annually update our executive team as to current and evolving risks relating to a variety of cyber-attacks; however, these efforts are not guaranteed to prevent the effectiveness of these cyber-attacks or any losses that may arise as a result thereof.

Because of our lack of asset diversification, adverse developments in our terminals or pipeline operations could adversely affect our revenue and cash flows.

We rely exclusively on the revenue generated from our terminals and pipeline operations. Because of our lack of diversification in asset type, an adverse development in these businesses would have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets.

Our operations are subject to governmental laws and regulations relating to the protection of the environment that may expose us to significant costs and liabilities.

Our business is subject to the jurisdiction of numerous governmental agencies that enforce complex and stringent laws and regulations with respect to a wide range of environmental, safety and other regulatory matters. We could be adversely affected by increased costs resulting from stricter pollution control requirements or liabilities resulting from non-compliance with required operating or other regulatory permits. New environmental laws and regulations might adversely impact our activities, including the transportation, storage and distribution of petroleum products. Federal, state and local agencies also could impose additional safety requirements, any of which could affect our profitability. Furthermore, our failure to comply with environmental or safety related laws and regulations also could

result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and even the issuance of injunctions that restrict or prohibit the performance of our operations.

Federal, state and local agencies also have the authority to prescribe specific product quality specifications of refined products. Changes in product quality specifications or blending requirements could reduce our throughput volume, require us to incur additional handling costs or require capital expenditures. For example, different product specifications for different markets impact the fungibility of the products in our system and could require the construction of additional storage. If we are unable to recover these costs through increased revenues, our cash flows could be adversely affected.

Terrorist attacks, and the threat of terrorist attacks, have resulted in increased costs to our business. Continued hostilities in the Middle East or other sustained military campaigns may adversely impact our cash flows.

The long-term impact of terrorist attacks, such as the attacks that occurred on September 11, 2001, and the threat of future terrorist attacks, on the energy transportation industry in general, and on us in particular, is impossible to predict. Increased security measures that we have taken as a precaution against possible terrorist attacks have resulted in increased costs to our business. Uncertainty surrounding continued hostilities in the Middle East or other sustained military campaigns may affect our operations in unpredictable ways, including the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terrorism.

Many of our storage tanks and portions of our pipeline system have been in service for several decades that could result in increased maintenance or remediation expenditures, which could adversely affect our results of operations and our cash flows.

Our pipeline and storage assets are generally long-lived assets. As a result, some of those assets have been in service for many decades. The age and condition of these assets could result in increased maintenance or remediation expenditures. Any significant increase in these expenditures could adversely affect our results of operations, financial position and cash flows.

In the event we are required to refinance our existing debt in unfavorable market conditions, we may have to pay higher interest rates and be subject to more stringent financial covenants, which could adversely affect our results of operations.

Our revolving credit facility matures in March 2022, and our senior notes mature in February 2026. At December 31, 2018, we had outstanding borrowings under our revolving credit facility of \$306 million and outstanding senior notes of \$300 million, respectively. Our revolving credit facility provides that we pay interest on outstanding balances at interest rates based on market rates plus specified margins, ranging from 1.75% to 2.75% depending on the total leverage ratio in the case of loans with interest rates based on LIBOR, or ranging from 0.75% to 1.75% depending on the total leverage ratio in the case of loans with interest rates based on the base rate. We pay a fixed 6.125% interest rate on our senior notes. In the event we are required to refinance our revolving credit facility or our senior notes in unfavorable market conditions, we may have to pay interest at higher rates and may be subject to more stringent financial covenants than we have today, which could adversely affect our results of operations.

Climate change legislation or regulations restricting emissions of “greenhouse gases” or setting fuel economy or air quality standards could result in increased operating costs or reduced demand for the refined petroleum products that we transport, store or otherwise handle in connection with our business.

In response to findings that emissions of carbon dioxide, methane and other greenhouse gases present an endangerment to human health and the environment, the U.S. Environmental Protection Agency (“EPA”) has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish pre-construction and operating permit requirements for certain large stationary sources. The EPA has also adopted rules requiring the monitoring and reporting of greenhouse gas emissions from specified onshore and offshore natural gas and oil sources in the United States on an annual basis.

Although Congress has from time to time considered legislation to reduce emissions of greenhouse gases, there has not been significant activity in the form of adopted legislation to reduce greenhouse gas emissions at the federal level in recent years. In the absence of such federal climate change legislation, a number of states, including states in which we operate, have enacted or passed measures to track and reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and regional greenhouse gas cap-and-trade programs. Most of these cap-and-trade programs require major sources of emissions or major producers of fuels to acquire and surrender emission allowances, with the number of allowances available for purchase reduced each year until the overall greenhouse gas emission reduction goal is achieved.

In addition, in December 2015, over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions (the “Paris Agreement”). The Paris Agreement entered into force in November 2016 after more than 170 nations, including the United States, ratified or otherwise indicated their intent to be bound by the agreement. However, in June 2017, President Trump announced that the United States intends to withdraw from the Paris Agreement and to seek negotiations either to re-enter the Paris Agreement on different terms or a separate agreement. In August 2017, the U.S. Department of State officially informed the United Nations of the United States’ intent to withdraw from the Paris Agreement. The Paris Agreement provides for a four-year exit process beginning when it took effect in November 2016, which would result in an effective exit date of November 2020. The United States’ adherence to the exit process and/or the terms on which the United States may re-enter the Paris Agreement or a separately negotiated agreement are unclear at this time. To the extent that the United States and other countries implement this agreement or impose other climate change regulations on the oil and natural gas industry, it could have an adverse effect on our business.

In particular, the adoption and implementation of regulations that require the reporting of greenhouse gases or otherwise limit emissions of greenhouse gases from our equipment and operations could require us to incur costs to monitor and report on greenhouse gas emissions or install new equipment to reduce emissions of greenhouse gases associated with our operations. In addition, these regulatory initiatives could drive down demand for the refined petroleum products, natural gas and other hydrocarbon products we transport, store or otherwise handle in connection with our business by stimulating demand for alternative forms of energy that do not rely on the combustion of fossil fuels. Such decreased demand could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, some scientists have concluded that increasing concentrations of greenhouse gases in the earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climate events. If any such effects were to occur, they could have an adverse effect on our assets and operations.

Risks Inherent in an Investment in Us

ArcLight indirectly controls the conduct of our business and the management of our operations. ArcLight has conflicts of interest with and limited fiduciary duties to us, which may permit them to favor their own interests to our detriment.

ArcLight is our controlling equity-holder and is responsible under our omnibus agreement for providing the personnel who provide support to our operations.

Additionally, any or all of the provisions of our omnibus agreement with ArcLight other than the indemnification provisions, will be terminable by ArcLight at its option if ArcLight ceases to directly or indirectly control the Company.

ArcLight is our controlling equity-holder. Therefore, conflicts of interest may arise between ArcLight and its affiliates and subsidiaries, on the one hand, and us, on the other hand. In resolving those conflicts of interest, ArcLight may favor its own interests and the interests of its affiliates over the interests of the Company.

These conflicts include, among others, the following potential conflicts of interest:

- ArcLight and its affiliates may engage in competition with us under certain circumstances;
- Neither our operating agreement nor any other agreement requires ArcLight or its affiliates to pursue a business strategy that favors us. This entitles ArcLight to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any other security-holder. ArcLight's directors and officers have fiduciary duties to make decisions in the best interests of ArcLight, which may be contrary to our interests or the interests of our customers;
- Our operating agreement does not restrict ArcLight from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- ArcLight is allowed to take into account the interests of parties other than us, such as ArcLight, or its affiliates, in resolving conflicts of interest. Specifically, in determining whether a transaction or resolution is "fair and reasonable," ArcLight may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us;
- Our officers are officers of affiliates of ArcLight, and we are managed by TLP Finance Holdings, LLC, our direct parent and a controlled subsidiary of ArcLight, and also devote significant time to the business of these entities and are compensated accordingly;
- ArcLight has limited its liability and reduced its fiduciary duties, and also has restricted the remedies available to any party for actions that, without the limitations, might constitute breaches of fiduciary duty. ArcLight will not have any liability to us for decisions made in its capacity as our controlling equity-holder so long as it acted in good faith, meaning it believed that its decision was in the best interests of our company;
- ArcLight determines the amount and timing of acquisitions and dispositions, capital expenditures, borrowings, issuance of additional securities, and reserves, each of which can affect our cash flows;
- ArcLight determines the amount and timing of any capital expenditures by our company and whether a capital expenditure is a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus, which can affect our cash flows;
- ArcLight determines which out-of-pocket costs incurred by TLP Management Services are reimbursable by us;
- ArcLight and its officers and directors will not be liable for monetary damages to us, our security-holders or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that ArcLight or those other persons acted in bad faith or engaged in fraud or willful misconduct; or
- ArcLight decides whether to retain separate counsel, accountants or others to perform services on our behalf.

Upon the termination of the omnibus agreement, we may incur additional costs to replicate the services currently provided thereunder, in which event our financial condition and results of operations could be materially adversely affected.

Our company has no officers or employees and all of our management and operational activities are provided by officers and employees of TLP Management Services, a controlled indirect subsidiary of ArcLight. Under the omnibus agreement we pay TLP Management Services an annual administrative fee for the provision of various general and administrative services for our benefit.

We cannot predict whether ArcLight will seek to terminate, amend or modify the terms of the omnibus agreement. Following any termination of the omnibus agreement, the Company will be required to assume directly or indirectly through one or more service providers, the scope of the services provided to the Company under the omnibus agreement. If we are unsuccessful in negotiating acceptable terms with a successor service provider, if we are required to pay a higher administrative fee or if we must incur substantial costs to replicate the services currently provided by ArcLight and its affiliates under the omnibus agreement, our financial condition and results of operations could be materially adversely affected.

ArcLight and its affiliates may compete with us and do not have any obligation to present business opportunities to us.

Neither our operating agreement nor any other agreement will prohibit ArcLight or its affiliates from owning assets or engaging in businesses that compete directly or indirectly with us. For example, an affiliate of ArcLight is the majority owner of the general partner of a publicly traded master limited partnership in the midstream segment of the energy industry, which may compete with us in the future. In addition, ArcLight and its affiliates may acquire, construct or dispose of midstream assets or other assets in the future without any obligation to offer us the opportunity to purchase any of those assets. ArcLight and its affiliates are large, established participants in the energy industry and may have greater resources than we have, which may make it more difficult for us to compete with these entities with respect to commercial activities as well as for acquisition opportunities. As a result, competition from ArcLight and its affiliates could materially adversely impact our results of operations and distributable cash flow.

Fees due to ArcLight and its affiliates for services provided under the omnibus agreement are and will continue to be substantial and will reduce our cash flow.

Payments to ArcLight are and will continue to be substantial and will reduce the amount of cash flows. For the year ended December 31, 2018, we paid affiliates of ArcLight an administrative fee of approximately \$10.3 million pursuant to the omnibus agreement. The administrative fee is subject to increase at the request of ArcLight in the event we acquire or construct facilities. ArcLight and its affiliates will continue to be entitled to reimbursement for all other direct expenses they incur on our behalf, including the salaries of and the cost of employee benefits for employees working on-site at our terminals and pipelines. ArcLight will determine the amount of these expenses. ArcLight and its affiliates also may provide us other services for which we will be charged fees as determined by ArcLight.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against us. While the ultimate impact of any proceedings cannot be predicted with certainty, our management believes that the resolution of any of our pending legal proceedings will not have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR THE REGISTRANT’S COMMON UNITS, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON UNITS

As a result of the Take-Private Transaction, the Partnership’s common units ceased to be publicly traded, and the Partnership’s common units are no longer listed on the NYSE.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected historical consolidated financial data for the periods and as of the dates indicated. The following selected financial data for each of the years in the five-year period ended December 31, 2018, has been derived from our consolidated financial statements. You should not expect the results for any prior periods to be indicative of the results that may be achieved in future periods. You should read the following information together with our historical consolidated financial statements and related notes and with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report.

	Years ended December 31,				
	2018 (1)	2017 (1)	2016	2015	2014
	(dollars in thousands except per unit amounts)				
Operations Data:					
Revenue	\$ 228,093	\$ 183,272	\$ 164,924	\$ 152,510	\$ 150,062
Direct operating costs and expenses	(82,028)	(67,700)	(68,415)	(64,033)	(66,183)
General and administrative expenses	(21,615)	(19,433)	(14,100)	(14,749)	(13,941)
Insurance expenses	(4,976)	(4,064)	(4,081)	(3,756)	(3,711)
Equity-based compensation expense	(3,478)	(2,999)	(3,263)	(1,411)	(2,221)
Depreciation and amortization	(49,535)	(35,960)	(32,383)	(30,650)	(29,522)
Loss on disposition of assets	(901)	—	—	—	—
Earnings from unconsolidated affiliates	8,852	7,071	10,029	11,948	4,443
Operating income	74,412	60,187	52,711	49,859	38,927
Other expenses:					
Interest expense	(31,900)	(10,473)	(7,787)	(7,396)	(5,489)
Amortization of deferred financing costs	(3,037)	(1,221)	(818)	(774)	(975)
Net earnings	39,475	48,493	44,106	41,689	32,463
Less—earnings allocable to general partner interest including incentive distribution rights	(15,675)	(12,705)	(9,340)	(7,506)	(7,167)
Net earnings allocable to limited partners	\$ 23,800	\$ 35,788	\$ 34,766	\$ 34,183	\$ 25,296
Net earnings per limited partner unit—basic	\$ 1.46	\$ 2.20	\$ 2.14	\$ 2.12	\$ 1.57
Net earnings per limited partner unit—diluted	\$ 1.45	\$ 2.20	\$ 2.14	\$ 2.12	\$ 1.57
Other Financial Data:					
Net cash provided by operating activities	\$ 118,583	\$ 103,704	\$ 79,107	\$ 87,480	\$ 60,929
Net cash used in investing activities	\$ (56,660)	\$ (337,070)	\$ (69,089)	\$ (34,153)	\$ (50,702)
Net cash provided by (used in) financing activities	\$ (62,514)	\$ 233,696	\$ (10,106)	\$ (55,950)	\$ (10,186)
Cash distributions declared per common unit attributable to the period	\$ 3.190	\$ 2.990	\$ 2.780	\$ 2.665	\$ 2.655
Balance Sheet Data (at period end):					
Property, plant and equipment, net	\$ 688,179	\$ 655,053	\$ 416,748	\$ 388,423	\$ 385,301
Investments in unconsolidated affiliates	\$ 227,031	\$ 233,181	\$ 241,093	\$ 246,700	\$ 249,676
Total assets	\$ 999,376	\$ 987,003	\$ 689,694	\$ 656,687	\$ 664,057
Long-term debt	\$ 598,622	\$ 593,200	\$ 291,800	\$ 248,000	\$ 252,000
Equity	\$ 339,727	\$ 364,217	\$ 372,734	\$ 383,971	\$ 391,465

- (1) On December 15, 2017, we acquired the West Coast terminals from a third party for a total purchase price of \$276.8 million. The West Coast terminals represent two waterborne refined product and crude oil terminals located in the San Francisco Bay Area refining complex with a total of 64 storage tanks with approximately 5.0 million barrels of active storage capacity. The West Coast terminals have access to domestic and international crude oil and refined products markets through marine, pipeline, truck and rail logistics capabilities. The accompanying consolidated financial statements include the assets, liabilities and results of operations of the West Coast terminals from December 15, 2017.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying consolidated financial statements included elsewhere in this Annual Report.

OVERVIEW

We are a refined petroleum products terminaling and pipeline transportation company formed in February 2005 as a Delaware limited partnership. Following the consummation of our Take-Private Transaction, we are wholly owned by TLP Finance Holdings, LLC, an indirect controlled subsidiary of ArcLight, and we have converted into a Delaware limited liability company pursuant to Section 17-219 of the Delaware Limited Partnership Act. Prior to the consummation of our Take-Private Transaction, we were controlled by our general partner, which was controlled by ArcLight.

We provide integrated terminaling, storage, transportation and related services for customers engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt.

We do not take ownership of or market products that we handle or transport and, therefore, we are not directly exposed to changes in commodity prices, except for the value of product gains and losses arising from certain of our terminaling services agreements with our customers. The volume of product that is handled, transported through or stored in our terminals and pipelines is directly affected by the level of supply and demand in the wholesale markets served by our terminals and pipelines. Overall supply of refined products in the wholesale markets is influenced by the products' absolute prices, the availability of capacity on delivering pipelines and vessels, fluctuating refinery margins and the markets' perception of future product prices. The demand for gasoline typically peaks during the summer driving season, which extends from April to September, and declines during the fall and winter months. The demand for marine fuels typically peaks in the winter months due to the increase in the number of cruise ships originating from the Florida ports. Despite these seasonalities, the overall impact on the volume of product throughput in our terminals and pipelines is not material.

NATURE OF ASSETS

Gulf Coast Operations. Our Gulf Coast terminals consist of eight refined product terminals and is the largest terminal network in Florida. These terminals have approximately 6.9 million barrels of aggregate active storage capacity in ports including Port Everglades, Miami and Cape Canaveral, which are among the busiest cruise ship ports in the nation. At our Gulf Coast terminals, we handle refined products and crude oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and crude oil.

Midwest Terminals and Pipeline Operations. In Missouri and Arkansas, we own and operate the Razorback pipeline and terminals in Mount Vernon, Missouri, at the origin of the pipeline and in Rogers, Arkansas, at the terminus of the pipeline. We refer to these two terminals collectively as the Razorback terminals. The Razorback pipeline is a 67-mile, 8-inch diameter interstate common carrier pipeline that transports light refined product from our terminal at Mount Vernon, where it is interconnected with a pipeline system owned by a third party, to our terminal at Rogers. The Razorback pipeline has a capacity of approximately 30,000 barrels per day. The razorback terminals have approximately

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0.4 million barrels of aggregate active storage capacity. Our Rogers facility is the only refined products terminal located in Northwest Arkansas.

We also own and operate a terminal facility in Oklahoma City, Oklahoma with approximately 0.2 million barrels of aggregate active storage capacity. Our Oklahoma City terminal receives gasolines and diesel fuels from a pipeline system owned by a third party for delivery via our truck rack for redistribution to locations throughout the Oklahoma City region.

We leased a portion of land in Cushing, Oklahoma and constructed storage tanks and associated infrastructure on the property for the receipt of crude oil by truck and pipeline, the blending of crude oil and the storage of approximately 1.0 million barrels of crude oil.

Brownsville, Texas Operations. We own and operate a refined product terminal with approximately 0.8 million barrels of aggregate active storage capacity and related ancillary facilities in Brownsville independent of the Frontera joint venture, as well as the Diamondback pipeline which handles liquid product movements between south Texas and Mexico. At our Brownsville terminal we handle refined petroleum products, chemicals, vegetable oils, naphtha, wax and propane on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and natural gas liquids.

The Diamondback pipeline consists of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the United States/Mexico border and a 6" pipeline, which runs parallel to the 8" pipeline that can be used by us in the future to transport additional refined products to Matamoros, Mexico. The 8" pipeline has a capacity of approximately 20,000 barrels per day. The 6" pipeline has a capacity of approximately 12,000 barrels per day. Operations on the Diamondback pipeline were shut down in the fourth quarter of 2017; however, we expect to recommission the Diamondback pipeline and resume operations by the end of 2019.

In 2018 and prior thereto, we also operated and maintained the United States portion of a 174-mile refined products pipeline owned by a third party. This pipeline connects our Brownsville terminal complex to a pipeline in Mexico that delivers to a third party terminal located in Reynosa, Mexico and terminates at the third party's refinery, located in Cadereyta, Nuevo Leon, Mexico, a suburb of the large industrial city of Monterrey. Our services for this pipeline terminated on August 23, 2018, and a third party has taken operatorship of the pipeline.

River Operations. Our River terminals are composed of 12 refined product terminals located along the Mississippi and Ohio Rivers with approximately 2.7 million barrels of aggregate active storage capacity. Our River operations also include a dock facility in Baton Rouge, Louisiana, which is the only direct waterborne connection between the Colonial pipeline and Mississippi River waterborne transportation. At our River terminals, we handle gasolines, diesel fuels, heating oil, chemicals and fertilizers on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and industrial and commercial end-users.

Southeast Operations. Our Southeast terminals consist of 22 refined product terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina and Virginia with an aggregate active storage capacity of approximately 12.0 million barrels. At our Southeast terminals, we handle gasolines, diesel fuels, ethanol, biodiesel, jet fuel and heating oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. Our Southeast terminals primarily receive products from the Plantation and Colonial pipelines on behalf of our customers and distribute products primarily to trucks with the exception of the Collins bulk storage terminal. The Collins terminal, currently going through expansions, is the only independent terminal capable of storing and redelivering product to, from and between the Colonial and Plantation pipelines.

West Coast Operations. Our West Coast terminals consist of two refined product terminals with approximately 5.3 million barrels of aggregate active storage capacity. The terminals are strategically located in close proximity to three San Francisco Bay refineries and the origin of the North California products pipeline distribution system. At our West Coast terminals, we handle crude oil, gasoline, diesel, jet fuel, gasoline blend stocks, fuel oil, Avgas and ethanol on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products. We acquired the West Coast terminals in December 2017.

Investment in Frontera. On April 1, 2011, we contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the Frontera joint venture, in exchange for a cash payment of approximately \$25.6 million and a 50% ownership interest in the Frontera joint venture. An affiliate of PEMEX, Mexico's state owned petroleum company, acquired the remaining 50% ownership interest in Frontera for a cash payment of approximately \$25.6 million. We operate the Frontera assets under an operations and reimbursement agreement between us and Frontera. Frontera has approximately 1.7 million barrels of aggregate active storage capacity. Our 50% ownership interest does not allow us to control Frontera, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in Frontera under the equity method of accounting.

Investment in BOSTCO. On December 20, 2012, we acquired a 42.5% Class A ownership interest in BOSTCO from Kinder Morgan Battleground Oil, LLC, a wholly owned subsidiary of Kinder Morgan. BOSTCO is a terminal facility on the Houston Ship Channel designed to handle residual fuel, feedstocks, distillates and other black oils. BOSTCO has approximately 7.1 million barrels of aggregate active storage capacity. Our investment in BOSTCO entitles us to appoint a member to the Board of Managers of BOSTCO, to vote our proportionate ownership share on general governance matters and to certain rights of approval over significant changes in, or expansion of, BOSTCO's business. Kinder Morgan is responsible for managing BOSTCO's day-to-day operations. Our 42.5% Class A ownership interest does not allow us to control BOSTCO, but does allow us to exercise significant influence over its operations. Accordingly, we account for our investment in BOSTCO under the equity method of accounting.

NATURE OF REVENUE AND EXPENSES

We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. We have several significant customer relationships that made up 85% of the total revenue for the year ended December 31, 2018. These relationships include: NGL Energy Partners LP, Castleton Commodities International LLC, RaceTrac Petroleum Inc., Glencore Ltd., Tesoro, Musket Corporation, BP, Associated Asphalt, Magellan Pipeline Company, L.P., United States Government, Valero Marketing and Supply Company, PMI Trading Ltd., Exxon Mobil Oil Corporation, World Fuel Services Corporation, Chevron Corporation, Shell and Andeavor.

The fees we charge, our other sources of revenue and our direct costs and expenses are described below.

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volume of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "ancillary." In addition, "ancillary" revenue also includes fees received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.

Pipeline transportation fees. We earn pipeline transportation fees at our Diamondback pipeline either based on the volume of product transported or under capacity reservation agreements. Revenue associated with the capacity reservation is recognized ratably over the respective term, regardless of whether the capacity is actually utilized. We earn pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who has contracted for 100% of our Razorback system.

Management fees and reimbursed costs. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs

incurred. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We lease land under operating leases and thereafter receive a fee as the lessor or sublessor from third parties and, in certain cases, our affiliates. We also managed and operated for an affiliate of PEMEX, Mexico's state-owned petroleum company, a products pipeline connected to our Brownsville terminal facility and received a management fee through August 23, 2018.

Direct operating costs and expenses. The direct operating costs and expenses of our operations include the directly related wages and employee benefits, utilities, communications, maintenance and repairs, property taxes, rent, vehicle expenses, environmental compliance costs, materials and supplies needed to operate our terminals and pipelines.

General and administrative expenses. General and administrative expenses include direct general and administrative expenses for costs and expenses of employees performing engineering, health, safety and environmental services, third party accounting costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and distribution, legal fees and independent director fees. General and administrative expenses also include fees paid to ArcLight under the omnibus agreement to cover the costs of centralized corporate functions such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll, taxes and other corporate services.

Insurance expenses. Insurance expenses include charges for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers' liability, and other insurable risks.

SIGNIFICANT DEVELOPMENTS SINCE THE FILING OF OUR PRIOR YEAR FORM 10-K

TAKE-PRIVATE TRANSACTION

On February 26, 2019, an affiliate of ArcLight completed its previously announced acquisition of all of the Partnership's outstanding publicly traded common units not already held by ArcLight and its affiliates by way of our merger (the "Merger") with a wholly owned subsidiary of TLP Finance Holdings, LLC ("TLP Finance"), an indirect controlled subsidiary of ArcLight. At the effective time of the Merger, each of the Partnership's general partner units issued and outstanding immediately prior to the acquisition effective time was converted into (i)(a) one Partnership common unit, and (i)(b) in aggregate, a non-economic general partner interest in the Partnership, (ii) each of the Partnership's incentive distribution rights issued and outstanding immediately prior to the acquisition effective time was converted into 100 Partnership common units, (iii) our general partner distributed its common units in the Partnership (the "Transferred GP Units") to TLP Acquisition Holdings, LLC, a Delaware limited liability company ("TLP Holdings"), and TLP Holdings contributed the Transferred GP Units to TLP Finance, (iv) the Partnership converted into the Company (a Delaware limited liability company) pursuant to Section 17-219 of the Delaware Limited Partnership Act and changed its name to "TransMontaigne Partners LLC", and all of our common units owned by TLP Finance were converted into limited liability company interests, (v) the non-economic interest in the Company owned by our general partner was automatically cancelled and ceased to exist and our general partner merged with and into the Company with the Company surviving, and (vi) the Company became 100% owned by TLP Finance (the transactions described in the foregoing clauses (i) through (iv), collectively with the Merger, the "Take-Private Transaction").

As a result of the Take-Private Transaction, our common units ceased to be publicly traded, and our common units are no longer listed on the New York Stock Exchange ("NYSE"). Our currently outstanding 6.125% senior unsecured notes due in 2026 remain outstanding, and the Company is voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in those notes.

EXPANSION OF ASSETS

Expansion of our Brownsville operations. The Frontera joint venture has waived its right of first refusal to participate in our previously announced Brownsville terminal expansion. Accordingly, our Brownsville expansion project will be 100% constructed and owned by the Company. The project, which is underpinned by new long-term agreements, includes the construction of approximately 630,000 barrels of additional liquids storage capacity and the conversion of our Diamondback Pipeline to transport diesel and gasoline to the U.S./Mexico border. The Diamondback

Pipeline is comprised of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border, as well as a 6" pipeline, which runs parallel to the 8" pipeline, that has been idle and can be used to transport additional refined products. We expect the first tanks of the additional liquids storage capacity under construction to be placed into commercial service during the first quarter of 2019. We expect to recommission the Diamondback Pipeline and resume operations on both the 8" pipeline and the previously idle 6" pipeline by the end of 2019, with the remaining additional liquids storage capacity being placed into commercial service at the same time. The anticipated aggregate cost of the terminal expansion and pipeline recommissioning is estimated to be approximately \$55 million.

Expansion of our Collins terminal. Our Collins, Mississippi terminal complex is strategically located for the bulk storage market and is the only independent terminal capable of receiving from, delivering to, and transferring refined petroleum products between the Colonial and Plantation pipeline systems. We continue to implement the design and construction of approximately 870,000 barrels of new storage capacity supported by the execution of a new long-term, fee-based terminaling services agreement with a third party customer, which constitutes the beginning of a Phase II buildout. To facilitate our further expansion of tankage at our Collins terminal, we also entered into an agreement with Colonial Pipeline Company for significant improvements to the Colonial Pipeline receipt and delivery manifolds and our related receipt and delivery facilities. The improvements will result in significant increased flexibility for our Collins terminal customers including the simultaneous receipt and delivery of gasoline from and to Colonial's Line 1 at full line rates including the ability to receive and deliver segregated batches at these rates; a dedicated and segregated line for the receipt and delivery of distillates from and to Colonial's Line 2; and a dedicated and segregated line for the receipt and delivery of jet fuel from and to Colonial's Line 2. The anticipated cost of the approximately 870,000 barrels of new storage capacity and our share of the improvements to the pipeline connections is approximately \$55 million, with expected annual cash returns in the low-teens. We are currently in active discussions with several other existing and prospective customers regarding additional future capacity at our Collins terminal. We expect the first of the new tanks to come online in the first quarter of 2019 and the Colonial Pipeline Company improvements to come online in the second quarter of 2019.

Expansion of our West Coast terminals. On December 15, 2017, we acquired the West Coast terminals from a third party for a total purchase price of approximately \$276.8 million. The West Coast terminals consist of two waterborne refined product and crude oil terminals located in the San Francisco Bay Area refining complex with a total of 64 storage tanks with approximately 5.3 million barrels of active storage capacity. The West Coast terminals have access to domestic and international crude oil and refined products markets through marine, pipeline, truck and rail logistics capabilities.

Pursuant to a new long-term terminaling services agreement, we have begun the construction of an additional 125,000 barrels of storage capacity at our Richmond West Coast terminal. The cost of constructing this new capacity is expected to be approximately \$8 million. We are also pursuing other high-return investment opportunities similar to this at these terminals. The first of the new tanks began to come online in the fourth quarter of 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of the significant accounting policies that we have adopted and followed in the preparation of our historical consolidated financial statements is detailed in Note 1 of Notes to consolidated financial statements. Certain of these accounting policies require the use of estimates. The following estimates, in management's opinion, are subjective in nature, require the exercise of judgment and involve complex analyses: useful lives of our plant and equipment, accrued environmental obligations and business combination estimates and assumptions. These estimates are based on our knowledge and understanding of current conditions and actions we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations (see Note 1 of Notes to consolidated financial statements).

Useful lives of plant and equipment. We calculate depreciation using the straight-line method, based on estimated useful lives of our assets. These estimates are based on various factors including age (in the case of acquired assets), manufacturing specifications, technological advances and historical data concerning useful lives of similar

assets. Uncertainties that impact these estimates include changes in laws and regulations relating to restoration, economic conditions and supply and demand in the area. When assets are put into service, we make estimates with respect to useful lives that we believe to be reasonable. However, subsequent events could cause us to change our estimates, thus impacting the future calculation of depreciation. Estimated useful lives are 15 to 25 years for terminals and pipelines and 3 to 25 years for furniture, fixtures and equipment.

Accrued environmental obligations. At December 31, 2018, we have an accrued liability of approximately \$1.6 million representing our best estimate of the undiscounted future payments we expect to pay for environmental costs to remediate existing conditions. Estimates of our environmental obligations are subject to change due to a number of factors and judgments involved in the estimation process, including the early stage of investigation at certain sites, the lengthy time frames required to complete remediation, technology changes affecting remediation methods, alternative remediation methods and strategies and changes in environmental laws and regulations. Changes in our estimates and assumptions may occur as a result of the passage of time and the occurrence of future events.

Costs incurred to remediate existing contamination at the terminals have been, and are expected in the future to be, insignificant. Pursuant to agreements, an affiliate of NGL Energy Partners LP retained certain liabilities and indemnified us against certain potential environmental claims, losses and expenses associated with the operation of the acquired terminal facilities and occurring before our date of acquisition, up to a maximum liability for these indemnification obligations (not to exceed \$15.0 million for the Florida and Midwest terminals acquired on May 27, 2005, not to exceed \$15.0 million for the Brownsville and River facilities acquired on December 31, 2006, not to exceed \$15.0 million for the Southeast terminals acquired on December 31, 2007 and not to exceed \$2.5 million for the Pensacola terminal acquired on March 1, 2011). The forgoing environmental indemnifications to us remain in place and were not affected by the Take-Private Transaction.

Business combination estimates and assumptions. The application of business combination and impairment accounting requires us to use significant estimates and assumptions in determining the fair value of assets and liabilities. The acquisition method of accounting for business combinations requires us to estimate the fair value of assets acquired and liabilities assumed to allocate the proper amount of the purchase price consideration between goodwill and the assets that are depreciated and amortized. We record intangible assets separately from goodwill and amortize intangible assets with finite lives over their estimated useful life as determined by management. We do not amortize goodwill but instead periodically assess goodwill for impairment.

For all material acquisitions, we engage the services of an independent appraiser to assist us in determining the fair value of the acquired assets and liabilities, including goodwill; however, the ultimate determination of those values is the responsibility of our management. We base our estimates on assumptions believed to be reasonable, but which are inherently uncertain. These valuations require the use of management's assumptions, which would not reflect unanticipated events and circumstances that may occur.

RESULTS OF OPERATIONS—YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**ANALYSIS OF REVENUE**

Total revenue. We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. Our total revenue by category was as follows (in thousands):

	Total Revenue by Category		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Terminaling services fees	\$ 216,231	\$ 168,083	\$ 144,568
Pipeline transportation fees	3,295	5,719	6,789
Management fees and reimbursed costs	8,567	9,470	9,035
Other	—	—	4,532
Revenue	<u>\$ 228,093</u>	<u>\$ 183,272</u>	<u>\$ 164,924</u>

See discussion below for a detailed analysis of terminaling services fees, pipeline transportation fees, management fees and reimbursed costs and other revenue included in the table above.

We operate our business and report our results of operations in six principal business segments: (i) Gulf Coast terminals, (ii) Midwest terminals and pipeline system, (iii) Brownsville terminals, (iv) River terminals, (v) Southeast terminals and (vi) West Coast terminals. The aggregate revenue of each of our business segments was as follows (in thousands):

	Total Revenue by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Gulf Coast terminals	\$ 64,622	\$ 62,941	\$ 56,710
Midwest terminals and pipeline system	11,899	10,997	11,201
Brownsville terminals	17,246	20,645	25,485
River terminals	10,654	10,947	12,578
Southeast terminals	83,712	76,004	58,950
West Coast terminals	39,960	1,738	—
Revenue	<u>\$ 228,093</u>	<u>\$ 183,272</u>	<u>\$ 164,924</u>

Total revenue by business segment is presented and further analyzed below by category of revenue.

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volume of throughput of the customer's product at our facilities over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue.

We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "ancillary." In addition "ancillary" revenue also includes fees

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received from ancillary services including heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery.

	Terminaling Services Fees by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Gulf Coast terminals	\$ 64,338	\$ 61,889	\$ 54,619
Midwest terminals and pipeline system	10,127	9,265	9,469
Brownsville terminals	8,339	9,186	11,202
River terminals	10,654	10,883	10,868
Southeast terminals	82,821	75,122	58,410
West Coast terminals	39,952	1,738	—
Terminaling services fees	\$ 216,231	\$ 168,083	\$ 144,568

The increase in terminaling services fees at our Gulf Coast terminals for the year ended December 31, 2018 results from an increase in ancillary revenue. The increase in terminaling services fees at our Gulf Coast terminals for the year ended December 31, 2017 includes an increase of approximately \$1.4 million resulting from re-contracting capacity at Port Manatee, Florida in July 2016 and November 2016, an increase of approximately \$1.4 million resulting from increased throughput by various customers and \$0.7 million resulting from contracting refurbished capacity at Port Manatee and Jacksonville, Florida in May 2017.

The increase in terminaling services fees at our Southeast terminals for the year ended December 31, 2018 includes an increase of approximately \$3.0 million resulting from placing into service approximately 2.0 million barrels of new tank capacity at our Collins terminal in various stages beginning in the fourth quarter of 2016 through the second quarter of 2017, and an increase in ancillary revenue.

The increase in terminaling services fees at our West Coast terminals for the year ended December 31, 2018 is a result of the West Coast terminals acquisition on December 15, 2017.

Included in terminaling services fees for the years ended December 31, 2018, 2017 and 2016 are fees charged to affiliates of approximately \$11.0 million, \$1.9 million and \$3.4 million, respectively.

The “firm commitments” and “ancillary” revenue included in terminaling services fees were as follows (in thousands):

	Firm Commitments and Ancillary Terminaling Services Fees		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Firm commitments	\$ 171,774	\$ 135,197	\$ 116,341
Ancillary	44,457	32,886	28,227
Terminaling services fees	\$ 216,231	\$ 168,083	\$ 144,568

The remaining terms on the terminaling services agreements that generated “firm commitments” for the year ended December 31, 2018 were as follows (in thousands):

Less than 1 year remaining	\$ 36,454	21%
1 year or more, but less than 3 years remaining	56,237	33%
3 years or more, but less than 5 years remaining	43,408	25%
5 years or more remaining ⁽¹⁾	35,675	21%
Total firm commitments for the year ended December 31, 2018	\$ 171,774	

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⁽¹⁾ We have a terminaling services agreement with a third party relating to our Southeast terminals that will continue in effect through February 1, 2023, after which it shall automatically continue unless and until the third party provides at least 24 months' prior notice of its intent to terminate the agreement. Effective at any time from and after July 31, 2040, we have the right to terminate the agreement by providing at least 24 months' prior notice of our intent to terminate the agreement. We do not believe the third party will terminate the agreement prior to July 31, 2040; therefore we have presented the firm commitments related to this terminaling services agreement in the 5 years or more remaining category in the table above.

Pipeline transportation fees. We earned pipeline transportation fees at our Diamondback pipeline either based on the volume of product transported or under capacity reservation agreements. Revenue associated with the capacity reservation is recognized ratably over the respective term, regardless of whether the capacity is actually utilized. We earn pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who has contracted for 100% of our Razorback system. We own the Razorback and Diamondback pipelines, and we leased the Ella-Brownsville pipeline from a third party through December 31, 2017. The pipeline transportation fees by business segments were as follows (in thousands):

	Pipeline Transportation Fees by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Gulf Coast terminals	\$ —	\$ —	\$ —
Midwest terminals and pipeline system	1,772	1,732	1,732
Brownsville terminals	1,523	3,987	5,057
River terminals	—	—	—
Southeast terminals	—	—	—
West Coast terminals	—	—	—
Pipeline transportation fees	<u>\$ 3,295</u>	<u>\$ 5,719</u>	<u>\$ 6,789</u>

The decrease in pipeline transportation fees at our Brownsville terminals for the year ended December 31, 2018 is attributable to suspending operations on the Ella-Brownsville and Diamondback pipelines at the end of 2017 in connection with the expansion of our Brownville operations. The Diamondback Pipeline consists of an 8" pipeline that previously transported propane approximately 16 miles from our Brownsville facilities to the U.S./Mexico border and a 6" pipeline, which runs parallel to the 8" pipeline that has been idle and can be used to transport additional refined products. We expect to recommission and resume operations on both the 8" pipeline and the previously idle 6" pipeline by the end of 2019.

Included in pipeline transportation fees for each of the years ended December 31, 2018, 2017 and 2016 are fees charged to affiliates of approximately \$nil.

Management fees and reimbursed costs. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We lease land under operating leases and thereafter receive a fee as the lessor or sublessor from third parties and, in certain cases, our affiliates. We also managed and operated for an affiliate of PEMEX, Mexico's state-owned petroleum company, a products pipeline connected to our Brownsville terminal facility and received a management fee through August 23, 2018. The management fees and reimbursed costs by business segments were as follows (in thousands):

	Management Fees and Reimbursed Costs by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	Gulf Coast terminals	\$ 284	\$ 1,052
Midwest terminals and pipeline system	—	—	—
Brownsville terminals	7,384	7,472	7,326
River terminals	—	64	10
Southeast terminals	891	882	540
West Coast terminals	8	—	—
Management fees and reimbursed costs	<u>\$ 8,567</u>	<u>\$ 9,470</u>	<u>\$ 9,035</u>

Included in management fees and reimbursed costs for the years ended December 31, 2018, 2017 and 2016 are fees charged to affiliates of approximately \$5.8 million, \$5.3 million and \$5.0 million, respectively.

Other revenue. Other revenue includes payments to us for settlement of litigation and reimbursements for property damage caused by customers. Other revenue by business segments were as follows (in thousands):

	Other Revenue by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	Gulf Coast terminals	\$ —	\$ —
Midwest terminals and pipeline system	—	—	—
Brownsville terminals	—	—	1,900
River terminals	—	—	1,700
Southeast terminals	—	—	—
West Coast terminals	—	—	—
Other revenue	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,532</u>

Included in Other revenue for the year ended December 31, 2016 is an approximately \$1.9 million one-time payment to us at our Brownsville terminals related to the settlement of litigation with our LPG customer, an approximately \$1.7 million one-time payment to us at our River terminals related to property damage caused by a customer and an approximately \$0.9 million one-time payment to us at our Gulf Coast terminals related to property damage caused by a customer.

Included in other revenue for the years ended December 31, 2018, 2017 and 2016 are amounts charged to affiliates of approximately \$nil.

ANALYSIS OF COSTS AND EXPENSES

The direct operating costs and expenses of our operations include the direct wages and employee benefits, utilities, communications, repairs and maintenance, rent, property taxes, vehicle expenses, environmental compliance costs, materials and supplies. Consistent with historical trends, repairs and maintenance expenses can vary year-to-year based on the timing of scheduled maintenance and unforeseen circumstances necessitating repairs to our terminals and pipelines. The direct operating costs and expenses of our operations were as follows (in thousands):

	Direct Operating Costs and Expenses		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	Wages and employee benefits	\$ 30,292	\$ 24,923
Utilities and communication charges	9,611	8,335	7,677
Repairs and maintenance	14,624	12,259	15,432
Office, rentals and property taxes	11,684	10,117	9,494
Vehicles and fuel costs	782	714	838
Environmental compliance costs	4,134	2,696	3,403
Other	10,901	8,656	7,452
Direct operating costs and expenses	<u>\$ 82,028</u>	<u>\$ 67,700</u>	<u>\$ 68,415</u>

The direct operating costs and expenses of our business segments were as follows (in thousands):

	Direct Operating Costs and Expenses by Business Segment		
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	Gulf Coast terminals	\$ 22,817	\$ 22,829
Midwest terminals and pipeline system	3,053	2,859	3,220
Brownsville terminals	7,812	10,447	11,338
River terminals	6,832	6,624	7,957
Southeast terminals	26,836	24,302	22,948
West Coast terminals	14,678	639	—
Direct operating costs and expenses	<u>\$ 82,028</u>	<u>\$ 67,700</u>	<u>\$ 68,415</u>

The decrease in direct operating costs and expenses at our Brownsville terminals for the year ended December 31, 2018 is primarily attributable to terminating our lease of the Ella-Brownsville pipeline from a third party on December 31, 2017 in connection with the expansion of our Brownville operations.

The increase in direct operating costs and expenses at our Southeast terminals is a result of the completion of our Phase I Collins terminal expansion project in various stages beginning in the fourth quarter of 2016 through the second quarter of 2017.

The increase in direct operating costs and expenses at our West Coast terminals is a result of the West Coast terminals acquisition on December 15, 2017.

General and administrative expenses include fees paid to ArcLight under the omnibus agreement to cover the costs of centralized corporate functions such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll, taxes and other corporate services. General and administrative expenses also include direct general and administrative expenses for costs and expenses of employees performing engineering, health, safety and environmental services, third party accounting costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and distribution, legal fees and independent director

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fees. The general and administrative expenses for the years ended December 31, 2018, 2017 and 2016 were approximately \$21.6 million, \$19.4 million and \$14.1 million, respectively. The increase in general and administrative expenses for the year ended December 31, 2018 is primarily attributable to an increase in the omnibus fee beginning May 13, 2018 and costs associated with the Take-Private Transaction. The increase in general and administrative expenses for the year ended December 31, 2017 is primarily attributable to the May 3, 2017 increase in the omnibus fee and costs for pursuing acquisition and other growth opportunities.

Insurance expenses include charges for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers' liability, and other insurable risks. For the years ended December 31, 2018, 2017 and 2016, the insurance expense was approximately \$5.0 million, \$4.1 million and \$4.1 million, respectively. The increase in insurance expense for the year ended December 31, 2018 is primarily attributable to the December 15, 2017 West Coast acquisition.

Equity-based compensation expense includes expense associated with us reimbursing ArcLight for awards granted by them to certain key officers and employees who provide service to us that vest over future service periods and, prior to the consummation of the Take-Private Transaction, grants to the independent directors of our general partner under our long-term incentive plan (which was terminated, in relevant part, in connection with the Take-Private Transaction). Prior to the consummation of the Take-Private Transaction, we had the intent and ability to settle our reimbursement for the bonus awards by issuing additional common units, and accordingly, we accounted for the bonus awards as an equity award; following the Take-Private Transaction, we will settle our awards through cash compensation. The expenses associated with these reimbursements were approximately \$3.5 million, \$3.0 million and \$3.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Depreciation and amortization expenses for the years ended December 31, 2018, 2017 and 2016 were approximately \$49.5 million, \$36.0 million and \$32.4 million, respectively. The increase in depreciation and amortization expense for the years ended December 31, 2018 and 2017 is primarily attributable to placing the Collins expansion project in service in various stages beginning in the fourth quarter of 2016 through the second quarter of 2017 and the December 15, 2017 West Coast acquisition.

Interest expense for the years ended December 31, 2018, 2017 and 2016 was approximately \$31.9 million, \$10.5 million and \$7.8 million, respectively. The increase in interest expense for the years ended December 31, 2018 and 2017 is primarily attributable to financing the December 15, 2017 acquisition of the West Coast terminals, the February 12, 2018 issuance of senior notes and increases in LIBOR based interest rates.

ANALYSIS OF INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At December 31, 2018, 2017 and 2016, our investments in unconsolidated affiliates include a 42.5% Class A ownership interest in BOSTCO and a 50% ownership interest in Frontera. BOSTCO is a terminal facility located on the Houston Ship Channel that encompasses approximately 7.1 million barrels of distillate, residual and other black oil product storage. Class A and Class B ownership interests share in cash distributions on a 96.5% and 3.5% basis, respectively. Class B ownership interests do not have voting rights and are not required to make capital investments. Frontera is a terminal facility located in Brownsville, Texas that encompasses approximately 1.7 million barrels of light petroleum product storage, as well as related ancillary facilities.

The following table summarizes our investments in unconsolidated affiliates:

	Percentage of ownership		Carrying value (in thousands)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
BOSTCO	42.5 %	42.5 %	\$ 203,005	\$ 209,373
Frontera	50 %	50 %	24,026	23,808
Total investments in unconsolidated affiliates			\$ 227,031	\$ 233,181

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Earnings from investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ 5,767	\$ 3,543	\$ 6,933
Frontera	3,085	3,528	3,096
Total earnings from investments in unconsolidated affiliates	<u>\$ 8,852</u>	<u>\$ 7,071</u>	<u>\$ 10,029</u>

The decrease in earnings from our investment in BOSTCO for the year ended December 31, 2017 is primarily attributable to increased dredging costs and the terminal being offline revenue for a few days due to Hurricane Harvey. There was no damage to the terminal as a result of Hurricane Harvey.

Additional capital investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ —	\$ 145	\$ 2,125
Frontera	1,413	2,000	100
Additional capital investments in unconsolidated affiliates	<u>\$ 1,413</u>	<u>\$ 2,145</u>	<u>\$ 2,225</u>

Cash distributions received from unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ 12,135	\$ 12,256	\$ 14,331
Frontera	4,280	4,872	3,530
Cash distributions received from unconsolidated affiliates	<u>\$ 16,415</u>	<u>\$ 17,128</u>	<u>\$ 17,861</u>

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund our working capital requirements, distributions to equity owners, approved investments, approved capital projects and approved future expansion, development and acquisition opportunities. We expect to fund any investments, capital projects and future expansion, development and acquisition opportunities with cash flows from operations and additional borrowings under our revolving credit facility.

Net cash provided by (used in) operating activities, investing activities and financing activities were as follows (in thousands):

	Year ended December 31,		
	2018	2017	2016
Net cash provided by operating activities	\$ 118,313	\$ 103,704	\$ 79,107
Net cash used in investing activities	\$ (56,660)	\$ (337,070)	\$ (69,089)
Net cash provided by (used) in financing activities	\$ (62,514)	\$ 233,696	\$ (10,106)

The increase in net cash provided by operating activities for the year ended December 31, 2018 is primarily attributable to increased revenue related to the acquisition of the West Coast terminals in December 2017. The increase in net cash provided by operating activities for the year ended December 31, 2017 is primarily attributable to increased revenue related to placing 2.0 million barrels of new tank capacity at our Collins terminal into service in various stages

beginning in the fourth quarter of 2016 through the second quarter of 2017, re-contracting of available storage capacity throughout 2017 and the timing of working capital requirements.

The decrease in net cash used in investing activities for the year ended December 31, 2018 and the increase in net cash used in investing activities for the year ended December 31, 2017 includes a change of \$276.8 million for the December 15, 2017 acquisition of the West Coast terminals.

Additional investments and expansion capital projects at our terminals have been approved that currently are, or will be, under construction with estimated completion dates that extend through the fourth quarter of 2019. At December 31, 2018, the remaining expenditures to complete the approved projects are estimated to be approximately \$70 million. These expenditures primarily relate to the construction costs associated with our Collins, Phase II terminal expansion and our expansion of our Brownsville operations.

Our Collins Phase II terminal expansion includes the construction of an additional approximately 870,000 barrels of new storage capacity and significant improvements to the Colonial Pipeline receipt and delivery manifolds. Total capital expenditures for this project are expected to be approximately \$55 million. Approximately 870,000 barrels were placed into commercial service in the first quarter of 2019, with the manifold improvements to be placed into commercial service in the second quarter of 2019.

Our expansion of our Brownsville operations includes the construction of approximately 630,000 barrels of additional liquids storage capacity and the conversion of our Diamondback Pipeline to transport diesel and gasoline to the U.S./Mexico border. We expect the first tanks of the additional liquids storage capacity under construction to be placed into commercial service during the first quarter of 2019. We expect to recommission the Diamondback Pipeline and resume operations on both the 8" pipeline and the previously idle 6" pipeline by the end of 2019, with the remaining additional liquids storage capacity being placed into commercial service at the same time. The anticipated aggregate cost of the terminal expansion and pipeline recommissioning is estimated to be approximately \$55 million.

Net cash used by financing activities for the year ended December 31, 2018 and net cash provided by financing activities for the year ended December 31, 2017 changed primarily a result of funding the \$276.8 million December 15, 2017 acquisition of the West Coast terminals.

Third amended and restated senior secured credit facility. On March 13, 2017, we entered into the third amended and restated senior secured revolving credit facility, or our "revolving credit facility," which provided for a maximum borrowing line of credit equal to \$600 million. On December 14, 2017 we amended our revolving credit facility, which increased the maximum borrowing line of credit to \$850 million, in connection with the acquisition of the West Coast terminals. At our request, the maximum borrowing line of credit may be increased by an additional \$250 million, subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. The terms of our revolving credit facility include covenants that restrict our ability to make cash distributions, acquisitions and investments, including investments in joint ventures. We may make distributions of cash to the extent of our "available cash" as defined in our LLC agreement. We may make acquisitions and investments that meet the definition of "permitted acquisitions"; "other investments" which may not exceed 5% of "consolidated net tangible assets"; and additional future "permitted JV investments" up to \$175 million, which may include additional investments in BOSTCO. The principal balance of loans and any accrued and unpaid interest are due and payable in full on the maturity date, March 13, 2022.

We may elect to have loans under our revolving credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.75% to 2.75% depending on the total leverage ratio then in effect, or (ii) at the base rate plus a margin ranging from 0.75% to 1.75% depending on the total leverage ratio then in effect. We also pay a commitment fee on the unused amount of commitments, ranging from 0.375% to 0.5% per annum, depending on the total leverage ratio then in effect. Our obligations under our revolving credit facility are secured by a first priority security interest in favor of the lenders in the majority of our assets, including our investments in unconsolidated affiliates. At December 31, 2018, our outstanding borrowings under our revolving credit facility were \$306 million.

Our revolving credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and

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customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). The primary financial covenants contained in our revolving credit facility are (i) a total leverage ratio test (not to exceed 5.25 to 1.0), (ii) a senior secured leverage ratio test (not to exceed 3.75 to 1.0), and (iii) a minimum interest coverage ratio test (not less than 3.0 to 1.0; however while any Qualified Senior Notes are outstanding not less than 2.75 to 1.0). These financial covenants are based on a non-GAAP, defined financial performance measure within our revolving credit facility known as “Consolidated EBITDA.” As of December 31, 2018, we were in compliance with all financial covenants under our revolving credit facility.

If we were to fail either financial performance covenant, or any other covenant contained in our revolving credit facility, we would seek a waiver from our lenders under such facility. If we were unable to obtain a waiver from our lenders and the default remained uncured after any applicable grace period, we would be in breach of our revolving credit facility, and the lenders would be entitled to declare all outstanding borrowings immediately due and payable.

	Three months ended				Year ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
Financial performance covenant tests:					
Consolidated EBITDA (1)	\$ 32,921	\$ 33,833	\$ 36,063	\$ 30,663	\$ 133,480
Material Project credit (2)	—	854	663	8,220	9,737
Consolidated EBITDA for the leverage ratios (1)	<u>\$ 32,921</u>	<u>\$ 34,687</u>	<u>\$ 36,726</u>	<u>\$ 38,883</u>	<u>\$ 143,217</u>
Revolving credit facility debt					306,000
6.125% senior notes due in 2026					300,000
Consolidated funded indebtedness					<u>\$ 606,000</u>
Senior secured leverage ratio					2.14
Total leverage ratio					4.23
Consolidated EBITDA for the interest coverage ratio (1)	\$ 32,921	\$ 33,833	\$ 36,063	\$ 30,663	\$ 133,480
Consolidated interest expense (1) (3)	\$ 6,419	\$ 8,188	\$ 8,464	\$ 8,396	\$ 31,467
Interest coverage ratio					4.24
Reconciliation of consolidated EBITDA to cash flows provided by operating activities:					
Consolidated EBITDA for the total leverage ratio (1)	\$ 32,921	\$ 34,687	\$ 36,726	\$ 38,883	\$ 143,217
Material Project credit (2)	—	(854)	(663)	(8,220)	(9,737)
Interest expense	(6,461)	(8,273)	(8,608)	(8,558)	(31,900)
Unrealized loss on derivative instruments	42	85	144	162	433
Amortization of deferred revenue	(187)	(149)	(119)	131	(324)
Settlement of tax withholdings on equity-based compensation	341	317	—	—	658
Change in operating assets and liabilities	(2,262)	9,656	3,122	5,720	16,236
Cash flows provided by operating activities	<u>\$ 24,394</u>	<u>\$ 35,469</u>	<u>\$ 30,602</u>	<u>\$ 28,118</u>	<u>\$ 118,583</u>

- (1) Reflects the calculation of Consolidated EBITDA and Consolidated interest expense in accordance with the definition for such financial metrics in our revolving credit facility.
- (2) Reflects percentage of completion pro forma credit related to the Collins Phase II terminal expansion and the Brownsville terminal expansion that qualify as a “Material Project” under the terms of our revolving credit facility.
- (3) Consolidated interest expense, used in the calculation of the interest coverage ratio, excludes unrealized gains and losses recognized on our derivative instruments.

Termination of shelf registration. On September 2, 2016, the SEC declared effective a universal shelf registration statement, which replaced our prior shelf registration statement that previously expired. Prior to the Take-Private Transaction, the shelf registration statement allowed us to issue common units and debt securities. In February 2018, we used the shelf registration statement to issue senior notes (see Note 21 of Notes to consolidated financial statements). In connection with the Take-Private Transaction, the Company prepared and filed a post-effective amendment to its Form S-3 registration statement in effect to deregister all securities of the Partnership unissued but issuable thereunder. The senior notes remain outstanding and the Company is voluntarily filing pursuant to the covenants contained in the senior notes.

Contractual obligations and contingencies. We have contractual obligations that are required to be settled in cash. The amounts of our contractual obligations at December 31, 2018 are as follows (in thousands):

	Years ending December 31,					
	2019	2020	2021	2022	2023	Thereafter
Additions to property, plant and equipment under contract	\$25,759	\$ —	\$ —	\$ —	\$ —	\$ —
Operating leases—property and equipment	3,015	3,374	3,210	2,315	2,263	6,287
Revolving credit facility	—	—	—	306,000	—	—
Interest expense on revolving credit facility (1)	17,595	17,595	17,595	3,519	—	—
6.125% senior notes due in 2026	—	—	—	—	—	300,000
Interest expense on 6.125% senior notes due in 2026 (2)	18,375	18,375	18,375	18,375	18,375	38,945
Total contractual obligations to be settled in cash	\$64,744	\$39,344	\$39,180	\$330,209	\$20,638	\$345,232

- (1) Assumes that our outstanding revolving credit facility debt at December 31, 2018 remains outstanding until its maturity date and we incur interest expense at the weighted average interest rate on our borrowings outstanding for the three months ended December 31, 2018, which is 5.75% per year.
- (2) Assumes that senior notes at December 31, 2018 remain outstanding until their maturity date and we incur interest expense at the coupon rate of 6.125%.

We believe that our future cash expected to be provided by operating activities, available borrowing capacity under our revolving credit facility, and our relationship with institutional lenders should enable us to meet our committed capital and our essential liquidity requirements for the next twelve months.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect or change on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term “off-balance sheet arrangement” generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Market risk is the risk of loss arising from adverse changes in market rates and prices. A principal market risk to which we are exposed is interest rate risk associated with borrowings under our revolving credit facility. Borrowings under our revolving credit facility bear interest at a variable rate based on LIBOR or the lender’s base rate. We manage a portion of our interest rate risk with interest rate swaps, which reduce our exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At December 31, 2018, we are party to an interest rate swap

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agreement with a notional amount of \$50.0 million that expires March 11, 2019. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of approximately 0.97% and receive interest payments based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreement is settled monthly and is recognized as an adjustment to interest expense. At December 31, 2018, we had outstanding borrowings of \$306 million under our revolving credit facility. Based on the outstanding balance of our variable-interest-rate debt at December 31, 2018, the terms of our interest rate swap agreement and assuming market interest rates increase or decrease by 100 basis points, the potential annual increase or decrease in interest expense is approximately \$2.6 million.

We do not purchase or market products that we handle or transport and, therefore, we do not have material direct exposure to changes in commodity prices, except for the value of product gains arising from certain of our terminaling services agreements with our customers. We do not use derivative commodity instruments to manage the commodity risk associated with the product we may own at any given time. Generally, to the extent we are entitled to retain product pursuant to terminaling services agreements with our customers, we sell the product to our customers on a contractually established periodic basis; the sales price is based on industry indices.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report.

TransMontaigne Partners LLC and Subsidiaries:

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management of TransMontaigne Partners LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TransMontaigne Partners LLC (formerly TransMontaigne Partners L.P.) and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Denver, Colorado

March 15, 2019

We have served as the Company's auditor since 2012.

TransMontaigne Partners LLC and subsidiaries**Consolidated balance sheets****(Dollars in thousands)**

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 332	\$ 923
Trade accounts receivable, net	14,042	11,017
Due from affiliates	1,402	1,509
Other current assets	8,193	20,654
Total current assets	<u>23,969</u>	<u>34,103</u>
Property, plant and equipment, net	688,179	655,053
Goodwill	9,428	9,428
Investments in unconsolidated affiliates	227,031	233,181
Other assets, net	50,769	55,238
	<u>\$ 999,376</u>	<u>\$ 987,003</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$ 27,007	\$ 8,527
Due to affiliates	456	—
Accrued liabilities	28,921	17,426
Total current liabilities	<u>56,384</u>	<u>25,953</u>
Other liabilities	4,643	3,633
Long-term debt	598,622	593,200
Total liabilities	<u>659,649</u>	<u>622,786</u>
Commitments and contingencies (Note 16)		
Equity:		
Common unitholders (16,229,123 units issued and outstanding at December 31, 2018 and 16,177,353 units issued and outstanding at December 31, 2017)	286,237	310,769
General partner interest (2% interest with 331,206 equivalent units outstanding at December 31, 2018 and 330,150 equivalent units outstanding at December 31, 2017)	53,490	53,448
Total equity	<u>339,727</u>	<u>364,217</u>
	<u>\$ 999,376</u>	<u>\$ 987,003</u>

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries**Consolidated statements of operations****(In thousands, except per unit amounts)**

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Revenue:			
External customers	\$ 211,303	\$ 176,079	\$ 156,506
Affiliates	16,790	7,193	8,418
Total revenue	<u>228,093</u>	<u>183,272</u>	<u>164,924</u>
Operating costs and expenses:			
Direct operating costs and expenses	(82,028)	(67,700)	(68,415)
General and administrative expenses	(21,615)	(19,433)	(14,100)
Insurance expenses	(4,976)	(4,064)	(4,081)
Equity-based compensation expense	(3,478)	(2,999)	(3,263)
Depreciation and amortization	(49,535)	(35,960)	(32,383)
Loss on disposition of assets	(901)	—	—
Total operating costs and expenses	<u>(162,533)</u>	<u>(130,156)</u>	<u>(122,242)</u>
Earnings from unconsolidated affiliates	8,852	7,071	10,029
Operating income	74,412	60,187	52,711
Other expenses:			
Interest expense	(31,900)	(10,473)	(7,787)
Amortization of deferred issuance costs	(3,037)	(1,221)	(818)
Total other expenses	<u>(34,937)</u>	<u>(11,694)</u>	<u>(8,605)</u>
Net earnings	39,475	48,493	44,106
Less—earnings allocable to general partner interest including incentive distribution rights	<u>(15,675)</u>	<u>(12,705)</u>	<u>(9,340)</u>
Net earnings allocable to limited partners	<u>\$ 23,800</u>	<u>\$ 35,788</u>	<u>\$ 34,766</u>
Net earnings per limited partner unit—basic	<u>\$ 1.46</u>	<u>\$ 2.20</u>	<u>\$ 2.14</u>
Net earnings per limited partner unit—diluted	<u>\$ 1.45</u>	<u>\$ 2.20</u>	<u>\$ 2.14</u>

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries

Consolidated statements of equity

(Dollars in thousands)

	Common units	General partner interest	Total
Balance December 31, 2015	\$ 326,224	\$ 57,747	\$ 383,971
Distributions to unitholders	(44,211)	(8,898)	(53,109)
Equity-based compensation	3,128	—	3,128
Issuance of 19,008 common units pursuant to our long-term incentive plan	135	—	135
Issuance of 2,094 common units pursuant to our savings and retention program	—	—	—
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	9	9
Excess of \$12.0 million purchase price of hydrant system from affiliate over the carryover basis of the net assets	—	(5,506)	(5,506)
Net earnings for year ended December 31, 2016	34,766	9,340	44,106
Balance December 31, 2016	320,042	52,692	372,734
Distributions to unitholders	(47,349)	(11,985)	(59,334)
Equity-based compensation	2,729	—	2,729
Issuance of 6,498 common units pursuant to our long-term incentive plan	270	—	270
Issuance of 33,205 common units pursuant to our savings and retention program	—	—	—
Settlement of tax withholdings on equity-based compensation	(711)	—	(711)
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	36	36
Net earnings for year ended December 31, 2017	35,788	12,705	48,493
Balance December 31, 2017	310,769	53,448	364,217
Distributions to unitholders	(51,152)	(15,672)	(66,824)
Equity-based compensation	3,208	—	3,208
Issuance of 6,972 common units pursuant to our long-term incentive plan	270	—	270
Issuance of 44,798 common units pursuant to our savings and retention program	—	—	—
Settlement of tax withholdings on equity-based compensation	(658)	—	(658)
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	39	39
Net earnings for the year ended December 31, 2018	23,800	15,675	39,475
Balance December 31, 2018	\$ 286,237	\$ 53,490	\$ 339,727

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries

Consolidated statements of cash flows

(Dollars in thousands)

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Cash flows from operating activities:			
Net earnings	\$ 39,475	\$ 48,493	\$ 44,106
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	49,535	35,960	32,383
Loss on disposition of assets	901	—	—
Earnings from unconsolidated affiliates	(8,852)	(7,071)	(10,029)
Distributions from unconsolidated affiliates	15,565	17,128	17,861
Equity-based compensation expense	3,478	2,999	3,263
Amortization of deferred issuance costs	3,037	1,221	818
Amortization of deferred revenue	(324)	(333)	(248)
Unrealized (gain) loss on derivative instruments	433	(232)	(344)
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Trade accounts receivable, net	(2,797)	(1,593)	(2,987)
Due from affiliates	107	(856)	427
Other current assets	2,579	1,457	(7,082)
Amounts due under long-term terminaling services agreements, net	1,160	801	337
Deposits	—	—	(193)
Trade accounts payable	2,335	2,522	(2,092)
Due to affiliates	456	—	—
Accrued liabilities	11,495	3,208	2,887
Net cash provided by operating activities	<u>118,583</u>	<u>103,704</u>	<u>79,107</u>
Cash flows from investing activities:			
Acquisition of terminal assets	—	(276,760)	(12,000)
Investments in unconsolidated affiliates	(1,413)	(2,145)	(2,225)
Return of investment in unconsolidated affiliates	850	—	—
Capital expenditures	(66,122)	(58,165)	(54,864)
Proceeds from sale of assets	10,025	—	—
Net cash used in investing activities	<u>(56,660)</u>	<u>(337,070)</u>	<u>(69,089)</u>
Cash flows from financing activities:			
Proceeds from senior notes	300,000	—	—
Borrowings under revolving credit facility	166,400	442,100	199,900
Repayments under revolving credit facility	(453,600)	(140,700)	(156,100)
Deferred issuance costs	(7,871)	(7,695)	(806)
Settlement of tax withholdings on equity-based compensation	(658)	(711)	—
Distributions paid to unitholders	(66,824)	(59,334)	(53,109)
Contribution of cash by TransMontaigne GP	39	36	9
Net cash provided by (used in) financing activities	<u>(62,514)</u>	<u>233,696</u>	<u>(10,106)</u>
Increase (decrease) in cash and cash equivalents	(591)	330	(88)
Cash and cash equivalents at beginning of period	923	593	681
Cash and cash equivalents at end of period	<u>\$ 332</u>	<u>\$ 923</u>	<u>\$ 593</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 24,635	\$ 10,077	\$ 8,097
Property, plant and equipment acquired with accounts payable	\$ 19,353	\$ 3,207	\$ 5,114

See accompanying notes to consolidated financial statements.

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements
Years ended December 31, 2018, 2017 and 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of business

TransMontaigne Partners LLC (“we,” “us,” “our,” “the Company”) provides integrated terminaling, storage, transportation and related services for companies engaged in the trading, distribution and marketing of light refined petroleum products, heavy refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. We conduct our operations in the United States along the Gulf Coast, in the Midwest, in Houston and Brownsville, Texas, along the Mississippi and Ohio rivers, in the Southeast and along the West Coast.

We were originally formed as TransMontaigne Partners L.P. (“the Partnership”), in February 2005 as a Delaware limited partnership. Through February 26, 2019, the Partnership’s common units were listed and publicly traded on the New York Stock Exchange (“NYSE”) under the symbol “TLP”. The Partnership was controlled by a general partner, TransMontaigne GP L.L.C. (“TransMontaigne GP”), which was an indirect, controlled subsidiary of ArcLight Energy Partners Fund VI, L.P. (“ArcLight”). TransMontaigne GP also held the Partnership’s incentive distribution rights, which were non-voting limited partner interests with the rights set forth in the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 27, 2005, as amended from time to time.

On February 26, 2019, an affiliate of ArcLight completed its previously announced acquisition of all of the Partnership’s outstanding publicly traded common units not already held by ArcLight and its affiliates by way of our merger (the “Merger”) with a wholly owned subsidiary of TLP Finance Holdings, LLC (“TLP Finance”), an indirect controlled subsidiary of ArcLight. At the effective time of the Merger, each of the Partnership’s general partner units issued and outstanding immediately prior to the acquisition effective time was converted into (i)(a) one Partnership common unit, and (i)(b) in aggregate, a non-economic general partner interest in the Partnership, (ii) each of the Partnership’s incentive distribution rights issued and outstanding immediately prior to the acquisition effective time was converted into 100 Partnership common units, (iii) our general partner distributed its common units in the Partnership (the “Transferred GP Units”) to TLP Acquisition Holdings, LLC, a Delaware limited liability company (“TLP Holdings”), and TLP Holdings contributed the Transferred GP Units to TLP Finance, (iv) the Partnership converted into the Company (a Delaware limited liability company) pursuant to Section 17-219 of the Delaware Limited Partnership Act and changed its name to “TransMontaigne Partners LLC”, and all of our common units owned by TLP Finance were converted into limited liability company interests, (v) the non-economic interest in the Company owned by our general partner was automatically cancelled and ceased to exist and our general partner merged with and into the Company with the Company surviving, and (vi) the Company became 100% owned by TLP Finance (the transactions described in the foregoing clauses (i) through (iv), collectively with the Merger, the “Take-Private Transaction”).

As a result of the Take-Private Transaction, our common units ceased to be publicly traded, and our common units are no longer listed on the New York Stock Exchange (“NYSE”). Our currently outstanding 6.125% senior unsecured notes due in 2026 remain outstanding, and we are voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in those notes.

(b) Basis of presentation and use of estimates

Our accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (“GAAP”). The accompanying consolidated financial statements include the accounts of TransMontaigne Partners L.P. and its controlled subsidiaries. Investments where we do not have the ability to exercise control, but do have the ability to exercise significant influence, are accounted for using the equity method of accounting. All inter-company accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements. Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements (continued)
Years ended December 31, 2018, 2017 and 2016

The preparation of financial statements in conformity with “GAAP” requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. The following estimates, in management’s opinion, are subjective in nature, require the exercise of judgment, and/or involve complex analyses: business combination estimates and assumptions, useful lives of our plant and equipment and accrued environmental obligations. Changes in these estimates and assumptions will occur as a result of the passage of time and the occurrence of future events. Actual results could differ from these estimates.

(c) Accounting for terminal and pipeline operations

Effective January 1, 2018, we adopted Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), applying the modified retrospective transition method, which required us to apply the new standard to (i) all new revenue contracts entered into after January 1, 2018, and (ii) revenue contracts which were not completed as of January 1, 2018. ASC 606 replaces existing revenue recognition requirements in GAAP and requires entities to recognize revenue at an amount that reflects the consideration to which we expect to be entitled in exchange for transferring goods or services to a customer. ASC 606 also requires certain disclosures regarding qualitative and quantitative information regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of ASC 606 did not result in a transition adjustment nor did it have an impact on the timing or amount of our revenue recognition (See Note 18 of Notes to consolidated financial statements).

The adoption of ASC 606 did not result in changes to our accounting for trade accounts receivable (see Note 4 of Notes to consolidated financial statements), contract assets or contract liabilities. We recognize contract assets in situations where revenue recognition under ASC 606 occurs prior to billing the customer based on our rights under the contract. Contract assets are transferred to accounts receivable when the rights become unconditional. At December 31, 2018, we did not have any contract assets related to ASC 606.

Contract liabilities primarily relate to consideration received from customers in advance of completing the performance obligation. A performance obligation is a promise in a contract to transfer goods or services to the customer. We recognize contract liabilities under these arrangements as revenue once all contingencies or potential performance obligations have been satisfied by the (i) performance of services or (ii) expiration of the customer’s rights under the contract. Short-term contract liabilities include customer advances and deposits (see Note 10 of Notes to consolidated financial statements). Long-term contract liabilities include deferred revenue related to ethanol blending fees and other projects (See Note 11 of Notes to consolidated financial statements).

We generate revenue from terminaling services fees, pipeline transportation fees and management fees. Under ASC 606, we recognize revenue over time or at a point in time, depending on the nature of the performance obligations contained in the respective contract with our customer. The contract transaction price is allocated to each performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our revenue is recognized pursuant to ASC guidance other than ASC 606. The following is an overview of our significant revenue streams, including a description of the respective performance obligations and related method of revenue recognition.

Terminaling services fees. Our terminaling services agreements are structured as either throughput agreements or storage agreements. Our throughput agreements contain provisions that require our customers to make minimum payments, which are based on contractually established minimum volumes of throughput of the customer’s product at our facilities, over a stipulated period of time. Due to this minimum payment arrangement, we recognize a fixed amount of revenue from the customer over a certain period of time, even if the customer throughputs less than the minimum volume of product during that period. In addition, if a customer throughputs a volume of product exceeding the minimum volume, we would recognize additional revenue on this incremental volume. Our storage agreements require our customers to make minimum

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements (continued)
Years ended December 31, 2018, 2017 and 2016

payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of recognized revenue. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being “firm commitments.” The majority of our firm commitments under our terminaling services agreements are accounted for in accordance with ASC 840, *Leases* (“ASC 840 revenue”). The remainder is recognized in accordance with ASC 606 (“ASC 606 revenue”) where the minimum payment arrangement in each contract is a single performance obligation that is primarily satisfied over time through the contract term.

Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as ancillary. The ancillary revenue associated with terminaling services include volumes of product throughput that exceed the contractually established minimum volumes, injection fees based on the volume of product injected with additive compounds, heating and mixing of stored products, product transfer, railcar handling, butane blending, proceeds from the sale of product gains, wharfage and vapor recovery. The revenue generated by these services is primarily considered optional purchases to acquire additional services or variable consideration that is required to be estimated under ASC 606 for any uncertainty that is not resolved in the period of the service. We account for the majority of ancillary revenue at individual points in time when the services are delivered to the customer. Our ancillary revenue is recognized in accordance with ASC 606.

Pipeline transportation fees. We earn pipeline transportation fees at our Diamondback pipeline either based on the volume of product transported or under capacity reservation agreements. Revenue associated with the capacity reservation is recognized ratably over the respective term, regardless of whether the capacity is actually utilized. We earn pipeline transportation fees at our Razorback pipeline based on an allocation of the aggregate fees charged under the capacity agreement with our customer who has contracted for 100% of our Razorback system. Pipeline transportation revenue is accounted for in accordance with ASC 840.

Management fees and reimbursed costs. We manage and operate certain tank capacity at our Port Everglades South terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate the Frontera joint venture and receive a management fee based on our costs incurred. We manage and operate rail sites at certain Southeast terminals on behalf of a major oil company and receive reimbursement for operating and maintenance costs. We lease land under operating leases as the lessor or sublessor with third parties and affiliates. We also managed and operated for an affiliate of PEMEX, Mexico’s state-owned petroleum company, a products pipeline connected to our Brownsville terminal facility and received a management fee through August 23, 2018. Management fee revenue is recognized at individual points in time as the services are performed or as the costs are incurred and is primarily accounted for in accordance with ASC 606. Management fees and reimbursed costs related to lease revenue are accounted for in accordance with ASC 840.

(d) Cash and cash equivalents

We consider all short-term investments with a remaining maturity of three months or less at the date of purchase to be cash equivalents.

(e) Property, plant and equipment

Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 25 years for terminals and pipelines and 3 to 25 years for furniture, fixtures and equipment. All items of property, plant and equipment are carried at cost. Expenditures that increase capacity or extend useful lives are capitalized. Repairs and maintenance are expensed as incurred.

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable based on expected undiscounted future cash flows attributable

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements (continued)
Years ended December 31, 2018, 2017 and 2016

to that asset group. If an asset group is impaired, the impairment loss to be recognized is the excess of the carrying amount of the asset group over its estimated fair value.

(f) Investments in unconsolidated affiliates

We account for our investments in unconsolidated affiliates, which we do not control but do have the ability to exercise significant influence over, using the equity method of accounting. Under this method, the investment is recorded at acquisition cost, increased by our proportionate share of any earnings and additional capital contributions and decreased by our proportionate share of any losses, distributions received and amortization of any excess investment. Excess investment is the amount by which our total investment exceeds our proportionate share of the book value of the net assets of the investment entity. We evaluate our investments in unconsolidated affiliates for impairment whenever events or circumstances indicate there is a loss in value of the investment that is other than temporary. In the event of impairment, we would record a charge to earnings to adjust the carrying amount to estimated fair value.

(g) Environmental obligations

We accrue for environmental costs that relate to existing conditions caused by past operations when probable and reasonably estimable (see Note 10 of Notes to consolidated financial statements). Environmental costs include initial site surveys and environmental studies of potentially contaminated sites, costs for remediation and restoration of sites determined to be contaminated and ongoing monitoring costs, as well as fines, damages and other costs, including direct legal costs. Liabilities for environmental costs at a specific site are initially recorded, on an undiscounted basis, when it is probable that we will be liable for such costs, and a reasonable estimate of the associated costs can be made based on available information. Such an estimate includes our share of the liability for each specific site and the sharing of the amounts related to each site that will not be paid by other potentially responsible parties, based on enacted laws and adopted regulations and policies. Adjustments to initial estimates are recorded, from time to time, to reflect changing circumstances and estimates based upon additional information developed in subsequent periods. Estimates of our ultimate liabilities associated with environmental costs are difficult to make with certainty due to the number of variables involved, including the early stage of investigation at certain sites, the lengthy time frames required to complete remediation, technology changes, alternatives available and the evolving nature of environmental laws and regulations. We periodically file claims for insurance recoveries of certain environmental remediation costs with our insurance carriers under our comprehensive liability policies (see Note 5 of Notes to consolidated financial statements).

We recognize our insurance recoveries as a credit to income in the period that we assess the likelihood of recovery as being probable.

In connection with our previous acquisitions of certain terminals, a wholly owned subsidiary of NGL Energy Partners LP agreed to indemnify us against certain potential environmental claims, losses and expenses at those terminals. Pursuant to the acquisition agreements for each of the Florida (except Pensacola) and Midwest terminals, the Southeast terminals, the Brownsville and River terminals, and the Pensacola, Florida Terminal, a wholly owned subsidiary of NGL Energy Partners LP is obligated to indemnify us against environmental claims, losses and expenses that were associated with the ownership or operation of the terminals prior to our purchase. In each acquisition agreement, the maximum indemnification liability is subject to a specified time period for indemnification, cap on indemnification and satisfaction of a deductible amount before indemnification, in each case subject to certain exceptions, limitations and conditions specified therein. There are no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after certain specified dates. The environmental indemnification obligations of us remain in place and were not affected by the Take-Private Transaction.

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(h) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. GAAP requires that the fair value of a liability related to the retirement of long-lived assets be recorded at the time a legal obligation is incurred. Once an asset retirement obligation is identified and a liability is recorded, a corresponding asset is recorded, which is depreciated over the remaining useful life of the asset. After the initial measurement, the liability is adjusted to reflect changes in the asset retirement obligation. If and when it is determined that a legal obligation has been incurred, the fair value of any liability is determined based on estimates and assumptions related to retirement costs, future inflation rates and interest rates. Our long-lived assets consist of above-ground storage facilities and underground pipelines. We are unable to predict if and when these long-lived assets will become completely obsolete and require dismantlement. We have not recorded an asset retirement obligation, or corresponding asset, because the future dismantlement and removal dates of our long-lived assets is indeterminable and the amount of any associated costs are believed to be insignificant. Changes in our assumptions and estimates may occur as a result of the passage of time and the occurrence of future events.

(i) Equity-based compensation

GAAP requires us to measure the cost of services received in exchange for an award of equity instruments based on the measurement-date fair value of the award. That cost is recognized during the period services are provided in exchange for the award (see Note 14 of Notes to consolidated financial statements).

(j) Accounting for derivative instruments

GAAP requires us to recognize all derivative instruments at fair value in the consolidated balance sheets as assets or liabilities (see Notes 5 and 9 of Notes to consolidated financial statements). Changes in the fair value of our derivative instruments are recognized in earnings.

At December 31, 2018 and 2017, our derivative instruments were limited to interest rate swap agreements with an aggregate notional amount of \$50.0 million and \$125.0 million, respectively. The remaining derivative instrument outstanding at December 31, 2018 expired March 11, 2019. Pursuant to the terms of the interest rate swap agreements, we paid a blended fixed rate of approximately 0.97% and 1.01% for the years ended December 31, 2018 and 2017, respectively, and received interest payments based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreements is settled monthly and is recognized as an adjustment to interest expense. The fair value of our interest rate swap agreements are determined using a pricing model based on the LIBOR swap rate and other observable market data.

(k) Income taxes

No provision for U.S. federal income taxes has been reflected in the accompanying consolidated financial statements because we are treated as a partnership for federal income tax purposes. As a partnership, all income, gains, losses, expenses, deductions and tax credits generated by us flow through to our unitholders.

(l) Net earnings per limited partner unit

Net earnings allocable to the limited partners, for purposes of calculating net earnings per limited partner unit, are calculated under the two-class method and accordingly are net of the earnings allocable to the general partner interest and distributions payable to any restricted phantom units granted under our equity-based compensation plans that participate in our distributions. The earnings allocable to the general partner interest include the distributions of available cash (as defined by our partnership agreement) attributable to the period to the general partner interest, net of

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adjustments for the general partner's share of undistributed earnings, and the incentive distribution rights. Undistributed earnings are the difference between the earnings and the distributions attributable to the period. Undistributed earnings are allocated to the limited partners and general partner interest based on their respective sharing of earnings or losses specified in the partnership agreement, which is based on their ownership percentages of 98% and 2%, respectively. The incentive distribution rights are not allocated a portion of the undistributed earnings given they are not entitled to distributions other than from available cash. Further, the incentive distribution rights do not share in losses under our partnership agreement. Basic net earnings per limited partner unit is computed by dividing net earnings allocable to the limited partners by the weighted average number of limited partner units outstanding during the period. Diluted net earnings per limited partner unit is computed by dividing net earnings allocable to the limited partners by the weighted average number of limited partner units outstanding during the period and any potential dilutive securities outstanding during the period.

(m) Comprehensive income

Entities that report items of other comprehensive income have the option to present the components of net earnings and comprehensive income in either one continuous financial statement, or two consecutive financial statements. As the Partnership has no components of comprehensive income other than net earnings, no statement of comprehensive income has been presented.

(n) Recent accounting pronouncements

Effective January 1, 2018 we adopted ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU requires changes in the presentation of certain items, including but not limited to debt prepayment or debt extinguishment costs; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies and distributions received from equity method investees. The adoption of this ASU did not have a material impact on our consolidated financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases* followed by a series of related accounting standard updates (collectively referred to as "Topic 842"). Topic 842 establishes a new accounting model for leases. The most significant changes include the clarification of the definition of a lease, the requirement for lessees to recognize for all leases a right-of-use asset and a lease liability in the consolidated balance sheet, and additional quantitative and qualitative disclosures which are designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. Expenses are recognized in the consolidated statement of operations in a manner similar to current accounting guidance. Lessor accounting under the new standard is substantially unchanged compared to current accounting guidance. The new standard will become effective for us beginning with the first quarter 2019. We adopted the accounting standard using a prospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented. We have elected the package of practical expedients permitted under the transition guidance within the new standard, which allows us to 1) carry forward the historical accounting relating to lease identification and classification for existing leases upon adoption, 2) carry forward the existing lease classification, and 3) not reassess initial direct costs associated with existing leases. We have made an accounting policy election to keep leases with an initial term of 12 months or less off of the consolidated balance sheet. We are finalizing our evaluation of the impacts that the adoption of this accounting guidance will have on the consolidated financial statements, and we expect most existing operating lease commitments will be recognized as operating leases and right-of-use assets upon adoption. Based on our ongoing assessment, we expect approximately \$35 million of right-of-use assets and lease liabilities will be recognized in our consolidated balance sheet upon adoption.

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In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment*, to simplify the accounting for goodwill impairment by eliminating step 2 from the goodwill impairment test. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. We are currently evaluating the potential impact that the adoption will have on our disclosures and financial statements.

Effective January 1, 2018 we adopted ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. This ASU requires changes in the presentation of certain items, including but not limited to debt prepayment or debt extinguishment costs; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies and distributions received from equity method investees. The adoption of this ASU did not have a material impact on our consolidated financial statements.

(2) TRANSACTIONS WITH AFFILIATES

Omnibus agreement. Since the inception of the Partnership in 2005 we have been party to an omnibus agreement with the owner of our general partner, which agreement has been amended and restated from time to time. The omnibus agreement provides for the provision of various services for our benefit. The fees payable under the omnibus agreement are comprised of (i) the reimbursement of the direct operating costs and expenses, such as salaries and benefits of operational personnel performing services on site at our terminals and pipelines, which we refer to as on-site employees, (ii) bonus awards to key employees of TLP Management Services who perform services for the Partnership and (iii) the administrative fee for the provision of various general and administrative services for the Company's benefit such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll, taxes and other corporate services, to the extent such services are not outsourced by the Company. The administrative fee is recognized as a component of general and administrative expenses and for the years ended December 31, 2018, 2017 and 2016, the administrative fee paid by the Partnership was approximately \$10.3 million, \$12.8 million and \$11.4 million, respectively.

In connection with our Collins Phase II expansion project, the expansion of our Brownsville terminal and pipeline operations and the December 2017 acquisition of the West Coast terminals, on May 7, 2018, the Partnership, with the concurrence of the conflicts committee of our general partner, agreed to an annual increase in the aggregate fees payable under the omnibus agreement of \$3.6 million beginning May 13, 2018.

To effectuate this \$3.6 million annual increase, on May 7, 2018 the Company, with the concurrence of the conflicts committee of our general partner, entered into the third amended and restated omnibus agreement to allow us to assume the costs and expenses of employees of TLP Management Services performing engineering and environmental safety and occupational health (ESOH) services for and on behalf of the Company and to receive an equal and offsetting decrease in the administrative fee. These costs and expenses are expected to approximate \$8.9 million in 2018. We expect that a significant portion of the assumed engineering costs will be capitalized under GAAP.

Prior to the \$3.6 million annual increase and the effective date of the third amended and restated omnibus agreement, the annual administrative fee was approximately \$13.7 million and included the costs and expenses of the employees of TLP Management Services performing engineering and ESOH services. Subsequent to the \$3.6 million annual increase and the effective date of the third amended and restated omnibus agreement, the annual administrative fee was reduced to approximately \$8.4 million and the Partnership bore the approximately \$8.9 million costs and expenses of the employees of TLP Management Services performing engineering and ESOH services for and on behalf of the Partnership.

We adopted and entered into the fourth amended and restated omnibus agreement in connection with the Take-Private Transaction, primarily to address certain changes in our governance as a result thereof, including the removal of

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our conflicts committee. The administrative fee under the fourth amended and restated omnibus agreement is subject to an increase each calendar year tied to an increase in the consumer price index, if any, plus two percent. We do not directly employ any of the persons responsible for managing our business. Our officers and the employees who provide services to the Company are employed by TLP Management Services, a wholly owned subsidiary of ArcLight. TLP Management Services provides payroll and maintains all employee benefits programs on our behalf pursuant to the omnibus agreement.

Operations and reimbursement agreement—Frontera. We have a 50% ownership interest in the Frontera Brownsville LLC joint venture or (Frontera). We operate Frontera, in accordance with an operations and reimbursement agreement executed between us and Frontera, for a management fee that is based on our costs incurred. Our agreement with Frontera stipulates that we may resign as the operator at any time with the prior written consent of Frontera, or that we may be removed as the operator for good cause, which includes material noncompliance with laws and material failure to adhere to good industry practice regarding health, safety or environmental matters. For the years ended December 31, 2018, 2017 and 2016 we recognized approximately \$5.8 million, \$5.3 million and \$5.0 million, respectively, of revenue related to this operations and reimbursement agreement.

Terminaling services agreements—Brownsville terminals. We have terminaling services agreements with Frontera relating to our Brownsville, Texas facility that will expire in June 2019 and June 2020, subject to automatic renewals unless terminated by either party upon 90 days' and 180 days' prior notice, respectively. In exchange for its minimum throughput commitments, we have agreed to provide Frontera with approximately 301,000 barrels of storage capacity. For the years ended December 31, 2018, 2017 and 2016 we recognized approximately \$2.5 million, \$1.9 million and \$0.5 million, respectively, of revenue related to this agreement.

Terminaling services agreement—Gulf Coast terminals. Associated Asphalt Marketing, LLC is a wholly-owned indirect subsidiary of ArcLight. Effective January 1, 2018, a third party customer assigned their terminaling services agreement relating to our Gulf Coast terminals to Associated Asphalt Marketing, LLC. The agreement will expire in April 2021, subject to two, two-year automatic renewals unless terminated by either party upon 180 days' prior notice. In exchange for its minimum throughput commitment, we have agreed to provide Associated Asphalt Marketing, LLC with approximately 750,000 barrels of storage capacity. For the years ended December 31, 2018, 2017 and 2016 we recognized approximately \$8.5 million, \$nil and \$nil, respectively, of revenue related to this agreement with Associated Asphalt Marketing, LLC.

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(3) BUSINESS COMBINATION AND TERMINAL ACQUISITION

On December 15, 2017, we acquired the West Coast terminals from a third party for a total purchase price of \$276.8 million. The West Coast terminals represent two waterborne refined product and crude oil terminals located in the San Francisco Bay Area refining complex with a total of 64 storage tanks with approximately 5.3 million barrels of active storage capacity. The West Coast terminals have access to domestic and international crude oil and refined products markets through marine, pipeline, truck and rail logistics capabilities. The accompanying consolidated financial statements include the assets, liabilities and results of operations of the West Coast terminals from December 15, 2017.

The purchase price and estimated assessment of the fair value of the assets acquired and liabilities assumed in the business combination were as follows (in thousands):

Other current assets	\$ 1,037
Property, plant and equipment	228,000
Goodwill	943
Customer relationships	47,000
Total assets acquired	276,980
Environmental obligation	220
Total liabilities assumed	220
Allocated purchase price	<u>\$ 276,760</u>

Goodwill represents the excess of the consideration paid for the acquired business over the fair value of the individual assets acquired, net of liabilities assumed. Goodwill represents the premium we paid to acquire the skilled workforce.

These unaudited pro forma results for the Company as a whole are for comparative purposes only and may not be indicative of the results that would have occurred had this acquisition been completed on January 1, 2016 or the results that will be attained in the future (in thousands):

	Pro Forma year ended December	
	31,	
	2017	2016
Revenue	\$ 226,653	\$ 205,605
Net earnings	\$ 55,856	\$ 46,276

Significant pro forma adjustments include depreciation expense and interest expense on the incremental borrowings necessary to finance this acquisition as well as adjustments to remove the related party transactions included in the historical financial statements of the West Coast terminals.

On January 28, 2016, we acquired from a subsidiary of NGL Energy Partners LP its Port Everglades, Florida hydrant system for a cash payment of \$12.0 million. At the time of the acquisition NGL Energy Partners LP controlled out operations through its ownership interest of our general partner. The hydrant system encompasses a system for fueling cruise ships. The acquisition of the hydrant system has been recorded at the carryover basis in a manner similar to a reorganization of entities under common control. Accordingly, we recorded the assets at their net book value of \$6.5 million with the remaining purchase price of \$5.5 million recorded as a reduction to the general partner equity interest. The difference between the consideration we paid and the carryover basis of the net assets purchased has been reflected in the accompanying consolidated balance sheets and statement of equity as a decrease to the general partner's interest. The accompanying consolidated financial statements include the assets, liabilities and results of operations of the hydrant system from January 28, 2016. As this transaction is not considered material to our consolidated financial statements we did not recast prior period consolidated financial statements.

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(4) CONCENTRATION OF CREDIT RISK AND TRADE ACCOUNTS RECEIVABLE

Our primary market areas are located in the United States along the Gulf Coast, in the Southeast, in Brownsville, Texas, along the Mississippi and Ohio Rivers, in the Midwest and in the West Coast. We have a concentration of trade receivable balances due from companies engaged in the trading, distribution and marketing of refined products and crude oil. These concentrations of customers may affect our overall credit risk in that the customers may be similarly affected by changes in economic, regulatory or other factors. Our customers' historical financial and operating information is analyzed prior to extending credit. We manage our exposure to credit risk through credit analysis, credit approvals, credit limits and monitoring procedures, and for certain transactions we may request letters of credit, prepayments or guarantees. Amounts included in trade accounts receivable that are accounted for as ASC 606 revenue in accordance with ASC 606 approximate \$3.9 million at December 31, 2018. We maintain allowances for potentially uncollectible accounts receivable.

Trade accounts receivable, net consists of the following (in thousands):

	December 31,	December 31,
	2018	2017
Trade accounts receivable	\$ 14,151	\$ 11,128
Less allowance for doubtful accounts	(109)	(111)
	<u>\$ 14,042</u>	<u>\$ 11,017</u>

The following table presents a roll forward of our allowance for doubtful accounts (in thousands):

	Balance at	Charged to		Balance at
	beginning	expenses	Deductions	end of
	of period			period
2018	\$ 111	\$ —	\$ (2)	\$ 109
2017	\$ 119	\$ —	\$ (8)	\$ 111
2016	\$ 475	\$ 298	\$ (654)	\$ 119

The following customers accounted for at least 10% of our consolidated revenue in at least one of the periods presented in the accompanying consolidated statements of operations:

	Year ended	Year ended	Year ended
	December 31,	December 31,	December 31,
	2018	2017	2016
NGL Energy Partners LP	22 %	26 %	23 %
RaceTrac Petroleum Inc.	11 %	13 %	12 %
Castleton Commodities International LLC	10 %	13 %	14 %

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(5) OTHER CURRENT ASSETS

Other current assets are as follows (in thousands):

	December 31, 2018	December 31, 2017
Amounts due from insurance companies	\$ 2,861	\$ 1,981
Prepaid insurance	1,371	4,151
Additive detergent	1,218	1,715
Unrealized gain on derivative instrument	143	—
Deposits and other assets	2,600	12,807
	<u>\$ 8,193</u>	<u>\$ 20,654</u>

Amounts due from insurance companies. We periodically file claims for recovery of environmental remediation costs with our insurance carriers under our comprehensive liability policies. We recognize our insurance recoveries in the period that we assess the likelihood of recovery as being probable (i.e., likely to occur). At December 31, 2018 and 2017, we have recognized amounts due from insurance companies of approximately \$2.9 million and \$2.0 million, respectively, representing our best estimate of our probable insurance recoveries. During the year ended December 31, 2018, we received reimbursements from insurance companies of approximately \$0.7 million. During the year ended December 31, 2018, we increased our estimate of probable future insurance recoveries by approximately \$1.6 million.

Deposits and other assets. Deposits and other assets at December 31, 2017 includes a deposit of approximately \$10.2 million paid during the fourth quarter 2017 related to future expansion opportunities that closed in the first quarter of 2018. Concurrently we sold these assets to a third party for cash proceeds equal to our deposit amount of \$10.2 million.

(6) PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is as follows (in thousands):

	December 31, 2018	December 31, 2017
Land	\$ 83,451	\$ 83,310
Terminals, pipelines and equipment	918,503	885,429
Furniture, fixtures and equipment	6,022	4,430
Construction in progress	64,588	21,575
	1,072,564	994,744
Less accumulated depreciation	(384,385)	(339,691)
	<u>\$ 688,179</u>	<u>\$ 655,053</u>

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(7) GOODWILL

Goodwill is as follows (in thousands):

	December 31, 2018	December 31, 2017
Brownsville terminals	\$ 8,485	\$ 8,485
West Coast terminals	943	943
	<u>\$ 9,428</u>	<u>\$ 9,428</u>

Goodwill is required to be tested for impairment annually unless events or changes in circumstances indicate it is more likely than not that an impairment loss has been incurred at an interim date. Our annual test for the impairment of goodwill is performed as of December 31. The impairment test is performed at the reporting unit level. Our reporting units are our operating segments (see Note 19 of Notes to consolidated financial statements). The fair value of each reporting unit is determined on a stand-alone basis from the perspective of a market participant and represents an estimate of the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired.

At December 31, 2018 and 2017 our Brownsville terminals and West Coast terminals contained goodwill. Our estimate of the fair value of our Brownsville and West Coast terminals at December 31, 2018 substantially exceeded the carrying amount. The purchase price and estimated assessment of the fair value of the assets acquired and liabilities assumed in our acquisition of the West Coast terminals was performed as of the acquisition date, December 15, 2017, as such the estimated fair value equaled its carrying amount. Accordingly, we did not recognize any goodwill impairment charges during the years ended December 31, 2018 and 2017, respectively. However, an increase in the assumed market participants' weighted average cost of capital, the loss of a significant customer, the disposition of significant assets, or an unforeseen increase in the costs to operate and maintain the Brownsville and West Coast terminals, could result in the recognition of an impairment charge in the future.

(8) INVESTMENTS IN UNCONSOLIDATED AFFILIATES

At December 31, 2018 and 2017, our investments in unconsolidated affiliates include a 42.5% Class A ownership interest in Battleground Oil Specialty Terminal Company LLC ("BOSTCO") and a 50% ownership interest in Frontera Brownsville LLC ("Frontera"). BOSTCO is a terminal facility located on the Houston Ship Channel that encompasses approximately 7.1 million barrels of distillate, residual and other black oil product storage. Class A and Class B ownership interests share in cash distributions on a 96.5% and 3.5% basis, respectively. Class B ownership interests do not have voting rights and are not required to make capital investments. Frontera is a terminal facility located in Brownsville, Texas that encompasses approximately 1.7 million barrels of light petroleum product storage, as well as related ancillary facilities.

The following table summarizes our investments in unconsolidated affiliates:

	Percentage of ownership		Carrying value (in thousands)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
BOSTCO	42.5 %	42.5 %	\$ 203,005	\$ 209,373
Frontera	50 %	50 %	24,026	23,808
Total investments in unconsolidated affiliates			<u>\$ 227,031</u>	<u>\$ 233,181</u>

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At December 31, 2018 and 2017, our investment in BOSTCO includes approximately \$6.8 million and \$7.0 million, respectively, of excess investment related to a one time buy-in fee to acquire our 42.5% interest and capitalization of interest on our investment during the construction of BOSTCO amortized over the useful life of the assets. Excess investment is the amount by which our investment exceeds our proportionate share of the book value of the net assets of the BOSTCO entity.

Earnings from investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ 5,767	\$ 3,543	\$ 6,933
Frontera	3,085	3,528	3,096
Total earnings from investments in unconsolidated affiliates	<u>\$ 8,852</u>	<u>\$ 7,071</u>	<u>\$ 10,029</u>

Additional capital investments in unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ —	\$ 145	\$ 2,125
Frontera	1,413	2,000	100
Additional capital investments in unconsolidated affiliates	<u>\$ 1,413</u>	<u>\$ 2,145</u>	<u>\$ 2,225</u>

Cash distributions received from unconsolidated affiliates were as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
BOSTCO	\$ 12,135	\$ 12,256	\$ 14,331
Frontera	4,280	4,872	3,530
Cash distributions received from unconsolidated affiliates	<u>\$ 16,415</u>	<u>\$ 17,128</u>	<u>\$ 17,861</u>

The summarized financial information of our unconsolidated affiliates was as follows (in thousands):

Balance sheets:

	BOSTCO		Frontera	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Current assets	\$ 19,299	\$ 24,976	\$ 5,866	\$ 5,649
Long-term assets	455,984	469,348	45,115	44,292
Current liabilities	(12,471)	(17,550)	(2,845)	(2,147)
Long-term liabilities	(1,259)	—	(84)	(178)
Net assets	<u>\$ 461,553</u>	<u>\$ 476,774</u>	<u>\$ 48,052</u>	<u>\$ 47,616</u>

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Statements of income:

	BOSTCO Year ended December 31,			Frontera Year ended December 31,		
	2018	2017	2016	2018	2017	2016
Revenue	\$ 66,288	\$ 66,235	\$ 66,863	\$ 24,017	\$ 22,193	\$ 18,958
Expenses	(51,993)	(55,687)	(48,149)	(17,847)	(15,137)	(12,766)
Net earnings	<u>\$ 14,295</u>	<u>\$ 10,548</u>	<u>\$ 18,714</u>	<u>\$ 6,170</u>	<u>\$ 7,056</u>	<u>\$ 6,192</u>

(9) OTHER ASSETS, NET

Other assets, net are as follows (in thousands):

	December 31, 2018	December 31, 2017
Customer relationships, net of accumulated amortization of \$4,887 and \$2,294, respectively	\$ 44,543	\$ 47,136
Revolving credit facility unamortized deferred issuance costs, net of accumulated amortization of \$7,656 and \$5,984, respectively	5,515	6,778
Amounts due under long-term terminaling services agreements	422	460
Unrealized gain on derivative instruments	—	576
Deposits and other assets	289	288
	<u>\$ 50,769</u>	<u>\$ 55,238</u>

Customer relationships. Other assets, net include certain customer relationships at our West Coast terminals. These customer relationships are being amortized on a straight-line basis over approximately twenty years. Expected future amortization expense for the customer relationships as of December 31, 2018 is as follows (in thousands):

	Years ending December 31,					Thereafter
	2019	2020	2021	2022	2023	
Amortization expense	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 2,350	\$ 32,793

Deferred financing costs. Deferred financing costs are amortized using the effective interest method over the term of the related credit facility.

Amounts due under long-term terminaling services agreements. We have long-term terminaling services agreements with certain of our customers that provide for minimum payments that increase at stated amounts over the terms of the respective agreements. We recognize as revenue the minimum payments under the long-term terminaling services agreements on a straight-line basis over the terms of the respective agreements. At December 31, 2018 and 2017, we have recognized revenue in excess of the minimum payments that are due through those respective dates under the long-term terminaling services agreements resulting in an asset of approximately \$0.4 million and \$0.5 million, respectively.

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(10) ACCRUED LIABILITIES

Accrued liabilities are as follows (in thousands):

	December 31, 2018	December 31, 2017
Customer advances and deposits	\$ 11,927	\$ 10,265
Accrued property taxes	2,993	1,381
Accrued environmental obligations	1,556	1,855
Interest payable	7,814	982
Accrued expenses and other	4,631	2,943
	<u>\$ 28,921</u>	<u>\$ 17,426</u>

Customer advances and deposits. We bill certain of our customers one month in advance for terminaling services to be provided in the following month. At December 31, 2018, approximately \$0.8 million of the customer advances and deposits balance is considered contract liabilities under ASC 606. Revenue recognized during the year ended December 31, 2018 from amounts included in contract liabilities at the beginning of the period was approximately \$0.5 million. At December 31, 2018 and 2017, we have billed and collected from certain of our customers approximately \$11.9 million and \$10.3 million, respectively, in advance of the terminaling services being provided.

Accrued environmental obligations. At December 31, 2018 and 2017, we have accrued environmental obligations of approximately \$1.6 million and \$1.9 million, respectively, representing our best estimate of our remediation obligations. Changes in our estimates of our future environmental remediation obligations may occur as a result of the passage of time and the occurrence of future events.

The following table presents a roll forward of our accrued environmental obligations (in thousands):

	Balance at beginning of period	Payments	Increase in estimate	Balance at end of period
2018	\$ 1,855	\$ (457)	\$ 158	\$ 1,556
2017	\$ 2,107	\$ (1,204)	\$ 952	\$ 1,855
2016	\$ 1,047	\$ (1,322)	\$ 2,382	\$ 2,107

(11) OTHER LIABILITIES

Other liabilities are as follows (in thousands):

	December 31, 2018	December 31, 2017
Advance payments received under long-term terminaling services agreements	\$ 2,721	\$ 1,599
Deferred revenue	1,922	2,034
	<u>\$ 4,643</u>	<u>\$ 3,633</u>

Advance payments received under long-term terminaling services agreements. We have long-term terminaling services agreements with certain of our customers that provide for advance minimum payments. We recognize the advance minimum payments as revenue either on a straight-line basis over the term of the respective agreements or when services have been provided based on volumes of product distributed. At December 31, 2018 and

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2017, we have received advance minimum payments in excess of revenue recognized under these long-term terminaling services agreements resulting in a liability of approximately \$2.7 million and \$1.6 million, respectively.

Deferred revenue. Pursuant to historical agreements with our customers, we agreed to undertake certain capital projects. Upon completion of the projects, our customers have paid us lump-sum amounts that will be recognized as revenue on a straight-line basis over the remaining term of the agreements. At December 31, 2018 and 2017, we have unamortized deferred revenue for completed projects of approximately \$1.9 million and \$2.0 million, respectively. During the years ended December 31, 2018, 2017 and 2016, we billed our customers approximately \$1.7 million, \$0.5 million and \$0.5 million, respectively for completed projects. During the years ended December 31, 2018, 2017 and 2016, we recognized revenue on a straight-line basis of approximately \$1.8 million, \$0.7 million and \$0.5 million, respectively, for completed projects. At December 31, 2018, approximately \$0.2 million of the deferred revenue-ethanol blending fees and other projects balance is considered contract liabilities under ASC 606. Revenue recognized during the year ended December 31, 2018 from amounts included in contract liabilities under ASC 606 at the beginning of the period was approximately \$0.2 million.

(12) LONG-TERM DEBT

Long-term debt is as follows (in thousands):

	December 31, 2018	December 31, 2017
Revolving credit facility due in 2022	\$ 306,000	\$ 593,200
6.125% senior notes due in 2026	300,000	—
Senior notes unamortized deferred issuance costs, net of accumulated amortization of \$704 and \$nil, respectively	(7,378)	—
	<u>\$ 598,622</u>	<u>\$ 593,200</u>

On February 12, 2018, the Partnership and TLP Finance Corp., our wholly owned subsidiary, completed the sale of \$300 million of 6.125% senior notes, issued at par and due 2026. The senior notes were guaranteed on a senior unsecured basis by each of our 100% owned domestic subsidiaries that guarantee obligations under our revolving credit facility. Net proceeds, after \$8.1 million of issuance costs, were used to repay indebtedness under our revolving credit facility.

Our senior notes are guaranteed on a senior unsecured basis by each of our 100% owned subsidiaries that guarantee obligations under our revolving credit facility. These subsidiary guarantees are full and unconditional and joint and several, and the subsidiaries that did not guarantee our senior notes are minor. TransMontaigne Partners L.P. does not have independent assets or operations unrelated to its investments in its consolidated subsidiaries. There are no significant restrictions on our ability or the ability of any subsidiary guarantor to obtain funds from its subsidiaries by such means as a dividend or loan.

Our senior secured revolving credit facility, or our “revolving credit facility,” provides for a maximum borrowing line of credit equal to \$850 million at December 31, 2018. The terms of our revolving credit facility include covenants that restrict our ability to make cash distributions, acquisitions and investments, including investments in joint ventures. We may make distributions of cash to the extent of our “available cash” as defined in our partnership agreement. We may make acquisitions and investments that meet the definition of “permitted acquisitions”; “other investments” which may not exceed 5% of “consolidated net tangible assets”; and additional future “permitted JV investments” up to \$175 million, which may include additional investments in BOSTCO. The primary financial covenants contained in our revolving credit facility are (i) a total leverage ratio test (not to exceed 5.25 to 1.0), (ii) a senior secured leverage ratio test (not to exceed 3.75 to 1.0), and (iii) a minimum interest coverage ratio test (not less than 2.75 to 1.0). We were in compliance with all financial covenants as of and during the years ended December 31,

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2018 and 2017. The principal balance of loans and any accrued and unpaid interest as of December 31, 2018 are due and payable in full on March 13, 2022, the maturity date for our revolving credit facility.

We may elect to have loans under our revolving credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.75% to 2.75% depending on the total leverage ratio then in effect, or (ii) at the base rate plus a margin ranging from 0.75% to 1.75% depending on the total leverage ratio then in effect. We also pay a commitment fee on the unused amount of commitments, ranging from 0.375% to 0.5% per annum, depending on the total leverage ratio then in effect. Our obligations under our revolving credit facility are secured by a first priority security interest in favor of the lenders in the majority of our assets, including our investments in unconsolidated affiliates. For the years ended December 31, 2018, 2017 and 2016, the weighted average interest rate on borrowings under our revolving credit facility was approximately 5.2%, 3.5% and 3.1%, respectively. At December 31, 2018 and 2017, our outstanding borrowings under our revolving credit facility were \$306 million and \$593.2 million, respectively. At both December 31, 2018 and 2017, our outstanding letters of credit were \$0.4 million.

In February 2018, we and TLP Finance Corp., our 100% owned subsidiary, issued senior notes that were guaranteed on a senior unsecured basis by each of our 100% owned domestic subsidiaries that guarantee obligations under our revolving credit facility. TransMontaigne Partners LLC has no independent assets or operations unrelated to its investments in its consolidated subsidiaries. TLP Finance Corp. has no assets or operations. Our operations are conducted by subsidiaries of TransMontaigne Partners LLC through our 100% owned operating company subsidiary, TransMontaigne Operating Company L.P. None of the assets of TransMontaigne Partners LLC or a guarantor represent restricted net assets pursuant to the guidelines established by the SEC.

(13) EQUITY

The number of units outstanding were as follows:

	Common units	General partner equivalent units
Units outstanding at December 31, 2016	16,137,650	329,339
Issuance of common units by our long-term incentive plan	6,498	—
Issuance of common units pursuant to our savings and retention program	33,205	—
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	811
Units outstanding at December 31, 2017	16,177,353	330,150
Issuance of common units by our long-term incentive plan	6,972	—
Issuance of common units pursuant to our savings and retention program	44,798	—
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	1,056
Units outstanding at December 31, 2018	16,229,123	331,206

(14) EQUITY-BASED COMPENSATION

We have a savings and retention program to compensate certain employees of TLP Management Services who provide services to the Company. Prior to the Take-Private Transaction, we also had a long-term incentive plan to compensate the independent directors of our general partner. Awards under the long-term incentive plan were settled in our common units, and accordingly, we accounted for the awards as an equity award, or “restricted phantom units”. For awards to the independent directors, equity-based compensation expense was approximately \$270,000, \$270,000 and \$722,000 for the years ended December 31, 2018, 2017 and 2016, respectively.

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Activity under the long-term incentive plan was as follows:

	Restricted phantom units	NYSE closing price
Restricted phantom units outstanding at December 31, 2015	15,750	
Vesting on February 1, 2016	(15,750)	\$ 30.41
Grant on October 21, 2016	3,258	\$ 41.45
Vesting on October 21, 2016	(3,258)	\$ 41.45
Restricted phantom units outstanding at December 31, 2016	—	
Grant on October 20, 2017	6,498	\$ 41.55
Vesting on October 20, 2017	(6,498)	\$ 41.55
Restricted phantom units outstanding at December 31, 2017	—	
Grant on October 19, 2018	6,972	\$ 38.73
Vesting on October 19, 2018	(6,972)	\$ 38.73
Restricted phantom units outstanding at December 31, 2018	—	

Savings and retention program. The purpose of the savings and retention program is to provide for the reward and retention of participants by providing them with awards that vest over future service periods. Awards under the program with respect to individuals providing services to the Company generally become vested as to 50% of a participant’s annual award as of the first day of the month that falls closest to the second anniversary of the grant date, and the remaining 50% as of the first day of the month that falls closest to the third anniversary of the grant date, subject to earlier vesting upon a participant’s attainment of the age and length of service thresholds, retirement, death or disability, involuntary termination without cause, or termination of a participant’s employment following a change in control of the Company, or TLP Management Services, as specified in the program; however, these terms may be subject to varying terms for future awards. The awards are increased for the value of any accrued growth based on underlying “investments” deemed made with respect to the awards. The awards (including any accrued growth relating thereto) are subject to forfeiture until the vesting date. The Take-Private Transaction did not accelerate the vesting of any of the awards.

A person will satisfy the age and length of service thresholds of the program upon the attainment of the earliest of (a) age sixty, (b) age fifty five and ten years of service as an officer of TLP Management Services or any of its affiliates or predecessors, or (c) age fifty and twenty years of service as an employee of TLP Management Services or any of its affiliates or predecessors.

Prior to the Take-Private Transaction, we had the ability to settle the awards in our common units, and accordingly, we accounted for the awards as an equity award, or “restricted phantom units”. Following the Take-Private Transaction, we plan to index the awards to other forms of “investments”, and have the intent and ability to settle the awards in cash, and accordingly, we intend to account for the awards as liability awards.

Given that we do not have any employees to provide corporate and support services and instead we contract for such services under the omnibus agreement, GAAP requires us to classify the savings and retention program awards as a non-employee award and measure the cost of services received based on the vesting-date fair value of the award. That cost, or an estimate of that cost in the case of unvested awards, is recognized over the period during which services are provided in exchange for the award. As of December 31, 2018, there was approximately \$1.5 million of total unrecognized compensation expense related to unvested awards, which is expected to be recognized over the remaining weighted average period of 1.42 years.

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For the years ended December 31, 2018, 2017 and 2016, the expense associated with the savings and retention program's equity-based compensation was approximately \$3.2 million, \$2.7 million and \$2.5 million, respectively.

Activity related to our equity-based awards granted under the savings and retention program was as follows:

	Vested	Weighted average price	Unvested	Weighted average price
Restricted phantom units outstanding at December 31, 2017	91,877	\$ 38.91	54,244	\$ 38.81
Issuance of units	(44,798)	\$ 37.75	—	\$ —
Units withheld for settlement of withholding taxes	(16,822)	\$ 37.59	—	\$ —
Unit accrual for distributions paid	7,539	\$ 38.04	5,374	\$ 38.04
Vesting of units	20,248	\$ 36.77	(20,248)	\$ 36.77
Grant of units	46,362	\$ 35.23	33,097	\$ 35.23
Forfeiture of units	—	\$ —	(1,259)	\$ 34.87
Restricted phantom units outstanding at December 31, 2018	<u>104,406</u>	\$ 38.52	<u>71,208</u>	\$ 38.25
Vested and expected to vest at December 31, 2018	<u>175,614</u>	\$ 38.41		

(15) NET EARNINGS PER LIMITED PARTNER UNIT

The following table reconciles net earnings to earnings allocable to limited partners and sets forth the computation of basic and diluted net earnings per limited partner unit (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Net earnings	\$ 39,475	\$ 48,493	\$ 44,106
Less:			
Distributions payable on behalf of incentive distribution rights	(15,189)	(11,974)	(8,630)
Distributions payable on behalf of general partner interest	(1,056)	(986)	(916)
Earnings allocable to general partner interest less than distributions payable to general partner interest	570	255	206
Earnings allocable to general partner interest including incentive distribution rights	<u>(15,675)</u>	<u>(12,705)</u>	<u>(9,340)</u>
Net earnings allocable to limited partners per the consolidated statements of operations	<u>\$ 23,800</u>	<u>\$ 35,788</u>	<u>\$ 34,766</u>
Basic weighted average units	<u>16,316</u>	<u>16,258</u>	<u>16,210</u>
Diluted weighted average units	<u>16,360</u>	<u>16,284</u>	<u>16,229</u>
Net earnings per limited partner unit—basic	<u>\$ 1.46</u>	<u>\$ 2.20</u>	<u>\$ 2.14</u>
Net earnings per limited partner unit—diluted	<u>\$ 1.45</u>	<u>\$ 2.20</u>	<u>\$ 2.14</u>

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Pursuant to our partnership agreement we were required to distribute available cash (as defined by our partnership agreement) as of the end of the reporting period. Such distributions are declared within 45 days after the end of each quarter. The following table sets forth the distribution declared per common unit attributable to the periods indicated:

	Distribution
January 1, 2016 through March 31, 2016	\$ 0.680
April 1, 2016 through June 30, 2016	\$ 0.690
July 1, 2016 through September 30, 2016	\$ 0.700
October 1, 2016 through December 31, 2016	\$ 0.710
January 1, 2017 through March 31, 2017	\$ 0.725
April 1, 2017 through June 30, 2017	\$ 0.740
July 1, 2017 through September 30, 2017	\$ 0.755
October 1, 2017 through December 31, 2017	\$ 0.770
January 1, 2018 through March 31, 2018	\$ 0.785
April 1, 2018 through June 30, 2018	\$ 0.795
July 1, 2018 through September 30, 2018	\$ 0.805
October 1, 2018 through December 31, 2018	\$ 0.805

(16) COMMITMENTS AND CONTINGENCIES

Contract commitments. At December 31, 2018, we have contractual commitments of approximately \$35.0 million for the supply of services, labor and materials related to capital projects that currently are under development. We expect that these contractual commitments will be paid during the year ending December 31, 2019.

Operating leases. We lease property and equipment under non-cancelable operating leases that extend through August 2030. At December 31, 2018, future minimum lease payments under these non-cancelable operating leases are as follows (in thousands):

Years ending December 31:	
2019	\$ 3,015
2020	3,374
2021	3,210
2022	2,315
2023	2,263
Thereafter	6,287
	<u>\$ 20,464</u>

Included in the above non-cancelable operating lease commitments are amounts for property rentals that we have sublet under non-cancelable sublease agreements or have reimbursement agreements with affiliates, for which we expect to receive minimum rentals of approximately \$10.4 million in future periods.

Rental expense under operating leases was approximately \$2.0 million, \$3.3 million and \$3.4 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Legal proceedings. We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against us. While the ultimate impact of any proceedings cannot be predicted with certainty, our management believes that the resolution of any of our pending legal proceedings will not have a material adverse effect on our business, financial position, results of operations or cash flows.

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(17) DISCLOSURES ABOUT FAIR VALUE

“GAAP” defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. GAAP also establishes a fair value hierarchy that prioritizes the use of higher-level inputs for valuation techniques used to measure fair value. The three levels of the fair value hierarchy are: (1) Level 1 inputs, which are quoted prices (unadjusted) in active markets for identical assets or liabilities; (2) Level 2 inputs, which are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and (3) Level 3 inputs, which are unobservable inputs for the asset or liability.

The fair values of the following financial instruments represent our best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Our fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects our judgments about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The following methods and assumptions were used to estimate the fair value of financial instruments.

Cash and cash equivalents. The carrying amount approximates fair value because of the short-term maturity of these instruments. The fair value is categorized in Level 1 of the fair value hierarchy.

Derivative instruments. The carrying amount of our interest rate swap agreements was determined using a pricing model based on the LIBOR swap rate and other observable market data. The fair value is categorized in Level 2 of the fair value hierarchy.

Debt. The carrying amount of our revolving credit facility debt approximates fair value since borrowings under the facility bear interest at current market interest rates. The estimated fair value of our \$300 million publicly traded senior notes at December 31, 2018 was approximately \$268.5 million based on observable market trades. The fair value of our debt is categorized in Level 2 of the fair value hierarchy.

(18) REVENUE FROM CONTRACTS WITH CUSTOMERS

The majority of our terminaling services agreements contain minimum payment arrangements, resulting in a fixed amount of revenue recognized, which we refer to as “firm commitments” and are accounted for in accordance with ASC 840, *Leases* (“ASC 840 revenue”). The remainder is recognized in accordance with ASC 606, *Revenue From Contracts With Customers* (“ASC 606 revenue”).

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The following table provides details of our revenue disaggregated by category of revenue (in thousands):

	Year ended December 31, 2018
Terminaling services fees:	
Firm commitments (ASC 840 revenue)	\$ 158,055
Firm commitments (ASC 606 revenue)	13,719
Total firm commitments revenue	171,774
Ancillary revenue (ASC 606 revenue)	42,079
Ancillary revenue (ASC 840 revenue)	2,378
Total ancillary revenue	44,457
Total terminaling services fees	216,231
Pipeline transportation fees (ASC 840 revenue)	3,295
Management fees and reimbursed costs (ASC 840 revenue)	223
Management fees and reimbursed costs (ASC 606 revenue)	8,344
Total management fees and reimbursed costs	8,567
Total revenue	<u>\$ 228,093</u>

The following table includes our estimated future revenue associated with our firm commitments under terminaling services fees which is expected to be recognized as ASC 606 revenue in the specified period related to our future performance obligations as of the end of the reporting period (in thousands):

Estimated Future ASC 606 Revenue by Segment

	Midwest Terminals and						West Coast Terminals	Total
	Gulf Coast	Pipeline	Brownsville	River	Southeast	West Coast		
	Terminals	System	Terminals	Terminals	Terminals	Terminals		
2019	\$ 4,006	\$ 173	\$ —	\$ 1,100	\$ —	\$ 4,859	\$ 10,138	
2020	1,402	19	—	1,039	—	3,590	6,050	
2021	1,145	—	—	519	—	3,464	5,128	
2022	811	—	—	—	—	867	1,678	
2023	—	—	—	—	—	—	—	
Thereafter	—	—	—	—	—	—	—	
Total estimated future ASC 606 revenue	<u>\$ 7,364</u>	<u>\$ 192</u>	<u>\$ —</u>	<u>\$ 2,658</u>	<u>\$ —</u>	<u>\$ 12,780</u>	<u>\$ 22,994</u>	

Our estimated future ASC 606 revenue, for purposes of the tabular presentation above, excludes estimates of future rate changes due to changes in indices or contractually negotiated rate escalations and is generally limited to contracts that have minimum payment arrangements. The balances disclosed include the full amount of our customer commitments accounted for as ASC 606 revenue as of December 31, 2018 through the expiration of the related contracts. The balances disclosed exclude all performance obligations for which the original expected term is one year or less, the term of the contract with the customer is open and cannot be estimated, the contract includes options for future purchases or the consideration is variable.

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Estimated future ASC 606 revenue in the table above excludes revenue arrangements accounted for in accordance with ASC 840 in the amount of \$141.7 million for 2019, \$112.4 million for 2020, \$83.5 million for 2021, \$53.6 million for 2022, \$39.8 million for 2023 and \$487.0 million thereafter.

(19) BUSINESS SEGMENTS

We provide integrated terminaling, storage, transportation and related services to companies engaged in the trading, distribution and marketing of refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Our chief operating decision maker is our chief executive officer. Our chief executive officer reviews the financial performance of our business segments using disaggregated financial information about “net margins” for purposes of making operating decisions and assessing financial performance. “Net margins” is composed of revenue less direct operating costs and expenses. Accordingly, we present “net margins” for each of our business segments: (i) Gulf Coast terminals, (ii) Midwest terminals and pipeline system, (iii) Brownsville terminals, (iv) River terminals, (v) Southeast terminals and (vi) West Coast terminals.

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The financial performance of our business segments is as follows (in thousands):

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Gulf Coast Terminals:			
Terminaling services fees	\$ 64,338	\$ 61,889	\$ 54,619
Management fees and reimbursed costs	284	1,052	1,159
Other	—	—	932
Revenue	64,622	62,941	56,710
Direct operating costs and expenses	(22,817)	(22,829)	(22,952)
Net margins	41,805	40,112	33,758
Midwest Terminals and Pipeline System:			
Terminaling services fees	10,127	9,265	9,469
Pipeline transportation fees	1,772	1,732	1,732
Revenue	11,899	10,997	11,201
Direct operating costs and expenses	(3,053)	(2,859)	(3,220)
Net margins	8,846	8,138	7,981
Brownsville Terminals:			
Terminaling services fees	8,339	9,186	11,202
Pipeline transportation fees	1,523	3,987	5,057
Management fees and reimbursed costs	7,384	7,472	7,326
Other	—	—	1,900
Revenue	17,246	20,645	25,485
Direct operating costs and expenses	(7,812)	(10,447)	(11,338)
Net margins	9,434	10,198	14,147
River Terminals:			
Terminaling services fees	10,654	10,883	10,868
Management fees and reimbursed costs	—	64	10
Other	—	—	1,700
Revenue	10,654	10,947	12,578
Direct operating costs and expenses	(6,832)	(6,624)	(7,957)
Net margins	3,822	4,323	4,621
Southeast Terminals:			
Terminaling services fees	82,821	75,122	58,410
Management fees and reimbursed costs	891	882	540
Revenue	83,712	76,004	58,950
Direct operating costs and expenses	(26,836)	(24,302)	(22,948)
Net margins	56,876	51,702	36,002
West Coast Terminals:			
Terminaling services fees	39,952	1,738	—
Management fees and reimbursed costs	8	—	—
Revenue	39,960	1,738	—
Direct operating costs and expenses	(14,678)	(639)	—
Net margins	25,282	1,099	—
Total net margins	146,065	115,572	96,509
General and administrative expenses	(21,615)	(19,433)	(14,100)
Insurance expenses	(4,976)	(4,064)	(4,081)
Equity-based compensation expense	(3,478)	(2,999)	(3,263)
Depreciation and amortization	(49,535)	(35,960)	(32,383)
Loss on disposition of assets	(901)	—	—
Earnings from unconsolidated affiliates	8,852	7,071	10,029
Operating income	74,412	60,187	52,711
Other expenses	(34,937)	(11,694)	(8,605)
Net earnings	\$ 39,475	\$ 48,493	\$ 44,106

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Supplemental information about our business segments is summarized below (in thousands):

	Year ended December 31, 2018						Total
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	
Revenue:							
External customers	\$ 56,144	\$ 11,899	\$ 8,934	\$ 10,654	\$ 83,712	\$ 39,960	\$ 211,303
Frontera	—	—	8,312	—	—	—	8,312
Associated Asphalt, LLC	8,478	—	—	—	—	—	8,478
Revenue	<u>\$ 64,622</u>	<u>\$ 11,899</u>	<u>\$ 17,246</u>	<u>\$ 10,654</u>	<u>\$ 83,712</u>	<u>\$ 39,960</u>	<u>\$ 228,093</u>
Capital expenditures	<u>\$ 5,357</u>	<u>\$ 568</u>	<u>\$ 15,673</u>	<u>\$ 1,596</u>	<u>\$ 35,070</u>	<u>\$ 7,858</u>	<u>\$ 66,122</u>
Identifiable assets	<u>\$ 119,517</u>	<u>\$ 19,542</u>	<u>\$ 59,095</u>	<u>\$ 45,667</u>	<u>\$ 244,149</u>	<u>\$ 276,456</u>	<u>\$ 764,426</u>
Cash and cash equivalents							332
Investments in unconsolidated affiliates							227,031
Revolving credit facility unamortized deferred issuance costs, net							5,515
Other							2,072
Total assets							<u>\$ 999,376</u>

	Year ended December 31, 2017						Total
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	
Revenue:							
External customers	\$ 62,941	\$ 10,997	\$ 13,452	\$ 10,947	\$ 76,004	\$ 1,738	\$ 176,079
Frontera	—	—	7,193	—	—	—	7,193
Revenue	<u>\$ 62,941</u>	<u>\$ 10,997</u>	<u>\$ 20,645</u>	<u>\$ 10,947</u>	<u>\$ 76,004</u>	<u>\$ 1,738</u>	<u>\$ 183,272</u>
Capital expenditures	<u>\$ 6,233</u>	<u>\$ 174</u>	<u>\$ 11,678</u>	<u>\$ 2,075</u>	<u>\$ 37,957</u>	<u>\$ 48</u>	<u>\$ 58,165</u>
Identifiable assets	<u>\$ 123,963</u>	<u>\$ 20,502</u>	<u>\$ 52,265</u>	<u>\$ 49,761</u>	<u>\$ 215,950</u>	<u>\$ 276,317</u>	<u>\$ 738,758</u>
Cash and cash equivalents							923
Investments in unconsolidated affiliates							233,181
Revolving credit facility unamortized deferred issuance costs, net							6,778
Other							7,363
Total assets							<u>\$ 987,003</u>

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	Year ended December 31, 2016						Total
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	West Coast Terminals	
Revenue:							
External customers	\$ 56,586	\$ 11,201	\$ 20,028	\$ 12,578	\$ 56,113	\$ —	\$ 156,506
NGL Energy Partners LP	124	—	—	—	2,837	—	2,961
Frontera	—	—	5,457	—	—	—	5,457
Revenue	<u>\$ 56,710</u>	<u>\$ 11,201</u>	<u>\$ 25,485</u>	<u>\$ 12,578</u>	<u>\$ 58,950</u>	<u>\$ —</u>	<u>\$ 164,924</u>
Capital expenditures	<u>\$ 7,675</u>	<u>\$ 871</u>	<u>\$ 1,428</u>	<u>\$ 2,788</u>	<u>\$ 42,102</u>	<u>\$ —</u>	<u>\$ 54,864</u>
Identifiable assets	<u>\$ 126,457</u>	<u>\$ 21,919</u>	<u>\$ 43,878</u>	<u>\$ 53,005</u>	<u>\$ 195,632</u>	<u>\$ —</u>	<u>\$ 440,891</u>
Cash and cash equivalents							593
Investments in unconsolidated affiliates							241,093
Revolving credit facility unamortized deferred issuance costs, net							1,298
Other							5,819
Total assets							<u>\$ 689,694</u>

(20) FINANCIAL RESULTS BY QUARTER (UNAUDITED)

	Three months ended				Year ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
	(in thousands except per unit amounts)				
Revenue	\$ 56,444	\$ 55,344	\$ 57,150	\$ 59,155	\$ 228,093
Direct operating costs and expenses	(20,145)	(19,275)	(19,910)	(22,698)	(82,028)
General and administrative expenses	(4,981)	(4,619)	(4,957)	(7,058)	(21,615)
Insurance expenses	(1,246)	(1,271)	(1,227)	(1,232)	(4,976)
Equity-based compensation expense	(2,017)	(441)	(483)	(537)	(3,478)
Depreciation and amortization	(11,808)	(13,160)	(12,310)	(12,257)	(49,535)
Loss on disposition of assets	—	—	—	(901)	(901)
Earnings from unconsolidated affiliates	2,889	2,444	1,862	1,657	8,852
Operating income	19,136	19,022	20,125	16,129	74,412
Interest expense	(6,461)	(8,273)	(8,608)	(8,558)	(31,900)
Amortization of deferred issuance costs	(501)	(1,289)	(622)	(625)	(3,037)
Net earnings	<u>\$ 12,174</u>	<u>\$ 9,460</u>	<u>\$ 10,895</u>	<u>\$ 6,946</u>	<u>\$ 39,475</u>
Net earnings per limited partner unit—basic	<u>\$ 0.52</u>	<u>\$ 0.34</u>	<u>\$ 0.42</u>	<u>\$ 0.18</u>	<u>\$ 1.46</u>
Net earnings per limited partner unit—diluted	<u>\$ 0.52</u>	<u>\$ 0.34</u>	<u>\$ 0.42</u>	<u>\$ 0.17</u>	<u>\$ 1.45</u>

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements (continued)
Years ended December 31, 2018, 2017 and 2016

	Three months ended				Year ended
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2017
	(in thousands except per unit amounts)				
Revenue	\$ 44,850	\$ 45,364	\$ 45,449	\$ 47,609	\$ 183,272
Direct operating costs and expenses	(16,511)	(15,984)	(17,719)	(17,486)	(67,700)
General and administrative expenses	(3,971)	(4,080)	(5,247)	(6,135)	(19,433)
Insurance expenses	(1,006)	(1,002)	(999)	(1,057)	(4,064)
Equity-based compensation expense	(1,817)	(352)	(544)	(286)	(2,999)
Depreciation and amortization	(8,705)	(8,792)	(8,882)	(9,581)	(35,960)
Earnings from unconsolidated affiliates	2,560	2,120	1,884	507	7,071
Operating income	15,400	17,274	13,942	13,571	60,187
Interest expense	(2,152)	(2,525)	(2,656)	(3,140)	(10,473)
Amortization of deferred issuance costs	(294)	(271)	(320)	(336)	(1,221)
Net earnings	<u>\$ 12,954</u>	<u>\$ 14,478</u>	<u>\$ 10,966</u>	<u>\$ 10,095</u>	<u>\$ 48,493</u>
Net earnings per limited partner unit—basic and diluted	<u>\$ 0.62</u>	<u>\$ 0.70</u>	<u>\$ 0.47</u>	<u>\$ 0.41</u>	<u>\$ 2.20</u>

(21) SUBSEQUENT EVENTS

On January 14, 2019, we announced a distribution of \$0.805 per unit for the period from October 1, 2018 through December 31, 2018, and we paid the distribution on February 8, 2019 to unitholders of record on January 31, 2019.

On February 26, 2019, an affiliate of ArcLight completed its previously announced acquisition of all of the Partnership's outstanding publicly traded common units not already held by ArcLight and its affiliates by way of our merger (the "Merger") with a wholly owned subsidiary of TLP Finance Holdings, LLC ("TLP Finance"), an indirect controlled subsidiary of ArcLight. At the effective time of the Merger, each of the Partnership's general partner units issued and outstanding immediately prior to the acquisition effective time was converted into (i)(a) one Partnership common unit, and (i)(b) in aggregate, a non-economic general partner interest in the Partnership, (ii) each of the Partnership's incentive distribution rights issued and outstanding immediately prior to the acquisition effective time was converted into 100 Partnership common units, (iii) our general partner distributed its common units in the Partnership (the "Transferred GP Units") to TLP Acquisition Holdings, LLC, a Delaware limited liability company ("TLP Holdings"), and TLP Holdings contributed the Transferred GP Units to TLP Finance, (iv) the Partnership converted into the Company (a Delaware limited liability company) pursuant to Section 17-219 of the Delaware Limited Partnership Act and changed its name to "TransMontaigne Partners LLC", and all of our common units owned by TLP Finance were converted into limited liability company interests, (v) the non-economic interest in the Company owned by our general partner was automatically cancelled and ceased to exist and our general partner merged with and into the Company with the Company surviving, and (vi) the Company became 100% owned by TLP Finance (the transactions described in the foregoing clauses (i) through (iv), collectively with the Merger, the "Take-Private Transaction").

As a result of the Take-Private Transaction, our common units ceased to be publicly traded, and our common units are no longer listed on the New York Stock Exchange ("NYSE"). Our currently outstanding 6.125% senior unsecured notes due in 2026 remain outstanding, and the Company is voluntarily filing with the Securities and Exchange Commission pursuant to the covenants contained in those notes.

In connection with the Take-Private Transaction, the Company prepared and filed a post-effective amendment to its Form S-3 registration statement in effect to deregister all securities unissued but issuable thereunder. The senior notes remain outstanding and the Company is voluntarily filing pursuant to the covenants contained in the senior notes.

TransMontaigne Partners LLC and subsidiaries
Notes to Consolidated Financial Statements (continued)
Years ended December 31, 2018, 2017 and 2016

Further, in connection with the Take-Private Transaction, (i) effective February 26, 2019, we entered into the fourth amended and restated omnibus agreement and amended our senior secured credit facility, to among other things, address governance changes in connection with our being wholly owned by an indirect controlled subsidiary of ArcLight, and (ii) on February 25, 2019, pursuant to the terms of the TLP Management Services savings and retention program, the plan administrator amended and restated the TLP Management Services savings and retention program, including to separate the program from the TLP Management Services 2016 long-term incentive plan and to remove common units of the partnership as an investment or payment option under the plan.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that information is accumulated and communicated to our management, including our executive and principal financial officer (whom we refer to as the Certifying Officers), as appropriate to allow timely decisions regarding required disclosure. The management of our sole equity-holder (TLP Finance Holdings, LLC) evaluated, with the participation of the Certifying Officers, the effectiveness of our disclosure controls and procedures as of December 31, 2018, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of December 31, 2018, our disclosure controls and procedures were effective at the reasonable assurance level. In addition, our Certifying Officers concluded that there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The management of our sole equity-holder is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

The management of our sole equity-holder has used the framework set forth in the report entitled "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of our internal control over financial reporting. Based on that evaluation, the management of our sole equity-holder has concluded that our internal control over financial reporting was effective as of December 31, 2018. The effectiveness of our internal control over financial reporting as of December 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

March 15, 2019

Report of Independent Registered Public Accounting Firm

To the Management of TransMontaigne Partners LLC

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of TransMontaigne Partners LLC (formerly TransMontaigne Partners L.P.) and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements as of and for the year ended December 31, 2018, of the Company and our report dated March 15, 2019, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Denver, Colorado
March 15, 2019

ITEM 9B. OTHER INFORMATION

No information was required to be disclosed in a report on Form 8-K, but not so reported, for the quarter ended December 31, 2018.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

TLP Finance Holdings, LLC is our sole equity-holder and manages our operations and activities. Our company's officers are employees of an affiliate of ArcLight, and we have no employees and all of our management and operational activities (not conducted by TLP Finance Holdings, LLC) are provided by TLP Management Services and such entity provides payroll and maintains all employee benefits programs on behalf of our company. As we are managed by our sole equity-holder, TLP Finance Holdings, LLC, we do not have a board of directors and the decisions of TLP Finance Holdings, LLC are not governed by any specific policies. TLP Finance Holdings, LLC may adopt certain policies governing its decision-making processes with respect to our management in the future.

Corporate Governance Guidelines; Code of Business Conduct and Ethics

To address governance changes in connection with our being wholly owned by an indirect controlled subsidiary of ArcLight following the Take-Private Transaction, the Company adopted a Code of Ethics for Senior Financial Officers, which includes substantially similar terms to the policies in place for our general partner prior to the Take-Private Transaction. The Code of Ethics for Senior Financial Officers applies to the senior financial officers of the Company, including the chief executive officer, the chief financial officer, the chief accounting officer, the chief operating officer and the president or persons performing similar functions.

In addition, to address governance changes in connection with our being wholly owned by an indirect controlled subsidiary of ArcLight following the Take Private Transaction, the Company adopted a Code of Business Conduct and Ethics, which applies to all employees providing services to the Company.

Management of the Company and Officers

TLP Finance Holdings, LLC, our sole equity-holder, manages and oversees our operations. As part of its oversight function, TLP Finance Holdings, LLC monitors how management operates the Partnership. When granting authority to management, approving strategies and receiving management reports, TLP Finance Holdings LLC considers, among other things, the risks and vulnerabilities we face.

As of the date of this report, the Company does not have its own board of directors. In connection with the Take-Private Transaction, on February 26, 2019, TransMontaigne GP L.L.C., the general partner of the Partnership prior to its conversion to a Delaware limited liability company, merged with and into the Company, with the Company surviving. In addition, as a result of the Take-Private Transaction, and the adoption of our limited liability company agreement on February 26, 2019, management of the Company was vested in TLP Finance Holdings, LLC. Accordingly, the board of directors of TransMontaigne GP L.L.C. was dissolved, and each of our former independent directors, Jay A. Wiese, Steven A. Blank, and Barry E. Welch resigned from the board of directors of TransMontaigne GP L.L.C. Each of Messrs. Wiese, Blank and Welch resigned without any claims for compensation (or otherwise), or any disagreements with any matter relating to the operations, internal controls, policies, or practices of the Partnership, the general partner, or the board of directors of the general partner, and the resignation of each was solely as a result of the Take-Private Transaction. In addition, as a result of the Take-Private Transaction and our management by TLP Finance Holdings, LLC following the effective-time thereof, none of Daniel R. Revers, Kevin M. Crosby, Lucius H. Taylor, or Theodore D. Burke, each of whom previously sat on the board of directors of TransMontaigne GP L.L.C. and are employees of ArcLight, continue to serve in such capacity.

Executive Officers

The following table sets forth the names, ages and titles of the executive officers of the Company, each of whom is an employee of an ArcLight affiliate, as of March 15, 2019:

Name	Age	Position
Frederick W. Boutin	63	Chief Executive Officer
James F. Dugan	61	Executive Vice President and Chief Operating Officer
Robert T. Fuller	49	Executive Vice President, Chief Financial Officer and Treasurer
Michael A. Hammell	48	Executive Vice President, General Counsel and Secretary
Mark S. Huff	60	President

Frederick W. Boutin has served as Chief Executive Officer of the Company, and prior to the Take-Private Transaction, our general partner and its subsidiaries since November of 2014. Prior to then he served as Executive Vice President and Chief Financial Officer beginning in January 2008. Mr. Boutin also managed business development and commercial contracting activities from December 2007 to July 2010 and from August 2013 to January 2015. Prior to February 1, 2016, Mr. Boutin also served in various other capacities at our general partner and its subsidiaries, and TransMontaigne and its predecessors, since 1995. Prior to his affiliation with TransMontaigne, Mr. Boutin was a Vice President at Associated Natural Gas Corporation, and its successor Duke Energy Field Services, and a certified public accountant with Peat Marwick. Mr. Boutin holds a B.S. in Electrical Engineering and an M.S. in Accounting from Colorado State University.

James F. Dugan has served as Executive Vice President and Chief Operating Officer of the Company, and prior to the Take-Private Transaction, our general partner and its subsidiaries since August 30, 2017. Mr. Dugan previously served as Executive Vice President, Engineering and Operations of our general partner and its subsidiaries from June 30, 2017 to August 30, 2017 and served as the Senior Vice President, Engineering and Operations of our general partner and its subsidiaries from January 2008 to June 30, 2017. Mr. Dugan joined TransMontaigne Inc. as Engineering Manager in 1998. He has over 16 years of experience in senior leadership positions overseeing domestic and international petroleum marine terminals, pipelines and engineering divisions. Mr. Dugan began his career as a Project Engineer for Gulf Interstate Energy in 1983 and in 1993 he joined Louis Dreyfus Energy as a Project Engineer. He has served on the Board of Directors for the International Liquid Terminals Association (ILTA) since 2011, and he holds certification through the American Petroleum Institute.

Robert T. Fuller has served as Executive Vice President, Chief Financial Officer and Treasurer of the Company, and prior to the Take-Private Transaction, our general partner and its subsidiaries since November of 2014. Prior to November of 2014, Mr. Fuller served as Vice President and Chief Accounting Officer of our general partner and its subsidiaries since January 2011 and as its Assistant Treasurer since February 2012. Prior to his affiliation with TransMontaigne, Mr. Fuller spent 13 years as a certified public accountant with KPMG LLP. Mr. Fuller has a B.A. in Political Science from Fort Lewis College and a M.S. in Accounting from the University of Colorado. Mr. Fuller is licensed as a certified public accountant in Colorado and New York.

Michael A. Hammell has served as Executive Vice President, General Counsel and Secretary of the Company, and prior to the Take-Private Transaction, our general partner and its subsidiaries since October 2012. Mr. Hammell served as the Senior Vice President, Assistant General Counsel and Secretary of each of our general partner and the TransMontaigne entities from July 2011 to October 2012; as Vice President, Assistant General Counsel and Secretary from January 2011 to July 2011; as Vice President, Assistant General Counsel and Assistant Secretary from November 2007 until January 2011 and as Assistant General Counsel from April 2007 to November 2007. Prior to joining TransMontaigne, Mr. Hammell practiced at the law firm of Hogan & Hartson LLP (now Hogan Lovells). Mr. Hammell received a B.S. in Business Administration from the University of Colorado at Boulder and a J.D. from Northwestern University School of Law.

Mark S. Huff has served as President of the Company, and prior to the Take-Private Transaction, our general partner and its subsidiaries since August 2017. Mr. Huff served as Executive Vice President, Commercial Operations of our general partner and its subsidiaries from September 2016 to August 2017 and prior thereto as Senior Vice President, Commercial Operations since returning to the Partnership in January 2015. Prior thereto he served as Director of Business Development with Colonial Pipeline from November 2012 to January 2015 and as Managing Director of Vecenergy from 2008 to 2012. Mr. Huff was previously employed with a former affiliate of the Partnership from 1996 to 2007 where he was responsible at various times for the business development and product marketing activities of TransMontaigne Partners and its affiliates. Mr. Huff holds a B.S. in Nautical Science from the United States Merchant Marine Academy at Kings Point, NY.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) requires the executive officers and directors of our general partner, and persons who own more than ten percent of a registered class of our equity securities (collectively, “Reporting Persons”) to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of our common units and our other equity securities. Specific due dates for those reports have been established, and we are required to report herein any failure to file reports by those due dates. Reporting Persons are also required by SEC regulations to furnish TransMontaigne Partners with copies of all Section 16(a) reports they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required during the year ended December 31, 2018, all Section 16(a) filing requirements applicable to such Reporting Persons were satisfied. Following the Take-Private Transaction, we do not expect to be required to file future Section 16(a) filings at this time.

Committees of the Board of Directors and Management following the Take-Private Transaction

Prior to the Take-Private Transaction, the board of directors of our general partner had three standing committees: an audit committee, a conflicts committee and a compensation committee. Following the Take-Private Transaction, we no longer have a board of directors and are instead managed by our sole equity-holder. The Company is not required to have, and does not have, a separately designated standing audit committee composed of independent directors, as its securities are not listed on a national securities exchange that requires such independence. The Company has determined that it is not necessary to designate, and has not designated, an “audit committee financial expert” as it is privately held and solely a voluntary filer with the Securities and Exchange Commission following the Take-Private Transaction as required by the covenants contained in the Company’s outstanding senior notes. As we do not have a board of directors, there are no applicable board nomination procedures to report.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We do not directly employ any of the persons responsible for managing our business. We are managed by ArcLight. Pursuant to our omnibus agreement with ArcLight, all of our officers and the employees who provide services to us are employed by TLP Management Services, a wholly owned subsidiary of ArcLight. TLP Management Services provides payroll and maintains all employee benefits programs on our behalf.

We do not incur any direct compensation charge for our executive officers. Instead, pursuant to our omnibus agreement with ArcLight, we pay ArcLight an annual administrative fee that is intended to compensate ArcLight for providing, through TLP Management Services, certain corporate staff and support services to us, including services provided to us by the executive officers. During the year ended December 31, 2018, we paid ArcLight an administrative fee of approximately \$10.3 million. The administrative fee is a lump-sum payment and does not reflect specific amounts attributable to the compensation of our executive officers.

In addition, under the omnibus agreement, and prior to ArcLight acquiring our general partner on February 1, 2016, we agreed to reimburse a TransMontaigne affiliate for a portion of the incentive bonus awards made to key employees under the TransMontaigne Services LLC savings and retention plan. The value of our incentive bonus award reimbursement for a single grant year may be no less than \$1.5 million. Effective April 13, 2015 and beginning with the 2015 incentive bonus award, and ending with the Take-Private Transaction, we had the option to provide the reimbursement in either a cash payment or the delivery of our common units, with the reimbursement made in accordance with the underlying vesting and payment schedule of the savings and retention program. For the 2018 incentive bonus awards, the expense associated with the reimbursement was approximately \$3.2 million. Following the Take-Private Transaction, the Company will no longer pay any portion of its incentive bonuses in equity of the Company.

Prior to the Take-Private Transaction, the board of directors and the compensation committee of our general partner performed only a limited advisory role in setting the compensation of the executive officers of our general partner, which for 2018 was determined by the compensation committee of TLP Management Services. The compensation committee of our general partner, however, determined the amount, timing and terms of all equity awards granted to our independent directors.

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The primary elements of the executive compensation program for 2018 were a combination of annual cash and long-term equity-based compensation. During 2018, elements of compensation for our executive officers consisted of the following:

- Annual base salary;
- Discretionary annual cash awards;
- Long-term equity-based compensation; and
- Other compensation, including very limited perquisites.

The elements of TLP Management Services' compensation program for 2018, along with other rewards (for example, benefits, work environment, career development), were intended to provide a total rewards package designed to support the business strategies of the Company and our partnership. During 2018, the Company did not use any elements of compensation based on specific performance-based criteria and did not have any other specific performance-based objectives. Although the board of directors and the compensation committee of our general partner performed only a limited advisory role in setting the compensation of the executive officers of our general partner, we are not aware of any compensation elements of TransMontaigne LLC's compensation program which are reasonably likely to have a material adverse effect on us.

TLP Management Services long-term incentive plan and the savings and retention program was intended to align the long-term interests of the executive officers of our general partner with those of our unitholders to the extent a portion of the bonus awards under the savings and retention program is deemed invested in our common units. Following the Take-Private Transaction, no portion of bonus awards will be deemed invested in equity of the Company, but the Company will continue to provide certain deferred bonuses pursuant to the terms of the TLP Management Services LLC amended and restated savings and retention program.

Employment and Other Agreements

We have not entered into any employment agreements with any of our officers.

Compensation Committee Report

The compensation committee reviewed and discussed the Compensation Discussion and Analysis with management for 2018. Following the Take-Private Transaction, we do not have a compensation committee.

COMPENSATION OF DIRECTORS

Prior to the Take-Private Transaction, employees of our general partner or its affiliates (including employees of ArcLight and its affiliates) who also served as directors of our general partner did not receive additional compensation. Pursuant to our independent director annual compensation program in place prior to the Take-Private Transaction, the independent directors receive annual compensation consisting of: (i) \$60,000 annual cash retainer; paid quarterly in arrears, and (ii) common units valued at \$90,000 and issued pursuant to the TLP Management Services long-term incentive plan, which common units were immediately vested and were not subject to forfeiture. For each annual award of common units issued to the independent directors under the TLP Management Services long-term incentive plan, the awards were made on the third Friday of October (or the next trading day if the NYSE is closed), based on the closing sales price during normal trading hours of the common units on the NYSE. In addition, each director was reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. In addition, each of our independent directors received additional compensation in connection with their review, evaluation, regulation, and approval of the Take-Private Transaction, as duly approved by the board of directors of our general partner on July 27, 2018. For their additional services, Messrs. Blank and Wiese received an additional \$54,839, and Mr. Welch received an additional \$68,548 in 2018. No additional consideration was paid to the independent directors for service on any committee of the board of directors of our general partner or for service as a committee chairperson unless approved by the board in advance for a specific engagement or transaction.

Each director prior to the Take-Private Transaction will be fully indemnified by us for actions associated with being a director to the extent permitted under Delaware law. The following table provides information concerning the compensation of our general partner's directors for 2018.

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Following the Take-Private Transaction, we are managed by our sole equity-holder, TLP Finance Holdings, LLC, and we do not have a board of directors.

Director Compensation Table for 2018

Name (a)	Fees earned or paid in cash (\$) (b)	Stock awards (\$) (c)	All other compensation (\$) (g)	Total (\$) (h)
Theodore D. Burke(1)	—	—	—	—
Kevin M. Crosby(1)	—	—	—	—
Daniel R. Revers(1)	—	—	—	—
Lucius H. Taylor(1)	—	—	—	—
Steven A. Blank	\$ 114,839	\$ 90,000	—	\$ 204,839
Barry E. Welch	\$ 128,548	\$ 90,000	—	\$ 218,548
Jay A. Wiese	\$ 114,839	\$ 90,000	—	\$ 204,839

(1) Because Messrs. Burke, Crosby, Revers and Taylor are employees of an affiliate of our general partner prior to the Take-Private Transaction, none of them received compensation for service as a director of our general partner. At December 31, 2018, none of Messrs. Burke, Crosby, Revers and Taylor held any restricted phantom or other limited partner interests in the Partnership.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2018, Messrs. Blank, Welch and Wiese each served on the compensation committee of our general partner. During 2018, none of the members of the compensation committee was an officer or employee of our general partner or any of our subsidiaries or served as an officer of any company with respect to which any of the executive officers of our general partner served on such company's board of directors. Following the Take-Private Transaction, we no longer have a compensation committee.

SAVINGS AND RETENTION PROGRAM

On February 26, 2016, the board of directors approved the savings and retention program, which constituted a "program" under, and be subject to, the TLP Management Services long-term incentive plan in place prior to the Take-Private Transaction, for employees who provide services with respect to our business. In accordance with the savings and retention program, TLP Management Services LLC adopted an amended and restated savings and retention plan on February 25, 2019, which, among other items, accounted for the closing of the Take-Private Transaction. The purpose of the plan is to provide for the reward and retention of certain key employees of TLP Management Services or its affiliates by providing them with awards that vest over future service periods. Awards under the plan generally vested as to 50% of a participant's annual award on the first day of the month containing the second anniversary of the grant date and the remaining 50% on the first day of the month containing the third anniversary of the grant date, subject to earlier vesting upon a participant's attainment of certain age or length of service thresholds as specified in the plan. Awards are payable as to 50% of a participant's annual award in the month containing the second anniversary of the grant date, and the remaining 50% in the month containing the third anniversary of the grant date, subject to earlier payment upon the participant's retirement after achieving the age or service thresholds, death or disability, involuntary termination without cause or termination of a participant's employment following a change in control, each as specified in the plan. The awards are increased for the value of any accrued growth based on underlying "investments" deemed made with respect to the awards. The awards (including any accrued growth relating thereto) are subject to forfeiture until the vesting date. The Take-Private Transaction did not accelerate the vesting of any of the awards.

Pursuant to the provisions of the plan, once participating employees of TLP Management Services reach the age and length of service thresholds set forth below, awards are immediately vested and become payable as set forth above, and such vested awards remain subject to forfeiture as specified in the plan. A person will satisfy the age and length of service thresholds of the plan upon the attainment of the earliest of (a) age sixty, (b) age fifty-five and ten years of service as an officer of TLP Management Services or its affiliates, or (c) age fifty and twenty years of service as an employee of TLP Management Services or its affiliates. Each of Messrs. Boutin, Huff and Dugan have satisfied the age and length of service thresholds of the plan. Generally, only senior level management of TLP Management Services receive awards under the savings and retention program. Although no assets are segregated or otherwise set aside with respect to a participant's account, the amount ultimately payable to a participant shall be the amount credited to such participant's account as if such account had been invested in some or all of the investment funds selected by the plan administrator.

Under the fourth amended and restated omnibus agreement entered into on February 26, 2019, we have agreed to satisfy the incentive bonus awards made to key employees under the savings and retention program in cash (or, prior to our Take-Private Transaction, in the Partnership’s common units). Prior to amending and restating the plan and the Take-Private Transaction, the plan administrator allocated 100% of all 2018, 2017 and 2016 awards to the partnership’s common units fund. For the 2018 incentive bonus awards, the expense associated with the reimbursement was approximately \$3.2 million. Following the Take-Private Transaction, we plan to index our award obligations to other forms of investments.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

As a result of the Take-Private Transaction, TLP Finance Holdings, LLC is the beneficial owner of 100 percent of our outstanding equity interests.

EQUITY COMPENSATION PLAN INFORMATION

Following the Take-Private Transaction, the Company does not have an equity compensation plan. The following table summarizes information about our equity compensation plans as of December 31, 2018.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(1)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	175,614	—	574,386
Equity compensation plans not approved by security holders	—	—	—
Total	175,614	—	574,386

(1) Includes: (i) a total of 32,010 phantom unit awards outstanding that were granted in 2016 under the savings and retention program, which constitutes a “program” under, and is subject to, the TLP Management Services long-term incentive plan; (ii) a total of 59,899 phantom unit awards outstanding that were granted in 2017 under the savings and retention program; and (iii) a total of 83,705 phantom unit awards outstanding that were granted in 2018 under the savings and retention program. The TLP Management Services long-term incentive plan reserves 750,000 common units to be granted as awards under the plan, including the savings and retention program, with such amount subject to adjustment as provided for under the terms of the plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE RELATIONSHIP AND AGREEMENTS WITH OUR AFFILIATES

Following the Take-Private Transaction, TLP Finance Holdings, LLC, an indirect controlled subsidiary of ArcLight, has acquired 100 percent of the equity interests in the Company, and the Company is no longer listed on the NYSE and our equity is no longer publicly traded. Certain related party Agreements with ArcLight are set forth below.

Omnibus Agreement. Since the inception of the Partnership in 2005 we have been party to an omnibus agreement with the owner of our general partner, which agreement has been amended and restated from time to time. In connection with the closing of the Take-Private Transaction on February 26, 2019, we entered into the fourth amended and restated omnibus agreement, to among other things, address governance changes in connection with us being wholly owned by an indirect controlled subsidiary of ArcLight. The omnibus agreement provides for the provision of various services for our benefit. The fees payable under the omnibus agreement to the owner of our general partner prior to the Take-Private Transaction, and ArcLight, following the Take Private Transaction, are comprised of (i) the reimbursement of the direct operating costs and expenses, such as salaries and benefits of operational personnel performing services on site at our terminals and pipelines, which we refer to as on-site employees, (ii) bonus awards to key employees of TLP Management Services who perform services for the Partnership, which, prior to the Take-Private Transaction, were typically paid in the Partnership’s units and were subject to the approval by the compensation committee and the conflicts committee of our general partner, and (iii) the administrative fee for the provision of various general and administrative services for the Company’s benefit such as legal, accounting, treasury, insurance administration and claims processing, information technology, human resources, credit, payroll,

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taxes and other corporate services, to the extent such services are not outsourced by the Company. The administrative fee is recognized as a component of general and administrative expenses and for the years ended December 31, 2018, 2017 and 2016, the administrative fee paid by the Partnership was approximately \$10.3 million, \$12.8 million and \$11.4 million, respectively.

In connection with our previously discussed Phase II buildout at our Collins terminal and the terms of the omnibus agreement, the expansion of our Brownsville terminal and pipeline operations and the December 2017 acquisition of the West Coast terminals, on May 7, 2018, the Partnership, with the concurrence of the conflicts committee of our general partner, agreed to an annual increase in the aggregate fees payable to the owner of the general partner under the omnibus agreement of \$3.6 million beginning May 13, 2018.

To effectuate this \$3.6 million annual increase in the aggregate fees payable to the owner of the general partner, on May 7, 2018 the Partnership, with the concurrence of the conflicts committee of our general partner, entered into the third amended and restated omnibus agreement by and among the Partnership, our general partner, TransMontaigne Operating GP L.L.C., TransMontaigne Operating Company L.P., TLP Acquisition Holdings, LLC (FKA Gulf TLP Holdings, LLC), and TLP Management Services LLC. The effect of the change to the omnibus agreement is to allow the Partnership to assume the costs and expenses of employees of TLP Management Services performing engineering and environmental safety and occupational health (ESOH) services for and on behalf of the Partnership and to receive an equal and offsetting decrease in the administrative fee. These costs and expenses are expected to approximate \$8.9 million in 2018. We expect that a significant portion of the assumed engineering costs will be capitalized under generally accepted accounting principles.

Prior to the \$3.6 million annual increase and the effective date of the third amended and restated omnibus agreement, the annual administrative fee was approximately \$13.7 million and included the costs and expenses of the employees of TLP Management Services performing engineering and ESOH services. Subsequent to the \$3.6 million annual increase and the effective date of the third amended and restated omnibus agreement, the annual administrative fee was reduced to approximately \$8.4 million and the Partnership bore the approximately \$8.9 million costs and expenses of the employees of TLP Management Services performing engineering and ESOH services for and on behalf of the Partnership.

We adopted and entered into the fourth amended and restated omnibus agreement in connection with the Take-Private Transaction, primarily to address certain changes in our governance as a result thereof, including the removal of our conflicts committee. The administrative fee under the fourth amended and restated omnibus agreement is subject to an increase each calendar year tied to an increase in the consumer price index, if any, plus two percent. If we acquire or construct additional facilities, ArcLight may propose a revised administrative fee covering the provision of services for such additional facilities.

We do not directly employ any of the persons responsible for managing our business. Our officers and the employees who provide services to the Company are employed by TLP Management Services, a wholly owned subsidiary of ArcLight. TLP Management Services provides payroll and maintains all employee benefits programs on our behalf pursuant to the omnibus agreement.

DIRECTOR INDEPENDENCE

We are managed by our sole equity-holder, TLP Finance Holdings, LLC, and we do not have a board of directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Deloitte & Touche LLP is our independent auditor. Deloitte & Touche LLP's accounting fees and services were as follows:

	<u>2018</u>	<u>2017</u>
Audit fees(1)	\$ 695,000	\$ 688,000
Comfort letter and consents	80,000	150,000
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total accounting fees and services	<u>\$ 775,000</u>	<u>\$ 838,000</u>

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- (1) Represents an estimate of fees for professional services provided in connection with the annual audit of our financial statements and internal control over financial reporting, including Sarbanes-Oxley 404 attestation, the reviews of our quarterly financial statements, and other services provided by the auditor in connection with statutory and regulatory filings.

Part IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) 1—The following documents are filed as a part of this Annual Report.

1. *Consolidated Financial Statements and Schedules.* See the index to the consolidated financial statements of TransMontaigne Partners L.P. and its subsidiaries that appears under Item 8. “Financial Statements and Supplementary Data” of this Annual Report.
2. *Financial Statement Schedules.* Financial statement schedules included in this Item 15 are the financial statements of Battleground Oil Specialty Terminal Company LLC. Other schedules are omitted because they are not required, are inapplicable or the required information is included in the financial statements or notes thereto.
3. *Exhibits.* A list of exhibits required by Item 601 of Regulation S-K to be filed as part of this Annual Report.

(A) 2— Battleground Oil Specialty Terminal Company LLC Financial Statements, with a Report of Independent Registered Public Accounting Firm, as of December 31, 2018 and 2017 and for the Years Ended December 31, 2018, 2017 and 2016.

Report of Independent Registered Public Accounting Firm

To the Board of Directors of
Battleground Oil Specialty Terminal Company LLC:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Battleground Oil Specialty Terminal Company LLC (the “Company”) as of December 31, 2018 and 2017, and the related statements of income, of members’ equity, and of cash flows for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Significant Transactions with Related Parties

As discussed in Note 4 to the financial statements, the Company has extensive operations and relationships with its member, Kinder Morgan Battleground Oil, LLC and other affiliated companies.

/s/PricewaterhouseCoopers LLP

Houston, Texas
February 27, 2019

We have served as the Company's auditor since 2013.

BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY LLC
STATEMENTS OF INCOME
(In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Revenues	\$ 66,288	\$ 66,235	\$ 66,863
Operating Costs and Expenses			
Operations and maintenance	13,362	17,407	10,331
Operations and maintenance-affiliate	10,682	10,645	9,774
Depreciation and amortization	18,682	18,543	18,401
General and administrative-affiliate	3,506	3,134	2,963
General and administrative	—	—	731
Taxes other than income taxes	5,695	5,622	5,776
Total Operating Costs and Expenses	51,927	55,351	47,976
Operating Income	14,361	10,884	18,887
Other Income	19	—	1
Income Before Taxes	14,380	10,884	18,888
Income Tax Expense	85	336	174
Net Income	\$ 14,295	\$ 10,548	\$ 18,714

The accompanying notes are an integral part of these financial statements.

BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY LLC
BALANCE SHEETS
(In Thousands)

	December 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,058	\$ 18,716
Accounts receivable, net	3,165	672
Inventories	907	1,663
Other current assets	1,169	3,925
Total current assets	19,299	24,976
Property, plant and equipment, net	455,984	468,727
Deferred charges and other assets	—	621
Total Assets	<u>\$ 475,283</u>	<u>\$ 494,324</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,928	\$ 6,871
Accrued taxes, other than income taxes	5,540	5,669
Accrued dredging service costs	—	3,153
Other current liabilities	1,003	1,857
Total current liabilities	12,471	17,550
Non-current liabilities		
Contract liabilities	1,259	—
Total non-current liabilities	1,259	—
Total liabilities	13,730	17,550
Commitments and contingencies (Notes 2 and 6)		
Members' Equity	461,553	476,774
Total Liabilities and Members' Equity	<u>\$ 475,283</u>	<u>\$ 494,324</u>

The accompanying notes are an integral part of these financial statements.

BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY LLC
STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash Flows From Operating Activities			
Net income	\$ 14,295	\$ 10,548	\$ 18,714
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	18,682	18,543	18,401
Other non-cash items	527	190	50
Changes in components of working capital:			
Accounts receivable	(2,318)	322	138
Inventories	756	(986)	23
Accounts payables	(3,186)	2,522	(430)
Accrued dredging service costs	(3,153)	—	—
Other current assets	2,756	(421)	117
Other current liabilities	276	(684)	(359)
Other long-term assets and liabilities	624	(65)	197
Net Cash Provided by Operating Activities	<u>29,259</u>	<u>29,969</u>	<u>36,851</u>
Cash Flows From Investing Activities			
Capital expenditures	(4,404)	(3,028)	(4,633)
Other	3	250	—
Net Cash Used in Investing Activities	<u>(4,401)</u>	<u>(2,778)</u>	<u>(4,633)</u>
Cash Flows From Financing Activities			
Contributions from Members	—	342	5,000
Distributions to Members	(29,516)	(29,885)	(34,942)
Net Cash Used in Financing Activities	<u>(29,516)</u>	<u>(29,543)</u>	<u>(29,942)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(4,658)	(2,352)	2,276
Cash and Cash Equivalents, beginning of period	18,716	21,068	18,792
Cash and Cash Equivalents, end of period	<u>\$ 14,058</u>	<u>\$ 18,716</u>	<u>\$ 21,068</u>
Non-cash Investing Activities			
Net increases in property, plant and equipment accruals	\$ 2,243		

The accompanying notes are an integral part of these financial statements.

BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY LLC
STATEMENTS OF MEMBERS' EQUITY
(In Thousands)

	Class A unitholders	Class B unitholders	Total unitholders
Balance at December 31, 2015	\$ 506,997	\$ —	\$ 506,997
Net income	17,491	1,223	18,714
Contributions	5,000	—	5,000
Distributions	(33,719)	(1,223)	(34,942)
Balance at December 31, 2016	495,769	—	495,769
Net income	9,502	1,046	10,548
Contributions	342	—	342
Distributions	(28,839)	(1,046)	(29,885)
Balance at December 31, 2017	476,774	—	476,774
Net income	13,332	963	14,295
Contributions	—	—	—
Distributions	(28,553)	(963)	(29,516)
Balance at December 31, 2018	\$ 461,553	\$ —	\$ 461,553

The accompanying notes are an integral part of these financial statements.

**BATTLEGROUND OIL SPECIALTY TERMINAL COMPANY LLC
NOTES TO FINANCIAL STATEMENTS**

1. General

We are a Delaware limited liability company, formed on May 26, 2011. When we refer to “us,” “we,” “our,” “ours,” “the Company,” or “BOSTCO,” we are describing Battleground Oil Specialty Terminal Company LLC.

The member interests in us (collectively referred to as the Class A Members) are as follows:

- ∠ 55.0% - Kinder Morgan Battleground Oil, LLC (KM Battleground Oil), a subsidiary of Kinder Morgan, Inc. (KMI);
- ∠ 42.5% - TransMontaigne Operating Company L.P. (TransMontaigne), a wholly owned subsidiary of TransMontaigne Partners L.P.; and
- ∠ 2.5% - Tauber Terminals, L.P. (Tauber), a Texas limited partnership.

In addition, we have Class B member interests further described in Note 4.

We own and operate a terminal facility that has 7.1 million barrels of distillate, residual fuel and other black oil product storage at a Houston Ship Channel site. The facility also has deep draft docks and high speed pumps.

2. Summary of Significant Accounting Policies

Basis of Presentation

We have prepared our accompanying financial statements in accordance with the accounting principles contained in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification, the single source of United States Generally Accepted Accounting Principles (GAAP) and referred to in this report as the Codification.

Management has evaluated subsequent events through February 27, 2019, the date the financial statements were available to be issued.

Out of Period of Adjustment

A \$1,435,000 out of period correction was recorded in 2016 resulting in a decrease in operations and maintenance expense and increase in net income. This adjustment relates to the over accrual of certain dredging service costs in 2014 and 2015. Management evaluated this error taking into account both qualitative and quantitative factors and considered the impact in relation to each period in which they originated. The impact of recognizing this adjustment in prior years was not significant to any individual period. Management believes this adjustment is immaterial to the financial statements presented herein and the previously issued financial statements.

Adoption of New Accounting Pronouncements

On January 1, 2018, we adopted Accounting Standard Update (ASU) No. 2014-09, “Revenue from Contracts with Customers” and the series of related accounting standard updates that followed (collectively referred to as “Topic 606”). We utilized the modified retrospective method to adopt Topic 606, which required us to apply the new revenue standard to (i) all new revenue contracts entered into after January 1, 2018 and (ii) revenue contracts which were not completed as of January 1, 2018. In accordance with this approach, our revenues for periods prior to January 1, 2018 were not revised. There was no cumulative adjustment as of January 1, 2018 resulting from the adoption of Topic 606. For more information, see “—Revenue Recognition” below and Note 5.

Use of Estimates

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

In addition, we believe that certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our financial statements.

Cash and cash Equivalents

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.

Accounts Receivable, net

We establish provisions for losses on accounts receivable due from customers if we determine that we will not collect all or part of the outstanding balance. We regularly review collectability and establish or adjust our allowance as necessary using the specific identification method. As of December 31, 2018 and 2017, our allowance for doubtful accounts were \$70,000 and \$246,000, respectively.

Inventories

Our inventories, which consist of consumable spare parts used in the operations of the facilities, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

Property, Plant and Equipment, net

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at the fair value of the assets acquired. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects. We expense costs for routine maintenance and repairs in the period incurred.

We use the straight-line method to depreciate property, plant and equipment over the estimated useful life for each asset. The cost of property, plant and equipment sold or retired and the related depreciation are removed from the balance sheet in the period of sale or disposition. Gains or losses resulting from property sales or dispositions are recognized in the period incurred. We generally include gains or losses in "Operations and maintenance" on our accompanying Statements of Income.

Asset Retirement Obligations (ARO)

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our businesses. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs

are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our assets, and intend to do so as long as supply and demand for such services exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had no recorded ARO as of December 31, 2018 and 2017.

Asset Impairments

We evaluate our assets for impairment when events or circumstances indicate that their carrying values may not be recovered. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell an asset and adverse changes in market conditions or in the legal or business environment such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of the carrying value of our long-lived asset based on the long-lived asset's ability to generate future cash flows on an undiscounted basis. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary, to its estimated fair value.

Our fair value estimates are generally based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no impairments for the years ended December 31, 2018, 2017 and 2016.

Revenue Recognition

Revenue from Contracts with Customers

The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) control of the goods or services transfers to the customer and the performance obligation is satisfied.

Our customer services contracts primarily include terminaling service contracts, as described below. Generally, for the majority of these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which amount is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract (which can be a day, including each day in a series of promised daily services, a month, a year, or other time increment, including a deficiency makeup period) as the services are rendered using a time-based (passage of time) or units-based (units of service transferred) output method for measuring the transfer of control of the services and satisfaction of our performance obligation over the service period, based on the nature of the promised service (e.g., firm or non-firm) and the terms and conditions of the contract.

Firm Services

Firm services (also called uninterruptible services) are services that are promised to be available to the customer at all times during the period(s) covered by the contract, with limited exceptions. Our firm service contracts are typically structured with take-or-pay provisions. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay

obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over such period based on the passage of time.

Non-Firm Services

Non-firm services (also called interruptible services) are the opposite of firm services in that such services are provided to a customer on an “as available” basis. Generally, we do not have an obligation to perform these services until we accept a customer’s periodic request for service. For the majority of our non-firm service contracts, the customer will pay only for the actual quantities of services it chooses to receive or use, and we typically recognize the transaction price as revenue as those units of service are transferred to the customer in the specified service period (typically a daily or monthly period).

Refer to Note 5 for further information.

Revenue Recognition Policy prior to January 1, 2018

Prior to the implementation of Topic 606, we recognized storage revenues on firm contracted capacity ratably over the contract period regardless of the volume of petroleum products stored. We recorded revenues from throughput movements and ancillary services when performed and earned, subject to possible contractual minimums and maximums.

Operations and Maintenance

Operations and maintenance includes \$3,789,000, \$3,787,000, and \$(370,000) of dredging service costs for the years ended December 31, 2018, 2017 and 2016, respectively. Actual dredging services costs are capitalized and included in “Other current assets” and “Deferred charges and other assets” on our accompanying Balance Sheets. The capitalized dredging costs are amortized until the next dredging operation (an approximate 12 to 24 month period). We use the straight-line method to amortize dredging service costs.

Environmental Matters

We capitalize or expense, as appropriate, environmental expenditures. We capitalize certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of the construction. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that could impact our assets or operations. These reviews assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in our income in the period in which they are reasonably determinable.

We are subject to environmental cleanup and enforcement actions from time to time. In particular, Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality

of the original conduct, subject to the right of a liable party to establish a “reasonable basis” for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental law and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. We had no accruals for any outstanding environmental matters as of December 31, 2018 and 2017.

Legal Proceedings

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

Vandaven Johnson Personal Injury Claim

Vandaven Johnson, an employee of Petro-Chem Services, filed a lawsuit in the 295th Judicial District for Harris County, Texas against BOSTCO and certain other defendants in which the plaintiff alleges that he incurred personal injuries in connection with an incident which is alleged to have occurred on April 12, 2017 while the plaintiff was walking down a temporary gangway on BOSTCO’s premises to a barge dock. Plaintiff alleges that the gangway was placed at an unreasonably steep angle, had an inadequate handrail, and that a vertical support or stanchion failed, causing his injuries. Plaintiff subsequently amended his complaint to add the manufacturer and distributor of the gangway as defendants. Plaintiff alleges injuries to his neck and back and claims to be permanently disabled. Plaintiff seeks damages of \$3 million inclusive of alleged current and future medical expenses, pain and suffering, and lost wages. A jury trial is scheduled to occur on Sept 2, 2019. BOSTCO estimates plaintiff’s damages to be considerably less than those claimed in the lawsuit, and we anticipate a jury will place significant responsibility on both the plaintiff and other defendants at trial. We intend to continue to vigorously defend the lawsuit.

Customer Dispute

As of December 31, 2017, we had a liability of \$1,642,000 for a dispute with a customer related to the commencement of our operations. In January 2018, in connection with the execution of an amendment to the original services agreement, the parties settled this dispute. The resolution of the liability is a component of the transaction price for the amended services arrangement. Accordingly, we will recognize the amount as revenues over the 5 year term of the amended services agreement as we fulfill the contractual performance obligations.

Other Contingencies

We recognize liabilities for other contingencies when we have an exposure that indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Where the most likely outcome of a contingency can be reasonably estimated, we accrue an undiscounted liability for that amount. Where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than any other, the low end of the range is accrued.

Income Taxes

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes. Accordingly, no provision for federal or state income taxes has been recorded in our financial statements. The tax effects of our activities accrue to our Members who report on their individual federal income tax returns their share of revenues and expenses. However, we are subject to Texas margin tax (a revenue based calculation), which is presented as "Income Tax Expense" on our accompanying Statements of Income.

3. Property, Plant and Equipment, net

Our property, plant and equipment, net consisted of the following (in thousands):

	Useful Life in Years	December 31,	
		2018	2017
Terminal and storage facilities	10 - 40	\$ 440,233	\$ 437,977
Buildings	5 - 30	12,955	12,955
Other support equipment	1 - 30	77,047	76,846
Accumulated depreciation and amortization		(91,986)	(73,395)
		438,249	454,383
Land		13,168	13,168
Construction work in process		4,567	1,176
Property, plant and equipment, net		\$ 455,984	\$ 468,727

4. Related Party Transactions

Limited Liability Company Agreement (LLC Agreement)

Our profits and losses, and cash distributions are allocated, and made within 45 days after the end of each quarter, on a pro-rata basis to our Members in accordance with their equity percentage interests and profit interests, subject to other conditions as defined in the LLC Agreement. The Class A and Class B Members share in our profits and losses on a 96.5% and 3.5% pro-rata basis, respectively. Class B Member interests are not required to make capital contributions in order to maintain their profit interests. Class A units outstanding as of December 31, 2018 and 2017 were 14,914,900. Class B units outstanding as of December 31, 2018 and 2017 were 700.

Changes and amendments to the terms of the LLC Agreement, including its provisions regarding the approval of additional capital contributions, require both KM Battleground Oil and TransMontaigne approvals pursuant to the LLC Agreement. Class A and Class B Members have other rights, preferences, restrictions, obligations, and limitations, including limitations as to the transfer of ownership interests.

[Table of Contents](#)***Affiliate Agreement***

Pursuant to the operations and reimbursement agreement, KM Battleground Oil operates our terminal facility and we pay them a service fee. The service fee for the years ended December 31, 2018, 2017 and 2016 was approximately \$1,657,000, \$1,609,000 and \$1,574,000, respectively, and is reflected in "Operations and maintenance" on our accompanying Statements of Income.

Other Affiliate Balances and Activities

We enter into transactions with our affiliates within the ordinary course of business and the services are based on the same terms as non-affiliates.

We do not have employees. Employees of KMI provide services to us. In accordance with our governance documents, we reimburse KMI at cost.

The following table summarizes our balance sheet affiliate balances (in thousands):

	December 31,	
	2018	2017
Accounts receivable, net	\$ 18	\$ 443
Prepayments(a)	—	102
Accounts payable	1,560	1,830

(a) Included in "Other current assets" on our accompanying Balance Sheets.

The following table shows revenues from our affiliates (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Revenues	\$ 802	\$ 665	\$ 4,751

Subsequent Event

In February 2019, we made cash distributions to our Class A and B Members totaling \$5,870,000.

5. Revenue Recognition***Nature of Revenue***

We provide various types of liquid tank services. These services are generally comprised of inbound, storage and outbound handling of customer products.

Our liquids tank storage and handling service contracts that include a promised tank storage capacity provision and prepaid volume throughput of the stored product. The handling services we provide generally include blending and mixing, throughput movements, and ancillary services for residual fuel and diesel. In these firm service contracts, we have a stand-ready obligation to perform this contracted service each day over the life of the contract. The customer pays a transaction price typically in the form of a fixed monthly charge and is obligated to pay whether or not it uses the storage capacity and throughput service (i.e., a take-or-pay payment obligation). These contracts generally include a per-unit rate for any quantities we handle at the request of the customer in excess of the prepaid volume throughput amount and also typically include per-unit rates for additional, ancillary services that may be periodically requested by the customer.

Disaggregation of Revenues

The following table present our revenues disaggregated by revenue source and type of revenue for each revenue source for the year ended December 31, 2018 (in thousands):

	Year Ended December 31, 2018	
Revenues from contracts with customers		
Services		
Firm services(a)	\$	55,436
Fee-based services		10,737
Total services revenues		66,173
Sales		
Product sales		89

Total sales revenues	89
Total revenues from contracts with customers	66,262
Other revenues(b)	26
Total revenues	\$ 66,288

- (a) Includes non-cancellable firm service customer contracts with take-or-pay or minimum volume commitment elements, including those contracts where both the price and quantity amount are fixed. Excludes service contracts with indexed-based pricing, which along with revenues from other customer service contracts are reported as Fee-based services.
- (b) Amounts recognized as revenue under guidance prescribed in Topics of the Accounting Standards Codification other than in Topic 606 and primarily include leases.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. We did not have any contract assets in 2018. Our contract liabilities are substantially related to (i) consideration received from customers in connection with the resolution of a customer dispute, see Note 2; and (ii) other items paid for in advance by certain customers generally in our non-regulated businesses, which we subsequently recognize as revenue on a straight-line basis over the initial term of the related customer contracts,

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The following table presents the activity in our contract assets and liabilities (in thousands):

	December 31, 2018
Contract Liabilities	
Balance at January 1, 2018	\$ —
Additions	2,688
Transfer to Revenues	(963)
Balance at December 31, 2018(a)	<u>\$ 1,725</u>

(a) Includes current balances of \$466,000 reported within “Other current liabilities” in our accompanying Balance Sheets at December 31, 2018, and includes non-current balances of \$1,259,000 reported within “Contract liabilities” in our accompanying Balance Sheets at December 31, 2018.

Revenue Allocated to Remaining Performance Obligations

The following table presents our estimated revenue allocated to remaining performance obligations for contracted revenue that has not yet been recognized, representing our “contractually committed” revenue as of December 31, 2018 that we will invoice or transfer from contract liabilities and recognize in future periods (in thousands):

Year	Estimated Revenue
2019	\$ 34,364
2020	19,350
2021	18,097
2022	18,007
2023	16,833
Thereafter	4,946
Total	<u>\$ 111,597</u>

Our contractually committed revenue, for purposes of the tabular presentation above, is generally limited to service or commodity sale customer contracts which have fixed pricing and fixed volume terms and conditions, generally including contracts with take-or-pay or minimum volume commitment payment obligations. Our contractually committed revenue amounts generally exclude, based on the following practical expedients that we elected to apply, remaining performance obligations for: (i) contracts with index-based pricing or variable volume attributes in which such variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct service that forms part of a series of distinct services; (ii) contracts with an original expected duration of one year or less; and (iii) contracts for which we recognize revenue at the amount for which we have the right to invoice for services performed.

Major Customers

For the year ended December 31, 2018, revenues from our four largest non-affiliate customers were approximately \$14,169,000, \$12,881,000, \$10,452,000, and \$9,255,000, respectively, each of which exceeded 10% of our operating revenues. For the year ended December 31, 2017, revenues from our five largest non-affiliate customers were approximately \$11,671,000, \$11,230,000, \$9,648,000, \$8,886,000 and \$6,994,000, respectively, each of which exceeded 10% of our operating revenues. For the year ended December 31, 2016, revenues from our three largest non-affiliate customers were approximately \$12,519,000, \$11,003,000 and \$9,380,000, respectively, each of which exceeded 10% of our operating revenues.

6. Commitments

We lease property and equipment under various operating leases. Future minimum annual rental commitments under our operating leases as of December 31, 2018, are as follows (in thousands):

Year	Total
2019	\$ 367
2020	377
2021	389
2022	400
2023	412
Thereafter	6,633
Total	\$ 8,578

Rent expense on our lease obligations for the years ended December 31, 2018, 2017 and 2016 was approximately \$364,000, \$429,000 and \$464,000, respectively, and is reflected in "Operations and maintenance" on our accompanying Statements of Income.

7. Recent Accounting Pronouncements

Topic 842

On February 25, 2016, the FASB issued ASU No. 2016-02, “Leases” followed by a series of related accounting standard updates (collectively referred to as “Topic 842”). Topic 842 establishes a new lease accounting model for leases. The most significant changes include the clarification of the definition of a lease, the requirement for lessees to recognize for all leases a right-of-use asset and a lease liability in the balance sheet, and additional quantitative and qualitative disclosures which are designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. Expenses are recognized in the statement of income in a manner similar to current accounting guidance. Lessor accounting under the new standard is substantially unchanged. The new standard will become effective for us beginning with the first quarter 2019. We will adopt the accounting standard using a prospective transition approach, which applies the provisions of the new guidance at the effective date without adjusting the comparative periods presented. We have elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical accounting relating to lease identification and classification for existing leases upon adoption. We have also elected the optional practical expedient permitted under the transition guidance within the new standard related to land easements that allows us to carry forward our historical accounting treatment for land easements on existing agreements upon adoption. We have made an accounting policy election to keep leases with an initial term of 12 months or less off of the balance sheet. We are finalizing our evaluation of the impacts that the adoption of this accounting guidance will have on the financial statements, and estimate approximately \$5 million of additional assets and liabilities will be recognized on our future Balance Sheet upon adoption.

(A) 3—EXHIBITS:

Exhibit Number	Description
2.1	Facilities Sale Agreement, dated as of December 29, 2006, by and between TransMontaigne Product Services LLC (formerly known as TransMontaigne Product Services Inc.) and TransMontaigne Partners L.P. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on January 5, 2007).
2.2	Facilities Sale Agreement, dated as of December 28, 2007, by and between TransMontaigne Product Services LLC and TransMontaigne Partners L.P. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on January 3, 2008).
2.3	Agreement and Plan of Merger, dated as of November 25, 2018, by and among TLP Finance Holdings, LLC, TLP Acquisition Holdings, LLC, TLP Equity Holdings, LLC, TLP Merger Sub, LLC, TransMontaigne Partners L.P. and TransMontaigne GP L.L.C. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on November 26, 2018).
2.4	Agreement and Plan of Merger, dated as of February 26, 2019, by and between TransMontaigne Partners LLC and TransMontaigne GP L.L.C. (incorporated by reference to Exhibit 1.1 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
3.1	Certificate of Formation of TransMontaigne Partners LLC, dated February 26, 2019 (incorporated by reference to Exhibit 3.3 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
3.2	Limited Liability Company Agreement of TransMontaigne Partners LLC, dated February 26, 2019 (incorporated by reference to Exhibit 3.4 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
4.1	Indenture, dated February 12, 2018, among TransMontaigne Partners L.P., TLP Finance Corp. and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on February 12, 2018).
4.2	First Supplemental Indenture, dated as of February 12, 2018, among TransMontaigne Partners L.P., TLP Finance Corp., the guarantors named therein and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on February 12, 2018).
10.1	Third Amended and Restated Senior Secured Credit Facility, dated March 13, 2017, among TransMontaigne Operating Company L.P., as borrower, Wells Fargo Bank, National Association, as Administrative Agent, US Bank, National Association, as Syndication Agent, Joint Lead Arranger and Joint Book Runner, Bank of America, N.A., Citibank, N.A., MUFG Union Bank N.A. and Royal Bank of Canada, each as Documentation Agents, Wells Fargo Securities, LLC, as Joint Lead Arranger and Joint Lead Book Runner, and the other financial institutions a party thereto (incorporated by reference to Exhibit 10.1 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 14, 2017).
10.2	Contribution, Conveyance and Assumption Agreement, dated May 27, 2005, by and among TransMontaigne LLC, TransMontaigne Partners L.P., TransMontaigne GP L.L.C., TransMontaigne Operating GP L.L.C., TransMontaigne Operating Company L.P., TransMontaigne Product Services LLC and Coastal Fuels Marketing, Inc., Coastal Terminals L.L.C., Razorback L.L.C., TPSI Terminals L.L.C. and TransMontaigne Services LLC. (incorporated by reference to Exhibit 10.2 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on September 13, 2005).

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Exhibit Number	Description
10.3	<u>Fourth Amended and Restated Omnibus Agreement, dated as of February 26, 2019, by and among TransMontaigne Partners LLC, TransMontaigne Operating GP L.L.C., TransMontaigne Operating Company L.P. and TLP Management Services LLC (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).</u>
10.4	<u>Registration Rights Agreement, dated May 27, 2005, by and between TransMontaigne Partners L.P. and MSDW Morgan Stanley Strategic Investments, Inc. (formerly MSDW Bondbook Ventures Inc.) (incorporated by reference to Exhibit 10.7 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on September 13, 2005).</u>
10.5	<u>Terminating Services Agreement—Southeast and Collins/Purvis, dated January 1, 2008, between TransMontaigne Partners L.P. and Morgan Stanley Capital Group Inc., as amended (assigned in part to NGL Energy Partners LP on July 1, 2014) (incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10 K filed by TransMontaigne Partners L.P. with the SEC on March 10, 2008). Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b 2 as promulgated under the Securities Exchange Act of 1934.</u>
10.6	<u>Sixth Amendment to Terminating Services Agreement—Southeast and Collins/Purvis, dated July 16, 2013, between TransMontaigne Partners L.P. and Morgan Stanley Capital Group Inc. (assigned in part to NGL Energy Partners LP on July 1, 2014) (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8 K filed by TransMontaigne Partners L.P. with the SEC on July 17, 2013).</u>
10.7	<u>Seventh Amendment to Terminating Services Agreement—Southeast and Collins/Purvis, dated December 20, 2013, between TransMontaigne Partners L.P. and Morgan Stanley Capital Group Inc. (assigned in part to NGL Energy Partners LP on July 1, 2014) (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8 K filed by TransMontaigne Partners L.P. with the SEC on December 23, 2013).</u>
10.8	<u>Eighth Amendment to Terminating Services Agreement—Southeast and Collins/Purvis, dated November 4, 2014, between TransMontaigne Partners L.P. and NGL Energy Partners LP. (incorporated by reference to Exhibit 10.19 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 10, 2016).</u>
10.9	<u>Amendment No. 9 to Terminating Services Agreement—Southeast and Collins/Purvis, dated March 1, 2016, between TransMontaigne Partners L.P. and NGL Energy Partners LP (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on March 3, 2016).</u>
10.10	<u>Indemnification Agreement, dated December 31, 2007, among TransMontaigne LLC, TransMontaigne Partners L.P., TransMontaigne GP L.L.C., TransMontaigne Operating GP L.L.C. and TransMontaigne Operating Company L.P. (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 10, 2008)</u>
10.11	<u>Amended and Restated Limited Liability Company Agreement of Battleground Oil Specialty Terminal Company LLC Company, dated October 18, 2011, by and among TransMontaigne Operating Company L.P., Kinder Morgan Battleground Oil LLC and Tauber Terminals, LP (incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 12, 2013). Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.</u>

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Exhibit Number	Description
10.12	First Amendment to the Amended and Restated Limited Liability Company Agreement of Battleground Oil Specialty Terminal Company LLC, dated December 20, 2012, by and among TransMontaigne Operating Company L.P., Kinder Morgan Battleground Oil LLC and Tauber Terminals, LP (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 12, 2013). Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.
10.13	Asset Purchase Agreement, dated November 2, 2017, by and between Plains Products Terminals LLC and TransMontaigne Operating Company L.P. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on November 8, 2017).
10.14	First Amendment to Third Amended and Restated Senior Secured Credit Facility, dated as of December 14, 2017, by and among TransMontaigne Operating Company L.P., as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on December 18, 2017).
10.15	Second Amendment to Third Amended and Restated Senior Secured Credit Facility, dated as of February 26, 2019, by and among TransMontaigne Operating Company L.P., as borrower, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners LLC with the SEC on February 28, 2019).
10.16	Right of First Offer Agreement dated as of September 12, 2017, by and between Pike West Coast Holdings, LLC and TransMontaigne Partners L.P. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on September 15, 2017).
10.17	Right of First Offer Agreement dated as of August 4, 2017, by and between Pike West Coast Holdings, LLC and TransMontaigne Partners L.P. (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on August 9, 2017).
10.18*+	TLP Management Services LLC Amended and Restated Savings and Retention Plan.
21.1*	List of Subsidiaries of TransMontaigne Partners L.P.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial information from the Annual Report on Form 10-K of TransMontaigne Partners L.P. and subsidiaries for the year ended December 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) consolidated balance sheets, (ii) consolidated statements of income, (iii) consolidated statements of equity, (iv) consolidated statements of cash flows and (v) notes to consolidated financial statements.

* Filed with this Annual Report.

+ Identifies each management compensation plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned.

TransMontaigne Partners LLC

By: TLP FINANCE HOLDINGS, LLC, its Managing Member

By: /s/ Frederick W. Boutin

Date: March 15, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities with registrant so stated, on the date indicated.

<u>Name and Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Frederick W. Boutin</u> Frederick W. Boutin	Chief Executive Officer	March 15, 2019
<u>/s/ Robert T. Fuller</u> Robert T. Fuller	Executive Vice President, Chief Financial Officer and Treasurer	March 15, 2019
<u>/s/ Lisa M. Kearney</u> Lisa M. Kearney	Vice President, Chief Accounting Officer	March 15, 2019

**TLP MANAGEMENT SERVICES LLC
AMENDED AND RESTATED SAVINGS AND RETENTION PLAN**

TLP Management Services LLC, a Delaware limited liability company (the “Company”), has established the TLP Management Services LLC Amended and Restated Savings and Retention Plan (the “Plan”). The plan was initially established on February 26, 2016 and is amended and restated pursuant to the terms hereof, effective as of February 25, 2019 (the “Amendment Effective Date”); provided, however, that prior to the closing of the Merger (as defined below), outstanding awards granted prior to the Amendment Effective Date shall continue to be governed by the terms of the Plan as in effect prior to the Amendment Effective Date (the “Original Plan”).

The purpose of the Plan is to provide for the reward and retention of certain key employees by means of compensation that vests over future service periods. The benefits provided under the Plan are in addition to any right participating employees may have under other compensatory plans offered by the Company and in which the employee is eligible to participate. The Plan was initially established under the TLP Management Services LLC 2016 Long-Term Incentive Plan (the “2016 Plan”); however, from and after the closing date of the Merger, the Plan and awards granted under the Plan shall not be subject to the terms and conditions of the 2016 Plan (other than as specifically set forth with respect to certain provisions in this Plan).

ARTICLE 1

Definitions

1.1 *Administrator* shall mean the Board, or the person or group of persons appointed by the Board to administer the Plan pursuant to Article 5 of the Plan.

1.2 *Affiliate* shall mean, with respect to any entity, any other entity that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the entity in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.3 *Award Agreement* shall mean any written award agreement, letter or other written communication issued by the Company pursuant to which an award of Covered Compensation is granted to a Participant.

1.4 *Beneficiary* shall mean the person(s) or entity(ies) designated to receive payment of Covered Compensation in the event of a Participant's death. A Participant's Beneficiary designation shall apply to all Covered Compensation Accounts of such Participant and shall be effective when it is submitted in writing to and acknowledged by the Company during the Participant's lifetime on the Beneficiary Designation form provided in Appendix B of the Plan. The submission of a properly completed new Beneficiary Designation form shall supersede and cancel all prior Beneficiary designations. If (a) a Participant fails to designate a Beneficiary, (b)

each person designated as a Beneficiary predeceases the Participant, (c) a Beneficiary disclaims all or a portion of such Participant's Covered Compensation, (d) the Administrator cannot determine the identity of a Beneficiary or locate a Beneficiary without effort or expense that the Administrator deems unreasonable or excessive, or (e) a dispute arises between Beneficiaries or those claiming to be Beneficiaries of a Participant, then the Administrator shall direct the distribution of such benefits to the Participant's estate.

1.5 *Board* shall mean the board of managers of the Company or the managing member of the Company, as applicable, or any successor governing body.

1.6 *Business Day* shall mean each calendar day, excluding Saturdays, Sundays or other holidays observed by the Company.

1.7 *Cause* shall mean, unless otherwise expressly set forth in an Award Agreement, that the Participant (a) is convicted of a felony involving theft, fraud, moral depravity or any other conduct that the Board determines materially injures the Company's business or reputation, (b) willfully engages in misfeasance or malfeasance demonstrated by a pattern of failure to perform job duties for the Company diligently and professionally, which remains uncured for a period of thirty (30) days after Participant's receipt of written notice by the Company, (c) commits any negligent or willful act or omission which causes or constitutes the need for a material restatement of financial results; (d) commits a negligent or willful material violation of any securities, commodities or banking law, any rules or regulations issued pursuant to such laws, or rules and regulations of any securities or commodities exchange or association of which the Company or any Affiliate is a member; or (e) materially violates the terms of any policy of the Company or any Affiliates that has previously been communicated in writing to the Participant.

1.8 *Code* shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time.

1.9 *Company* shall have the meaning ascribed thereto in the preamble.

1.10 *Covered Compensation* shall mean the amount of compensation that the Administrator may in its discretion award as of a particular Grant Date to certain employees of, or other individual service provider to, the Company or any of its Affiliates under the terms of the Plan to reward and retain those employees by means of Covered Compensation that vests over future service periods.

1.11 *Covered Compensation Account* shall mean a notional account that tracks a Participant's Covered Compensation with respect to a particular Grant Date, as adjusted by earnings, gains and losses of the Investment Funds in which such Covered Compensation is deemed to be invested in accordance with the terms of the Plan, if applicable.

1.12 *Covered Compensation Award* shall mean any award of Covered Compensation to a Participant granted under this Plan.

1.13 *Disability* shall mean at any time the Company or any of its Affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term

disability plan for the purpose of determining a participant's eligibility for benefits, *provided, however*, if the long-term disability plan contains multiple definitions of disability, "Disability" shall refer to that definition of disability which, if the Participant qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether a Participant has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean a Participant's inability to perform, with or without reasonable accommodation, the essential functions of his or her position hereunder for a total of three (3) months during any six (6) month period as a result of incapacity due to mental or physical illness .

1.14 *Grant Date* shall mean the date on which the Administrator grants Covered Compensation to an employee of, or service provider to, the Company or any of its Affiliates under the terms of the Plan.

1.15 *Investment Fund* shall mean the investment funds designated on Appendix A or otherwise identified by the Administrator, provided, however, that, notwithstanding the terms of any Award Agreement to the contrary, the Administrator shall have the right in its discretion to change the Investment Funds at any time.

1.16 *Merger* shall mean the transactions contemplated by that certain Agreement and Plan of Merger dated as of November 25, 2018 by and among TLP Finance Holdings, LLC, TLP Acquisition Holdings, LLC, TLP Merger Sub, LLC, TransMontaigne Partners L.P., TransMontaigne GP L.L.C. and TLP Equity Holdings, LLC, as may be amended, modified or supplemented from time to time.

1.17 *Participant* shall mean an employee of or other individual service provider to the Company or one of its Affiliates, with respect to whom the Administrator has awarded Covered Compensation under the Plan.

1.18 *Plan* shall have the meaning ascribed thereto in the preamble.

1.19 *Proprietary Information* shall mean, with respect to any Participant, any information that may have intrinsic value to the Company, the Company's Affiliates, the Company's customers or other parties with which the Company has a relationship, or that may provide the Company with a competitive advantage, including, without limitation, any trade secrets, inventions (whether or not patentable); formulas; flow charts; computer programs, access codes or other systems information; algorithms, technology and business processes; business, product, or marketing plans; sales and other forecasts; financial information; customer lists or other intellectual property; information relating to compensation and benefits; and public information that becomes proprietary as a result of the Company's compilation of that information for use in its business; provided that such Proprietary Information does not include any information which is, or has become, publicly available other than as a result of the Participant's action. Proprietary Information may be in any medium or form including, without limitation, physical documents, computer files or discs, videotapes, audiotapes, and oral communications.

1.20 *Retirement* shall mean with respect to any Participant, the attainment of the earliest of (a) age sixty (60), (b) age fifty-five (55) and ten (10) years of service as an officer of the Company or any Affiliate of the Company, or (c) age fifty (50) and twenty (20) years of service with the Company or any Affiliate of the Company as an employee. A Participant's status as an officer shall be determined as of the Grant Date of the relevant Covered Compensation Award hereunder. Years of service shall be determined based on the number of full years that the individual has served as an officer or employee of the Company or any Affiliate of the Company, measured by anniversaries of the date that the individual commenced employment with the Company or any Affiliate of the Company, as indicated on the Participant's personnel records, which shall include, without limitation, prior years of service with Coastal Fuels Marketing, Inc.; Radcliff/Economy Services, Inc.; Louis Dreyfus Energy Corp; El Paso CGP Company; and TransMontaigne Inc., and its subsidiaries.

1.21 *Termination of Employment* shall mean a "separation from service" as that term is defined in Code Section 409A(a)(2)(A)(i) and Treas. Regs. Section 1.409A-1(h), and as amplified by any other official guidance, with respect to a Participant's employment or other service with the Company and its Affiliates.

1.22 *Trading Day* shall mean each day that the New York Stock Exchange Inc. or its successor is open for the trading of securities listed on such exchange.

1.23 *Unauthorized Comments* shall mean comments made by a Participant, directly or indirectly, which contain or involve any negative, derogatory or disparaging comment, whether written, oral or in electronic format, to any reporter, author, producer or similar person or entity or to any general public media in any form (including, without limitation, books, articles or writings of any other kind, as well as film, videotape, audio tape, computer/Internet format or any other medium) that concerns, directly or indirectly, the Company or any Affiliate of the Company, its business or operations or any Affiliate's business or operations, or any of it or any Affiliate's current or former agents, employees, officers or directors.

ARTICLE 2

Awards of Covered Compensation

2.1 *Awards.* The Administrator may grant Covered Compensation Awards to Participants pursuant to and subject to the terms and conditions of the Plan. The recipients and amounts of any Covered Compensation Awards shall be determined by the Administrator. The Administrator shall determine the terms and conditions of each Covered Compensation Award, and shall set forth such terms and conditions in an applicable Award Agreement, provided that any Awards granted prior to the Amendment Effective Date will be covered by the terms of this Plan, subject to vesting provisions addressed in Section 4.2, which will be covered by the Original Plan.

ARTICLE 3

Deemed Investment of Covered Compensation

3.1 *Investments.*

(a) Unless otherwise expressly set forth in an Award Agreement, Awards of Covered Compensation shall be eligible to accrue investment returns as provided in this Article 3. The amount that is ultimately payable to the Participant with respect to Covered Compensation shall be the amount notionally credited to such Participant's vested Covered Compensation Account as if such Covered Compensation Account had been invested in some or all of the Investment Funds. The Administrator shall have the authority, in its sole discretion, with or without notice, to add, change or eliminate one or more of the Investment Funds at any time by written action.

(b) Subject to the discretion of the Administrator, it is generally anticipated that all or a portion of each grant of Covered Compensation to each Participant will be designated on the applicable Grant Date as being deemed to be invested in one or more of the Investment Funds. To the extent that the Board or the Administrator does not designate a specific Investment Fund with respect to all or any portion of a grant of Covered Compensation as of the applicable Grant Date (the "Undesignated Portion"), in accordance with any additional rules, procedures or options that the Administrator may establish, the Administrator may permit each Participant to recommend that such Undesignated Portion be deemed to be invested in any one or more of the Investment Funds by submitting to the Company an Investment Direction in the form set forth at Appendix C within thirty (30) days after the applicable Grant Date, or such longer period as the Administrator may, in its discretion, allow. If validly completed and timely received by the Company, such Investment Direction shall, if determined by the Company in its sole discretion to be put into effect, be effective as of the date of receipt by the Administrator, and shall remain in effect until such Covered Compensation vests and is paid or is forfeited in accordance with the Plan. To the extent that the Administrator has not received a validly completed Investment Direction with respect to any Undesignated Portion of a Participant's Covered Compensation Account or the Company determines in its sole discretion not to effectuate the recommendation in a validly completed, timely received Investment Direction, it shall be deemed to be invested in such Investment Fund as may be selected by the Administrator from time to time.

(c) Anything in the Plan to the contrary notwithstanding, and notwithstanding the election by any Participant to designate the Investment Funds in which all or a portion of such Participant's Covered Compensation Account is deemed to be invested and the deemed allocation of such Participant's Covered Compensation Account among such Investment Funds, the Company is under no obligation to segregate or otherwise set aside any property or assets with respect to such Participant's Covered Compensation Account.

3.2 *Investment Earnings or Losses.* Any notional amounts credited to a Participant's Covered Compensation Account shall increase or decrease based on any increase or decrease in the value of the Investment Fund in which such amounts are deemed to be invested in accordance with Section 3.1. In a manner consistent with the allocations described in Section

3.1, the notional investment earnings or losses under this Section 3.2 shall be credited to a Participant's Covered Compensation Account, as determined in good faith by the Administrator.

3.3 *Contribution of Notional Distributions.* The Covered Compensation Account of each Participant shall be credited with notional dividends and other notional distributions at the same time, in the same form, and in equivalent amounts as dividends and other distributions, if any, are payable from time to time with respect to the Investment Funds in which such Covered Compensation Account is deemed to be invested. Any such notional dividends and other notional distributions shall be valued as of the date on which they are credited to a Participant's Covered Compensation Account and reallocated to acquire additional interests in the Investment Funds in which such Covered Compensation Account is deemed to be invested. If such notional dividends and other notional distributions are credited in a form other than common stock, common units or cash, the Administrator will determine their value in good faith and may treat such dividends and distributions as having been made in a like amount of cash.

3.4 *Valuation of Participant's Covered Compensation Account.* The value of a Participant's Covered Compensation Account as of any time shall be determined based on the value of the underlying investments, which comprise the Investment Fund, in which such Covered Compensation Account is deemed to be invested as of such date. The value of each deemed underlying investment that is publicly traded shall be determined based on the closing sales price for such investment as quoted or otherwise reported on the date of determination (or, if no closing sales price was reported on such date, on the last trading date such closing sales price was reported), as reported in *The Wall Street Journal*, or such other source as the Administrator deems reliable.

ARTICLE 4

Vesting and Payment of Covered Compensation

4.1 *Vesting of Covered Compensation Account.* A Participant's Covered Compensation Account with respect to Covered Compensation awarded as of a particular Grant Date shall become vested in accordance with the terms set forth in the applicable Award Agreement. Awards granted prior to the Amendment Effective Date shall become vested in accordance with the terms of the Original Plan, including applicable vesting acceleration provisions (and definitions with respect thereto, other than the definition for "Cause" which is updated herein).

4.2 *Payment of Covered Compensation Account.* Unless otherwise set forth in an applicable Award Agreement, the vested portion of a Participant's Covered Compensation Account will be paid within 60 days after the date it vests pursuant to the applicable Award Agreement, subject to any six-month delay of the payment required by Section 4.7 below. Awards granted prior to the Amendment Effective Date shall be paid in accordance with the terms of the Original Plan.

4.3 *Requirement to Sign Release.* Notwithstanding any provision of the Plan or any Award Agreement to the contrary, the Company's obligation to make any payment to a Participant on account of the Participant's Termination of Employment shall be subject (except

in the case of death) to the Participant's prior execution and delivery to the Company within fifty (50) days following such Participant's Termination of Employment of a legal release substantially in the form of Appendix D attached hereto, which release becomes effective and irrevocable in its entirety within the time period specified in Appendix D.

4.4 *Form of Payment.* The value of all or a portion of a Covered Compensation Account that is payable under the Plan shall be determined, in the discretion of the Administrator, either as of the last Trading Day of the month during which it vests or as of any earlier date as determined by the Administrator on or after the date on which it vests. A Participant's vested Covered Compensation Account shall be paid in cash or in kind, at the sole discretion of the Administrator, including based on the Investment Fund(s) in which the Participant's Covered Compensation Account is deemed invested under the terms of the Plan.

4.5 *Tax Withholding and Reporting.* The Company shall have the right to withhold all applicable taxes from any payment under the Plan, including any federal, state, local, and foreign income, employment or other taxes, and may require Participants to make arrangements to satisfy all applicable withholding requirements prior to any payment being made hereunder.

In addition, in its sole discretion, and pursuant to the provisions of Treasury Regulations Sections 1.409A-3(i)(2)(i) and 1.409A-3(j)(4)(vi), the Administrator may permit acceleration of the time or schedule of payment of any portion of a Participant's vested Covered Compensation Account solely to the extent as may be necessary to pay (i) the Federal Insurance Contributions Act ("FICA") taxes imposed under Section 3101, 3121(a) and 3121(v)(2) of the Code (as applicable) with respect to a Participant's vested Covered Compensation Account; (ii) the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local, or non-U.S. tax laws as a result of the payment of the FICA tax; and (iii) the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes. Notwithstanding the foregoing, the total accelerated distribution to a Participant under this Section 4.5 shall not exceed the aggregate amount of FICA taxes referred to in subsection (i) above, plus the income tax withholding related to the distribution in the amount of such FICA taxes.

4.6 *Forfeiture of Covered Compensation Account(s).*

(a) With respect to any Covered Compensation Award, if the Participant has a Termination of Employment before the date an applicable portion of the Participant's Covered Compensation Account(s) becomes vested as prescribed in the applicable Award Agreement (and such Termination of Employment does not result in the vesting of the Covered Compensation Award), the Participant shall automatically forfeit all unvested portions of his or her Covered Compensation Account(s) for no consideration.

(b) With respect to any Covered Compensation Award, in addition to any other recovery the Company or any Affiliate of the Company may be entitled to as a matter of law or equity, a Participant shall automatically forfeit his or her Covered Compensation Account(s) pertaining thereto, including any portions thereof which may previously have become vested and paid to a Participant

pursuant to the Plan, for no consideration if the Plan Administrator shall determine that the Participant, (I) while employed with, or while provided service to, the Company or any Affiliate of the Company, (II) in the case of clauses (i), (ii), (iii), or (iv), below, at any time following Participant's Termination of Employment with the Company or any Affiliate of the Company, and (III) in the case of clauses (vi), (vii) or (viii) below, during the one (1) year period following Participant's Termination of Employment with the Company or any Affiliate of the Company:

- (i) has misused Proprietary Information, or has otherwise failed to comply with his or her obligations with respect to the use of Proprietary Information in violation of Company policies pertaining thereto, including the Company's Code of Conduct, as such policies may be amended from time to time;
- (ii) has made any Unauthorized Comments;
- (iii) has cooperated with any third party in litigation proceedings adverse to the Company or any Affiliate of the Company, except to any extent such cooperation was compelled by legal process or otherwise required by law;
- (iv) has refused to honor the Company's request to cooperate or participate on behalf of the Company or any Affiliate of the Company in any litigation proceedings involving the Company or any Affiliate of the Company;
- (v) has been terminated for Cause;
- (vi) has violated Section 4.6(d)(i) of this Plan;
- (vii) has, directly or indirectly, solicited the employment, or hired any employee of the Company or any Affiliate of the Company, or induced any employee of the Company or any Affiliate of the Company to terminate his/her employment with the Company or any Affiliate of the Company; provided, however, that this provision shall apply only if such solicitation, hiring or inducement to terminate employment relates to an employee of the Company or any Affiliate of the Company having the status of Executive Director or higher, and further provided that this provision shall not apply if any such hiring, solicitation or inducement of the employee (A) is as a result of any general solicitation for employees (including through the use of employment agencies) not specifically directed at any such persons and such person responds to any such general solicitation; (B) if such employee approaches the Participant on an unsolicited basis; or (C) such solicitation occurs following cessation of such employee's employment with the Company or any Affiliate of the

Company without any solicitation or encouragement from the Participant; or

(viii) has, directly or indirectly, solicited or enticed away, or in any manner attempted to persuade any customer, or prospective customer of the Company or any Affiliate of the Company (A) to discontinue or diminish his, her or its relationship or prospective relationship with the Company or any Affiliate of the Company, or (B) to otherwise provide his, her or its business to any person, company, partnership or other business entity which is engaged in any line of business in which the Company or any Affiliate of the Company is engaged; provided, however, that this provision shall apply only to customers, or prospective customers, that Participant had contact with while working on an actual or prospective project or assignment during the 180 days preceding Participant's Termination of Employment.

To the extent Participant is required to repay any amounts previously paid from his or her Covered Compensation Account pursuant to this Section 4.6(b), such Participant shall promptly repay such amounts in full to the Company in a lump sum in cash.

(c) The Plan Administrator may require a Participant to provide the Plan Administrator with a written certification or other evidence that the Plan Administrator deems appropriate, in its sole discretion, that the Participant has not engaged in the conduct described in Section 4.5(b)(i) or (ii) above.

(d) Each Participant accepting Covered Compensation shall be deemed to agree that during the Employee's employment with the Company or any of its Affiliates (or provision of services with respect thereto if otherwise indicated in an agreement governing such services or similar) and for a period of one year thereafter and within a fifty (50) mile radius of any location where the Company or any Affiliate of the Company is actively engaged in the business of refined petroleum product (A) terminaling, (B) storage, (C) transportation, or (D) marketing of refined petroleum products or other fuels (collectively, the "**Business**"), or proposes to engage in the Business, on or prior to Participant's Termination of Employment:

(i) The Participant shall not, directly or indirectly, through one or more other persons or entities, engage in, or have any financial or other interests (whether as a principal, partner, shareholder, director, officer agent, employee, consultant or otherwise) (other than ownership of 1% or less of the outstanding stock of any corporation listed on the New York Stock Exchange, the American Stock Exchange or NASDAQ) in, or provide assistance to, any person, firm, corporation or business that engages in any activity which is the same as the Business;

(ii) The Participant shall not solicit or attempt to solicit any of the Company's or its Affiliates' customers, clients, members, vendors, licensees, lessees, business partners or suppliers, or otherwise interfere with any business relationship or contract between the Company or any Affiliate of the Company and any of their customers, clients, members, vendors, licensees, lessees, business partners or suppliers; and

(iii) The Participant shall not solicit, induce, recruit or encourage any of the Company's or its Affiliates' employees, independent contractors or consultants to terminate their relationship with the Company, or take away such employees, independent contractors or consultants, or attempt to solicit, induce, recruit, encourage or take away employees, independent contractors or consultants of the Company or its Affiliates.

Notwithstanding the foregoing, this Section 4.6(d) shall not apply to a Participant if the Participant has entered into a separate agreement with the Company or one of its Affiliates containing similar post-termination restrictive covenants (including both non-competition and non-solicitation covenants) that apply for a period of time that is different than one year following Participant's Termination of Employment.

4.7 *Section 409A and No Guarantee of Tax Consequences.* The Administrator shall delay the payment of any benefits payable under this Plan to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies) and in such event, any such amount to which a Participant would otherwise be entitled during the six (6) month period immediately following his or her separation from service will be paid on the first Business Day following the expiration of such six (6) month period. Each payment or amount due to a Participant under this Plan shall be considered a separate payment, and a Participant's entitlement to a series of payments under this Plan is to be treated as an entitlement to a series of separate payments. This Plan is intended to comply with or otherwise be exempt from the provisions of Code Section 409A and shall be interpreted consistent with such intention, and the Company reserves the right (but shall have no obligation) to amend the Plan in its discretion in order to make the Plan comply with Code Section 409A. None of the Board, the Company, or any Affiliate of the Company, makes any representation or guarantee that the benefits provided under the Plan will comply with Code Section 409A or that any particular federal, state, local or other tax treatment will (or will not) apply or be available to any Participant or other Person or makes any undertaking to prevent Code Section 409A from applying to the benefits provided under the Plan or to mitigate its effects on any deferrals or payments made under the Plan or assumes any liability with respect to any tax or associated liabilities to which any Participant or other Person may be subject.

ARTICLE 5

Amendment and Termination of Plan

5.1 *Amendment, Suspension, and Early Termination.* The Administrator shall have the authority, in its discretion, to amend, alter, suspend, discontinue or terminate the Plan in any

manner at any time for any reason or for no reason without the consent of any Participant. The Administrator shall notify Participants of any amendment, suspension or early termination of the Plan as soon as administratively possible after such amendment, alteration, suspension, discontinuation or early termination.

5.2 *Termination of the Plan.* The Plan shall terminate on the date when no Participant (or Beneficiary) has any right to or expectation of payment of benefits under the Plan.

ARTICLE 6

Administration

6.1 *Administration.* The Administrator shall administer the Plan and interpret, construe and apply its provisions in accordance with its terms. The Administrator shall further establish, adopt or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan. All decisions of the Administrator shall be final and binding, subject only to a determination otherwise by the Administrator.

6.2 *Delegation of Authority.* To the extent permitted by applicable laws, the Board may delegate any or all of its powers under the Plan to one or more committees of the Board or to one or more officers of the Company. The Board may abolish any committee at any time or revoke any such delegation and re-vest in itself any previously delegated authority.

6.3 *No Liability.* The Administrator shall not be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify, defend and hold harmless the Administrator from and against any and all liabilities, costs, and expenses incurred by such person(s) as a result of any act, or omission, in connection with the performance of such person's duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, gross misconduct, breach of fiduciary duty, failure to follow the lawful instructions of the Administrator or criminal acts of such persons.

ARTICLE 7

Conditions Related to Benefits

7.1 *Nonassignability.* The compensation and benefits provided under the Plan may not be alienated, assigned, transferred, pledged, encumbered or hypothecated by any person, at any time, or to any person whatsoever. Such amounts shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law.

7.2 *No Right to Company Assets.* Covered Compensation paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder. The Plan shall not be deemed to confer any legal rights or benefits on a Participant until payment of Covered Compensation is authorized by the Administrator.

7.3 *Trust.* At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of Covered Compensation under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's and its Affiliates' creditors. Amounts paid to the Participant or the Participant's Beneficiary from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

ARTICLE 8

Miscellaneous

8.1 *Successors of the Company.* The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

8.2 *Employment or Other Service Not Guaranteed.* Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or for other service with the Company or any Affiliate of the Company, as amending or modifying any term or condition of a Participant's written employment agreement with, or agreement governing the provision of services to, the Company or any Affiliate of the Company (if any such agreement is in effect, now or in the future) or as giving any Participant any right to continued employment with or other service to the Company or any Affiliate of the Company.

8.3 *Gender, Singular and Plural.* All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.4 *Captions.* The captions of the Articles and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.5 *Validity.* In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

8.6 *Waiver of Breach.* The waiver by the Company of any breach of any provision of the Plan shall not operate or be construed as a waiver of any subsequent breach.

8.7 *Notice.* Any notice or filing required or permitted to be given to the Company, the Participant or a Participant's Beneficiary under the Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Administrator, and in the case of the Participant or a Participant's Beneficiary, to the last known address of the Participant or a Participant's Beneficiary indicated on the records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

8.8 *No Effect on Retirement or Other Benefits.* Except as specifically provided in a retirement or other benefit plan of the Company, or any Affiliate of the Company, amounts payable under the Plan shall not be deemed compensation for purposes of computing benefits or contributions under any other compensatory or retirement plan of the Company, or any Affiliate of the Company, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted by the Company under which the availability or amount of benefits is related to level of compensation, except as otherwise determined by the Administrator; provided, however, that nothing in this Section 8.8 or any other provision of the Plan shall be construed to prevent payments under the Plan from being treated as compensation under any 401(k) plan maintained by the Company or any Affiliate of the Company would otherwise treat payments under the Plan as compensation.

8.9 *Applicable Law.* This Plan is to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties.

8.10 *Dispute Resolution.* Each Participant accepting Covered Compensation shall be deemed to agree that this Section 8.10 shall be the exclusive means for resolving any dispute arising out of or relating to the Plan. The Participant and the Company shall attempt in good faith to resolve any disputes arising out of or relating to the Plan by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by providing notice of a written statement of the party's position (the "Initiating Notice") and the name, title, mailing address, telephone number, and e-mail address of the individual who will represent the party. Within fifteen (15) days of receipt of the Initiating Notice, the other party shall provide the initiating party a written statement of its position. Within fifty (50) days of the exchange of written notifications, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation within ninety (90) days of the date of receipt of the Initiating Notice, the parties agree that any dispute or other matter in question of any kind arising out of or relating to the Plan shall be settled by binding, mandatory arbitration in Colorado to be conducted by a single, neutral arbitrator mutually acceptable to the parties in accordance with the American Arbitration Association's National Rules for Employment Disputes. The parties shall have the right to conduct discovery which provides them with access to documents and witnesses that are essential to the dispute, as determined by the arbitrator. The parties agree that the arbitrator shall have no authority to vary the terms of the Plan or to award any punitive, consequential, incidental, indirect or special damages, interest, fees or expenses. The arbitrator's written award shall include the essential findings and conclusions upon which the award is based. The decision of the arbitrator shall be final and may be enforced in any court of competent jurisdiction. In no event shall a demand for arbitration be made after the date when the applicable statute of limitations would bar the institution of a legal or equitable proceeding based on such claim, dispute or other matter in question. The parties shall bear their own attorneys' fees and other costs arising under this Section 8.10 except as otherwise required by law, and shall share equally in the cost of the arbitrator.

8.11 *Modification and Severability.* If any restriction set forth in this Plan is found by any court of competent jurisdiction, or an arbitrator appointed under the terms of this Plan, to be

unenforceable because it is too broad, or extends for too long a period of time, or over too great a range of activities, or in too broad a geographic area, it shall be modified by the court or arbitrator and interpreted to extend only over the maximum scope, period of time, range of activities or geographic area as to which it may be enforceable. If any provision of this Plan, or application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction, or an arbitrator appointed under the terms of this Plan, to be invalid, unenforceable, or void, the remainder of this Plan and such provisions as applied to other persons, places and circumstances shall remain in full force and effect.

**TLP MANAGEMENT SERVICES LLC
AMENDED AND RESTATED SAVINGS AND RETENTION PLAN**

APPENDIX A

Investment Funds

1. **Fixed Interest Fund.** Amounts deemed to be invested in this Fund with respect to a Participant will accrue interest at a fixed rate to be determined annually by the Administrator. For all Covered Compensation Awards granted under the Plan, the interest rate may be set forth in the award.

2. **Dodge & Cox Income Fund.** Amounts deemed to be invested in this Fund with respect to a Participant will be treated as though invested in the Dodge & Cox Income Fund, which is an open-end fund incorporated in the USA. The Fund's objective is a high and stable rate of current income, consistent with long-term preservation of capital. The Fund invests primarily in a diversified portfolio of high-quality bonds and other fixed-income securities, including US government obligations, mortgage and asset-backed securities and corporate bonds.

3. **Equity Index Fund.** Amounts deemed to be invested in this Fund with respect to a Participant will be treated as though invested in the SPDR Trust Series 1 (AMEX: SPY) (which has an investment goal of tracking the performance of the Standard & Poors 500 Index), or such other equity index as the Administrator may from time to time select, and calculated based on the reported value of such index in *The Wall Street Journal*, or such other source as the Administrator deems reliable.

**TLP MANAGEMENT SERVICES LLC
AMENDED AND RESTATED SAVINGS AND RETENTION PLAN**

APPENDIX B

BENEFICIARY DESIGNATION FORM

Participant's Name: _____

Spouse's Name (if any): _____

Address: _____

In the event of my death prior to the payment of all or any portion of my Covered Compensation, and in lieu of disposing of my interest in the Covered Compensation by my will or the laws of intestate succession, I hereby designate the following persons as Primary Beneficiary(ies) and Contingent Beneficiary(ies) of my interest in the Covered Compensation (please attach additional sheets if necessary):

Primary Beneficiary(ies) (Select only one of the three alternatives)

(a) Individuals and/or Charities **% Share**

1) Name _____

Address _____

2) Name _____

Address _____

3) Name _____

Address _____

4) Name _____

Address _____

(b) Residuary Testamentary Trust

In trust, to the trustee of the trust named as the beneficiary of the residue of my probate estate.

(c) Living Trust

The _____ Trust, dated _____
(print name of trust) (fill in date trust was established)

Contingent Beneficiary(ies) (Select only one of the three alternatives)

(a) Individuals and/or Charities **% Share**

1) Name _____

Address _____

2) Name _____

Address _____

3) Name _____

Address _____

4) Name _____

Address _____

(b) Residuary Testamentary Trust

In trust, to the trustee of the trust named as the beneficiary of the residue of my probate estate.

(c) Living Trust

The _____ Trust, dated _____
(print name of trust) (fill in date trust was established)

Should all the individual Primary Beneficiary(ies) fail to survive me or if the trust named as the Primary Beneficiary does not exist at my death (or no will of mine containing a residuary trust is admitted to probate within six months of my death), the Contingent Beneficiary(ies) shall be entitled to my interest in the Covered Compensation in the shares indicated. Should any

individual beneficiary fail to survive me or a charity named as a beneficiary no longer exists at my death, such beneficiary's share shall be divided among the remaining named Primary or Contingent Beneficiaries, as appropriate, in proportion to the percentage shares I have allocated to them. This beneficiary designation is effective until I file another such designation with the Administrator and such designation is acknowledged by the Administrator during my lifetime. Any previous beneficiary designations are hereby revoked.

Submitted by:

Accepted by:

Participant Participant's Spouse

(Signature)

By: _____

Its: _____

Date: _____

Date: _____

Spousal Consent (alternative to separate designation by spouse):

I hereby consent to the beneficiary designation contained herein and agree that the designation of beneficiaries provided herein shall apply to my community property interest in any Covered Compensation payable to my spouse in connection with his or her employment with the Company or any Affiliate of the Company.

(Signature of Spouse)

Date: _____

**TLP MANAGEMENT SERVICES LLC
AMENDED AND RESTATED SAVINGS AND RETENTION PLAN**

APPENDIX C

INVESTMENT DIRECTION

The undersigned Participant by execution and submittal to the Administrator of this Investment Direction form hereby recommends that the portions of Participant's Covered Compensation Account in the Plan with respect to the **[date of award]** Grant Date be deemed to be invested in the Investment Fund(s) listed below in accordance with the percentages indicated opposite each Investment Fund(s).

INVESTMENT	Percentage
Fixed Interest Fund	%
Dodge & Cox Income Fund	%
Equity Index Fund	%
	100%

Participant: _____

Signature: _____

Date: _____

**TLP MANAGEMENT SERVICES LLC
AMENDED AND RESTATED SAVINGS AND RETENTION PLAN**

APPENDIX D

LEGAL RELEASE

This Legal Release (the "Agreement") is executed by undersigned participant ("Participant") for the benefit of TLP Management Services LLC, its subsidiaries, affiliates and predecessors, and their respective officers, directors, employees, agents, equityholders, representatives and insurers (collectively "TransMontaigne" or the "Company"). References herein to "you" and "your" and other similar references refer to the Participant.

1 . You acknowledge that you have read and understand the TLP Management Services LLC Amended and Restated Savings and Retention Plan (the "Plan").

2. You agree that you wish to receive the payment of the vested portion(s) of your Covered Compensation Account(s) described in the Plan (the "Vested Benefits"), that your decision to do so is entirely voluntary, that you have not been pressured into accepting the Vested Benefits and that you have enough information about the Vested Benefits to decide whether to sign this Agreement. If, for any reason, you believe that your acceptance of the Vested Benefits is not entirely voluntary, or if you believe that you do not have enough information, then you should not sign this Agreement.

3 . You, for yourself, your heirs, personal representatives and assigns, and any other person or entity that could or might act on behalf of you, including, without limitation, your counsel (all of whom are collectively referred to as "Releasor"), hereby fully and forever release and discharge the Company and its present and future affiliates and subsidiaries, and each of their past, present and future officers, directors, employees, shareholders, independent contractors, attorneys, insurers and any and all other persons or entities that are now or may become liable to Releasor due to any act or omission of such person or entity (all of whom are collectively referred to as "Releasees") of and from any and all actions, causes of action, claims, demands, costs and expenses, including attorneys' fees, of every kind and nature whatsoever, in law or in equity, whether now known or unknown, that Releasor, or any person acting under or on behalf of Releasor, may now have, or claim at any future time to have, based in whole or in part upon any act or omission occurring on or before the date of execution and delivery of this Agreement to the Company, in any way relating to your employment with TLP Management Services LLC or any of its Affiliates, as that term is defined in the Plan, including your separation from employment, if applicable, except your rights to the Vested Benefits provided pursuant to the Plan, your vested rights, if any, in any Company-sponsored retirement savings plan, and your COBRA, unemployment compensation and workers compensation rights, if any. Such release is made without regard to present actual knowledge of such acts or omissions, including specifically, but not by way of limitation, matters which may arise at common law, such as breach of contract, express or implied, promissory estoppel, wrongful discharge, tortious interference with contractual rights, infliction of emotional distress, defamation, or under all federal, state or local laws that protect employees or service providers from discrimination in employment on the basis of sex, race, national origin, religion, disability and age, such as the

Fair Labor Standards Act, the Employee Retirement Income Security Act, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1987, the Rehabilitation Act of 1973, the Equal Pay Act, the Americans With Disabilities Act, and the Family and Medical Leave Act, the Workers Adjustment and Retraining Notification Act (“WARN”); EXCEPT for the rights and obligations created by this Agreement. You agree that you have had a full and fair opportunity to consult with an attorney of your choosing concerning the agreements and representations set forth in the previous sentence and all other provisions of this Agreement.

You understand and agree that by signing this Agreement you are giving up your right to bring any legal claim against the Company concerning, directly or indirectly, your employment relationship with the Company, including your separation from employment, if applicable. You agree that this legal release is intended to be interpreted in the broadest possible manner in favor of the Company, to include all actual or potential legal claims that you may have against the Company, except as specifically provided otherwise in this Agreement. You further agree that if you bring any kind of legal claim against the Company that you have released and discharged by signing this Agreement, then you will be in violation of this Agreement and must pay all legal fees and other costs and expenses incurred by the Company in defending against any such claim.

4 . You agree that the Vested Benefits that you are accepting by signing this Agreement have value to you, that you would not be entitled to the Vested Benefits without signing this Agreement, that you will receive the Vested Benefits in exchange for the benefit to TransMontaigne from your signing this Agreement, and that TransMontaigne will withhold from the Vested Benefits all applicable federal, state and local taxes.

5. You agree that the only benefit you are to receive by signing this Agreement are the Vested Benefits, and that in signing this Agreement you did not rely on any information, oral or written, from anyone, including your supervisor, other than the information contained in the Plan.

6 . You represent that you have not previously assigned or transferred any of the legal rights and claims that you have given up by signing this Agreement, and you agree that this Agreement also binds all persons who might assert a legal right or claim on your behalf, such as your heirs, personal representatives and assigns, now and in the future.

7 . You agree that: (a) this Agreement constitutes the entire agreement between you and TransMontaigne, without regard to any other oral or written information that you may have received about this Agreement; (b) if any part of this Agreement is declared to be unenforceable, all other provisions of this Agreement shall remain enforceable; and (c) this Agreement shall be governed by federal law and by the internal laws of the State of Colorado, irrespective of the choice of law rules of any jurisdiction.

8 . You agree and acknowledge that you: (i) understand the language used in this Agreement and the Agreement's legal effect; (ii) understand that by signing this Agreement you are giving up the right to sue the Company for age discrimination; (iii) will receive compensation under this Agreement to which you would not otherwise have been entitled without signing this

Agreement; (iv) have been advised by the Company to consult with an attorney before signing this Agreement; and (v) were given no less than forty-five (45) calendar days to consider whether to sign this Agreement. During such forty-five (45) calendar day period, you, in considering whether to sign this Agreement, may wish to review the terms of the Vested Benefits set forth herein.

For a period of seven (7) calendar days after the signing of this Agreement, you may, in your sole discretion, rescind this Agreement by delivering a written notice of revocation to the Company by delivering a written revocation statement to Michael A. Hammell, Executive Vice President, General Counsel and Secretary, at 1670 Broadway, Suite 3100, Denver, Colorado 80202. If you rescind this Agreement within seven (7) calendar days after the signing date, this Agreement shall be void, all actions taken pursuant to this Agreement shall be reversed, and neither this Agreement, nor the facts of or circumstances surrounding its execution shall be admissible for any purpose whatsoever in any proceeding between the parties, except in connection with a claim or defense involving the validity or effective rescission of this Agreement. If you do not rescind this Agreement within seven (7) calendar days after the signing date, this Agreement shall become final and binding and shall be irrevocable.

Acknowledgment

By signing below, you acknowledge that you have read and understand this Agreement and understand that it is a legally binding document that may affect your legal rights, and that you have been advised to consult a lawyer of your choosing before signing this Agreement and have had an opportunity to do so.

Signed: _____

Print name: _____

Date: _____

List of Subsidiaries of TransMontaigne Partners L.P. at December 31, 2017*

<u>Ownership of subsidiary</u>	<u>Name of subsidiary</u>	<u>Trade name</u>	<u>State/Country of organization</u>
100%	TransMontaigne Operating GP L.L.C.	None	Delaware
100%	TransMontaigne Terminals L.L.C.	None	Delaware
100%	TPSI Terminals L.L.C.	None	Delaware
100%	TransMontaigne Operating Company L.P.	None	Delaware
100%	Razorback L.L.C.	None	Delaware
100%	TLP Operating Finance Corp.	None	Delaware
100%	TPME L.L.C.	None	Delaware
100%	TLP Finance Corp.	None	Delaware

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Frederick W. Boutin, Chief Executive Officer TransMontaigne Partners, LLC, a Delaware limited liability company (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners LLC for the fiscal year ended December 31, 2018;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2019

/s/ Frederick W. Boutin
Frederick W. Boutin
Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert T. Fuller, Chief Financial Officer of TransMontaigne Partners, LLC, a Delaware limited liability company (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners LLC for the fiscal year ended December 31, 2018;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2019

/s/ Robert T. Fuller
Robert T. Fuller
Chief Financial Officer

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)**

The undersigned, the Chief Executive Officer of TransMontaigne Partners, LLC, a Delaware limited liability company (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frederick W. Boutin

Frederick W. Boutin
Chief Executive Officer
March 15, 2019

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)**

The undersigned, the Chief Financial Officer of TransMontaigne Partners, LLC, a Delaware limited liability company (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2018, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert T. Fuller

Robert T. Fuller
Chief Financial Officer
March 15, 2019
