

## AGENDA

Port Freeport  
Port Commission  
Regular Meeting  
Thursday, May 28, 2020, 8:30 am - 3:00 pm  
Via Video/Teleconference - Administration Building - 1100 Cherry Street - Freeport



Notice is hereby given that in accordance with the order the Office of the Governor issued March 16, 2020, and due to imminent threat to public health and safety and urgent public necessity the Port Freeport Port Commission will conduct a Regular Meeting on Thursday, May 28, 2020 at 8:30 a.m. in the Administration Building, 1100 Cherry Street, Freeport, Texas in part by video/teleconference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Coronavirus (COVID-19).

The meeting agenda and agenda packet are posted online at [www.portfreeport.com](http://www.portfreeport.com).

**Please join the meeting from a computer, tablet or smartphone.**

<https://global.gotomeeting.com/join/750311981>

**You can also dial in using your phone.**

United States (Toll Free): [1 866 899 4679](tel:18668994679)

**Access Code:** 750-311-981

**All participants will be muted until the meeting begins.**

New to GoToMeeting? Get the app now and be ready when your first meeting starts:

<https://global.gotomeeting.com/install/750311981>

**A link for GoToMeeting Instructions is available at <http://www.portfreeport.com/meeting-agenda>**

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et.seq., to review and consider the following:
2. Invocation.
3. Roll Call.
4. Public Comment.  
(Comments will be limited to 5 minutes per guest)
5. Approval of financial reports presented for the period ending April 30, 2020.
6. Approval of a drainage easement to Velasco Drainage District, and release of certain other easement.
7. Conduct a Planning Workshop for Port Freeport regarding the following:
  - A. Global Economic and Trade Outlook.
  - B. Vessel Arrival and Forecast.
  - C. Port Freeport Strategic Initiatives and Capital Plan Update.
  - D. Financing Strategies, Cash Flow Forecast and Debt Capacity.
8. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:
  - A. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
  2. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14.
  3. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
  4. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 19, 27, 31, 34, 35 and 38.
  5. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26 and 37.
- B. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:
1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO.
9. RECONVENE OPEN SESSION to review and consider the following:
  10. Discuss and consider approval of a Terminal Use Agreement between Port Freeport and Cemex, Inc.
  11. Discuss and consider advance funding to the Brazoria-Fort Bend Rail District and a potential FOURTH Amendment to Reimbursement Agreement between Port Freeport, Brazoria County and Fort Bend County.
  12. Adjourn.

***The Port Commission does not anticipate going into a closed session under Chapter 551 of the Texas Government Code at this meeting for any other items on the agenda, however, if necessary, the Port Commission may go into a closed session as permitted by law regarding any item on the agenda.***

With this posted notice, Port Commissioners have been provided certain background information on the above listed agenda items. Copies of this information can be obtained by the public at the Port Administrative offices at 1100 Cherry Street, Freeport, TX.



---

Phyllis Saathoff, Executive Director/CEO  
**PORT FREEPORT**

*In compliance with the Americans with Disabilities Act, the District will provide for reasonable accommodations for persons attending its functions. Requests should be received at least 24 hours in advance.*



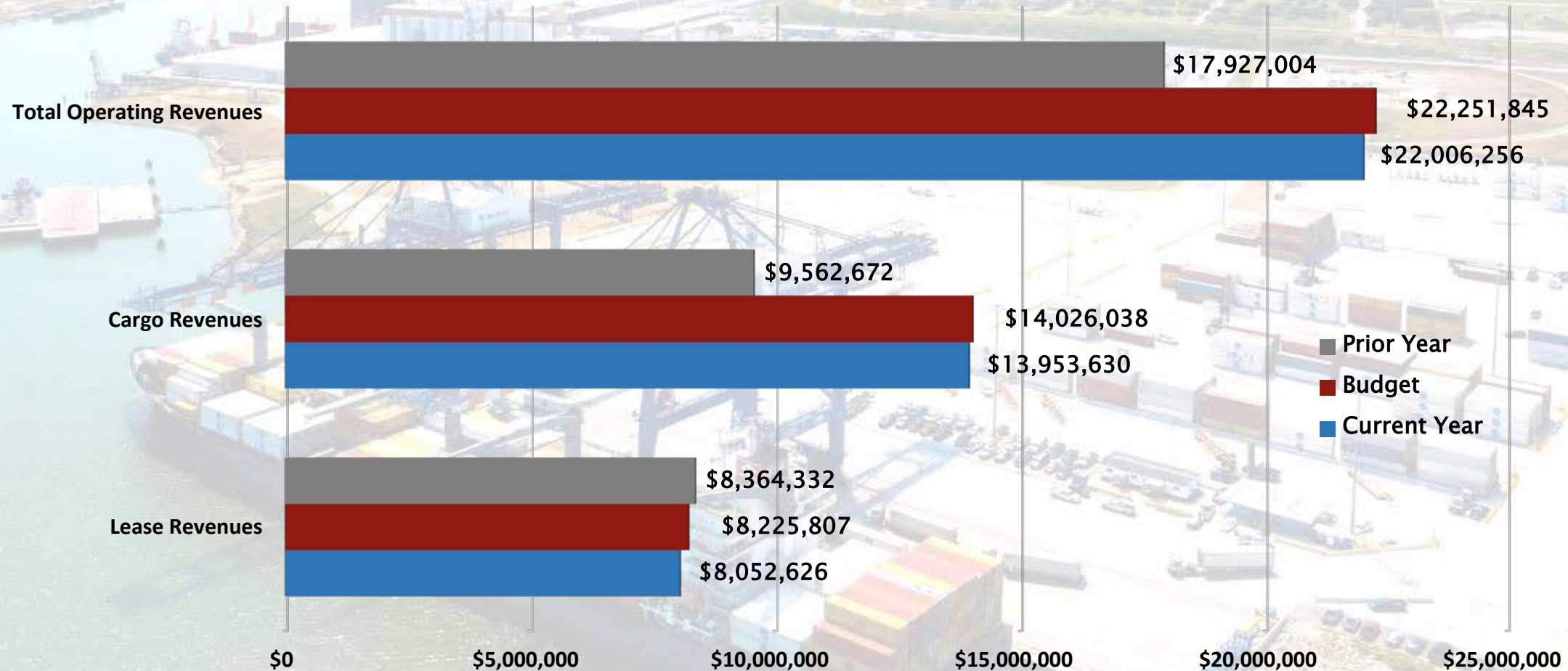
# Financial Report for April 2020

May 28, 2020

Rob Lowe | Chief Financial Officer



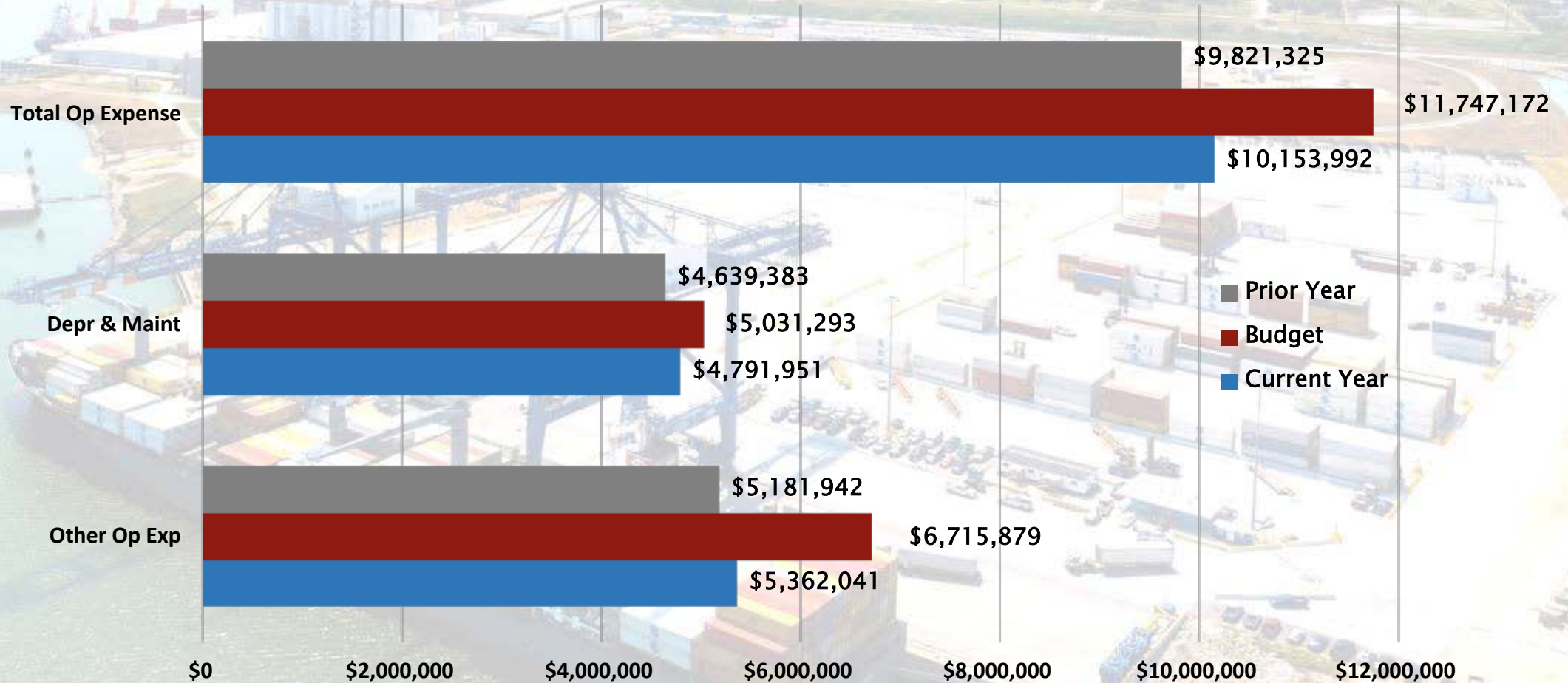
# FY 2020 YTD OPERATING REVENUES



## COMPARISON:

- Operating revenues are up over PY 23%, below budget by 1%
- Cargo revenues exceed PY by 46%; slightly below budget
- As compared to budget, cargo volumes are down with the exception of ro-ro and project cargo
- Lease revenues are slightly below PY by 4% and budget 2%

# FY 2020 YTD OPERATING EXPENSE



## COMPARISON:

- Total operating expenses are 3% above the PY and less than budget by 14%
- Depr & maint are up over the PY by 3%, below budget 5%
- Other expenses are above PY by 3% and below budget by 20%



# FY 2020 YTD OPERATING INCOME



## COMPARISON:

- Operating income is 46% above PY and above budget by 13%
- Change in Net Position
  - Drivers for year over year are increased operating income and capital contribution projects
  - Drivers for comparison to budget are capital contribution projects not started (timing for Freeport Harbor Improvement Project) and increase in operating income



# FY 2020 YTD CASH FLOWS

<i>Cash Flow Measure</i>	<i>Current Year</i>	<i>Prior Year</i>
<i>Cash Provided by Operations</i>	<b>\$11,879,537</b>	<b>\$ 10,185,941</b>
<i>Cash Provided by Non-Cap Financing</i>	<b>4,734,893</b>	<b>4,495,431</b>
<i>Cash Used by Cap Financing</i>	<b>62,205,978</b>	<b>(9,409,976)</b>
<i>Cash Provided by Investing Activities</i>	<b>1,864,399</b>	<b>1,036,042</b>
<i>Net Increase (Decrease) in Cash</i>	<b>\$80,684,807</b>	<b>\$6,307,438</b>

## COMPARISON:

- Operating cash flow is positive due to increase in operating revenues
- Cash provided from non cap financing are tax levy collections
- Capital Financing is 2019 Revenue Bond proceeds less capital improvements.



# FY 2020 STATISTICS

<i>Measure</i>	<i>Current Year</i>	<i>Prior Year</i>	<i>Budget</i>
<i>Operating Margin</i>	<i>54%</i>	<i>45%</i>	<i>47%</i>
<i>Current Ratio (unrestricted)</i>	<i>8.5 to 1</i>	<i>7.3 to 1</i>	<i>n/a</i>
<i>Debt to Net Assets Ratio</i>	<i>0.89 to 1</i>	<i>0.46 to 1</i>	<i>n/a</i>



# ACCOUNTS RECEIVABLE AGING

<i>Year</i>	<i>0-30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>Over 90 days</i>
<i>April 30, 2020 FY 2020</i>	<i>53% \$1,627,137</i>	<i>30% \$896,612</i>	<i>11% \$326,290</i>	<i>6% \$172,790</i>
<i>April 30, 2019 FY 2019</i>	<i>61% \$1,322,060</i>	<i>29% \$628,667</i>	<i>5% \$114,753</i>	<i>5% \$103,067</i>
<i>April 30, 2018 FY 2018</i>	<i>91% \$1,216,758</i>	<i>3% \$35,867</i>	<i>6% \$75,818</i>	<i>0% \$0</i>





**Questions and Comments?**

An aerial photograph of a busy port terminal. A large container ship is docked at a pier, with several tall gantry cranes positioned over its deck. The ship's deck is filled with stacks of colorful shipping containers. In the background, there are various industrial buildings, storage yards, and a large open area. The water is visible on the left side of the image.





1100 CHERRY ST. • FREEPORT, TX 77541  
(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023  
WWW.PORTFREEPORT.COM

## MEMORANDUM

**TO:** Commissioners  
Directors  
Legal Counsel

**FROM:** Jason Hull, P.E.  
Director of Engineering

**DATE:** May 28, 2020

**SUBJECT:** Approval of a drainage easement grant to VDD and release of certain other easement by VDD

---

In 1973 Freeport Minerals granted a 100-ft wide drainage ditch to Velasco DD. Port Freeport bought the property from Freeport Minerals in 1982. The Port Commission and the VDD resolved in 1989 that the Port may reroute the ditch in order to build dredge material placement areas 1 and 7, and after the ditch was rerouted, a new easement was to be granted for the new ditch location and at the same time the easement for the old location was to be released. I became aware of all this in 2014. At that time the Port was planning to lease property to a tenant and needed the easement relocated around the lease area. At that time the Commission and the VDD granted and released (respectively) a portion of the subject drainage easement. At that time the Port was already planning to develop rail and other improvements on Parcel 14, and we waited on relocation of the remaining portion of easement until after the development of Parcel 14 (the ditch location was again adjusted slightly for our convenience in the development of Parcel 14).

I recommend approval of 5.4-acre easement to VDD and VDD's release of a 10.6-acre easement.

### PORT COMMISSION

SHANE PIRTLE, CHAIRMAN; PAUL KRESTA, VICE CHAIRMAN; RUDY SANTOS, SECRETARY; JOHN HOSS, ASST. SECRETARY;  
RAVI K. SINGHANIA, COMMISSIONER; DAN CROFT, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



---

## Port Commission Workshop

May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

1



---

## Global Economic and Trade Overview

May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

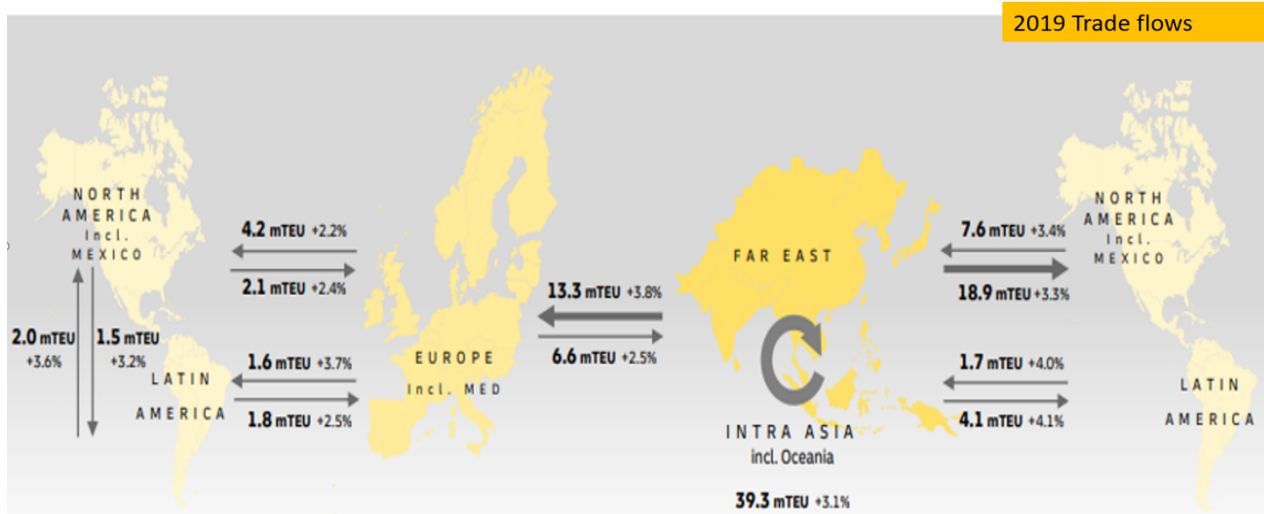
2



# Container Trade

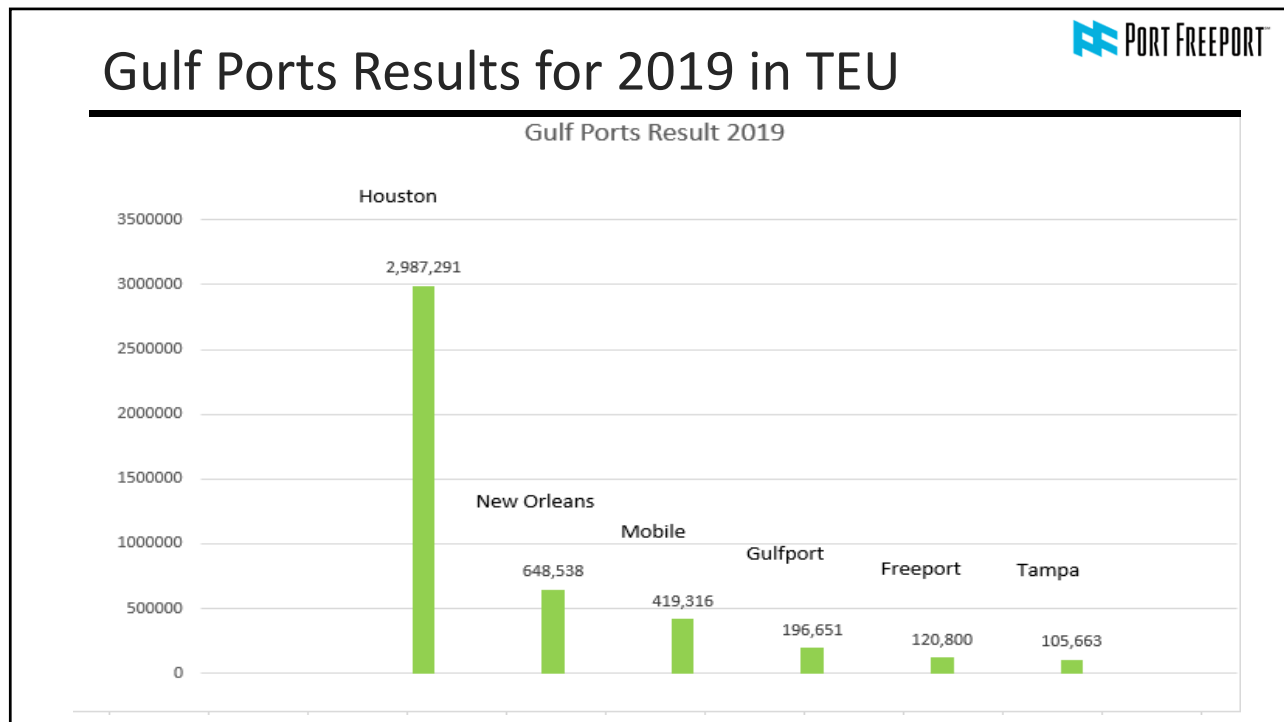
3

## Global TEU for 2019 Was 146 Million TEU



Source Statista

4



5

## Trade Agreements

PORT FREEPORT

- US and China finally reached an agreement.
- US, Canada and Mexico signed USMCA
- Steel Tariffs remain, but TENARIS has exemptions for Argentina, Mexico and Brazil.
- EU and US still at odds particularly over autos due to disparate tariff levels.

	<u>EU Tariff</u>	<u>U.S. Tariff</u>
Cars	10%	2.5%
Trucks	22%	25%

***At the end of 2019 the Overall Economic Outlook is positive but then.....***

6



## The Perfect Storm

### COVID19

Manufacturing in China stops causing import supply chains to empty.

Exports from China fall by almost 2 Billion dollars in the first quarter and eliminate 1.9 million import containers worldwide, causing "Blank sailings"

US / Global Stock markets have their worst days ever.

### Oil Pricing and Demand Collapse

Oil pricing and demand collapse simultaneously partly caused by Saudi Arabia and Russia's bottom basement sales efforts and increase in production. (An Act of WAR On US OIL!)

Global quarantines reduce air and domestic travel demand for fuel causing a slide in all petroleum pricing.

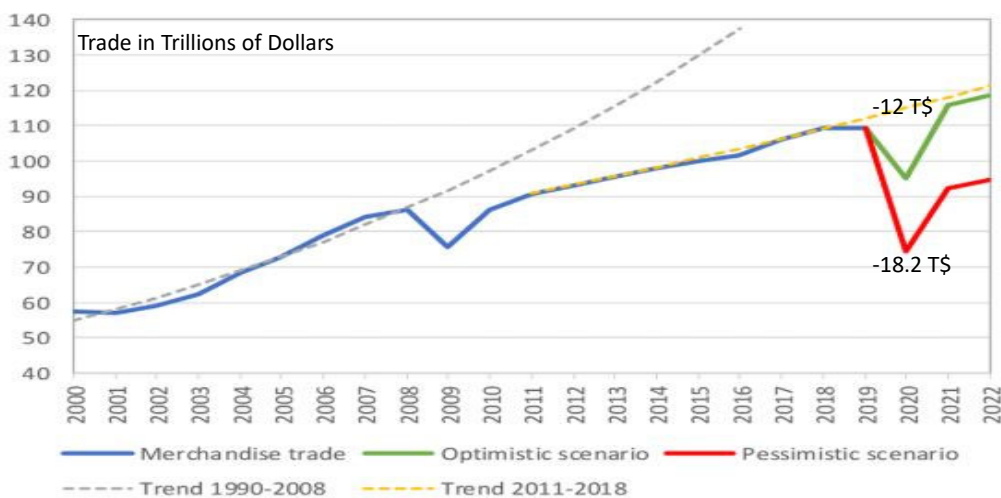
US Fracking companies and small to midsize operators feel the pinch.

7

## WTO Warns on Trade April 9, 2020

Chart 1 - World merchandise trade volume, 2000-2022

Index, 2015=100



8

## WTO Warns on Trade 4/9/2020

### MAIN POINTS

- ▣ World merchandise trade is set to plummet by between 13 and 32% in 2020 due to the COVID-19 pandemic.
  - ▣ Trade will likely fall steeper in sectors with complex value chains, particularly electronics and automotive products.
- ▣ A 2021 recovery in trade is expected, but dependent on the duration of the outbreak and the effectiveness of the policy responses.
- ▣ Nearly all regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit hardest.
- ▣ Services trade may be most directly affected by COVID-19 through transport and travel restrictions.

9

## USA Historic Economic Events

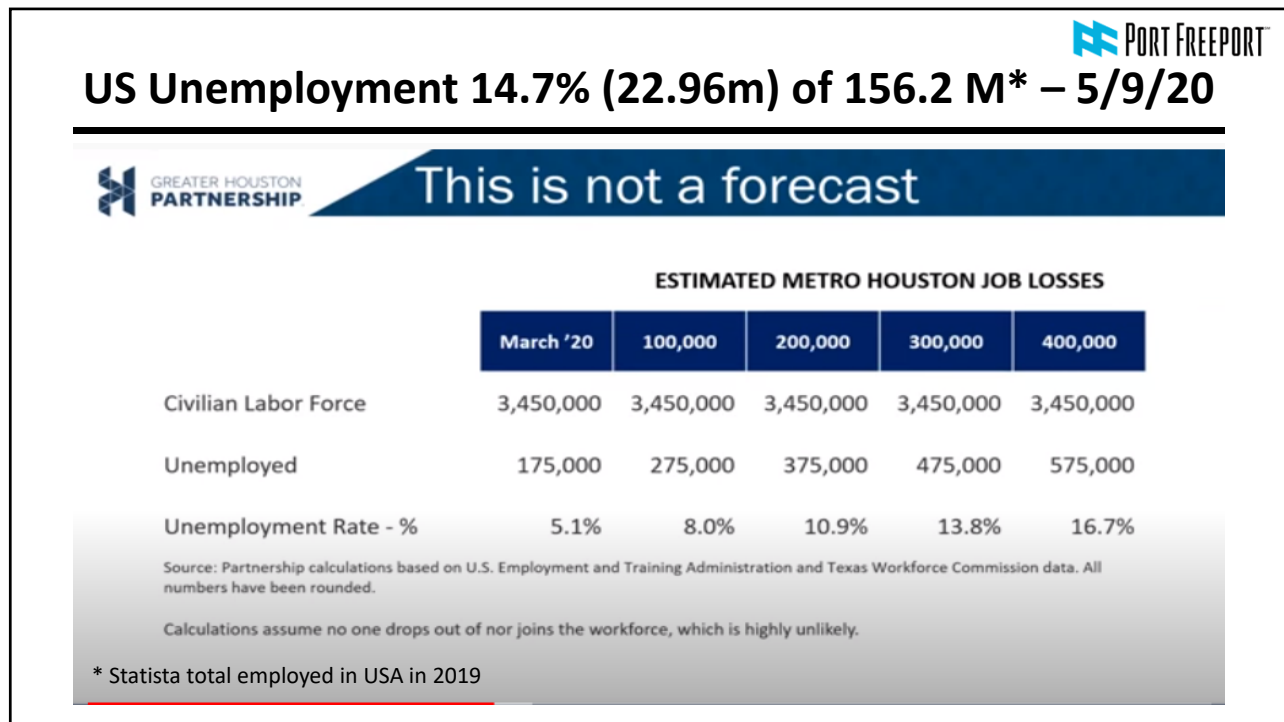


### Local Job Losses if History Repeats

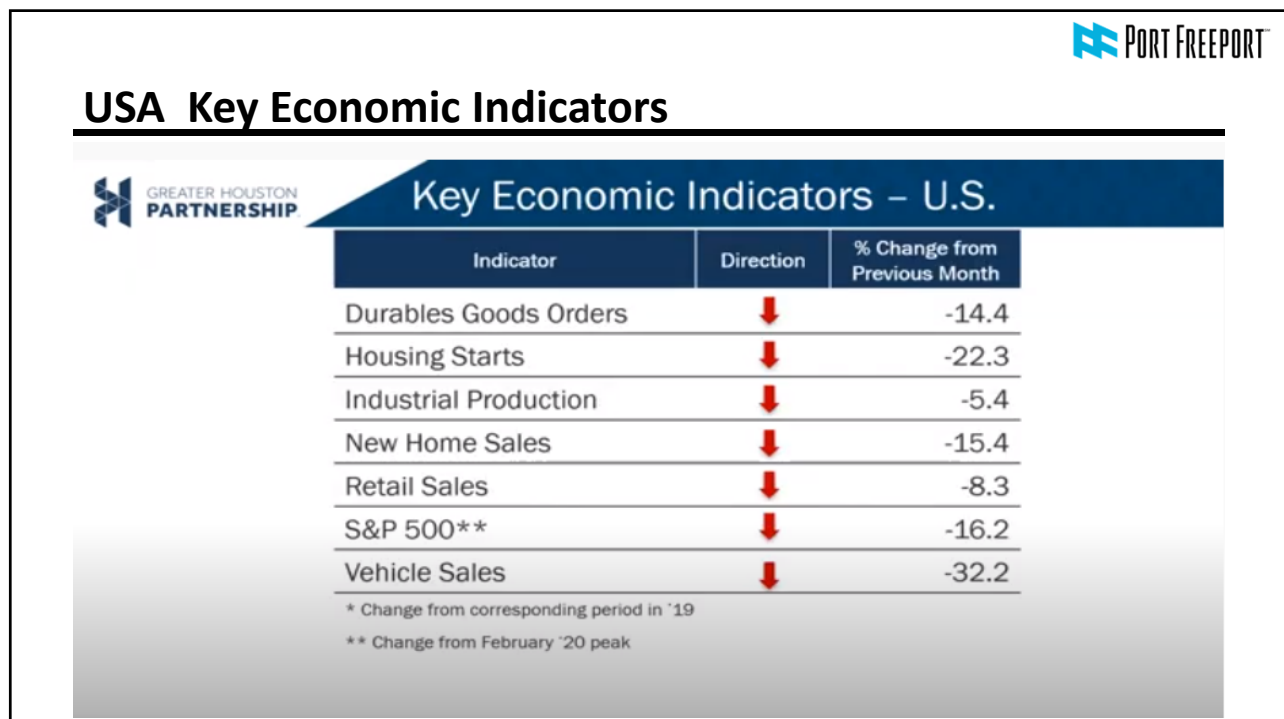
- Great Recession
  - 4.5% today = 142,325
- '80s Energy Bust
  - 13.2% today = 417,450
- Initial Claims, Mar 21 – Apr 25
  - 398,361

10





11



12

---

## ENERGY- The Forecast and the PAIN

13

---

## The Crude Truth

The lowest oil prices in two decades

West Texas intermediate oil price

\$140 per barrel



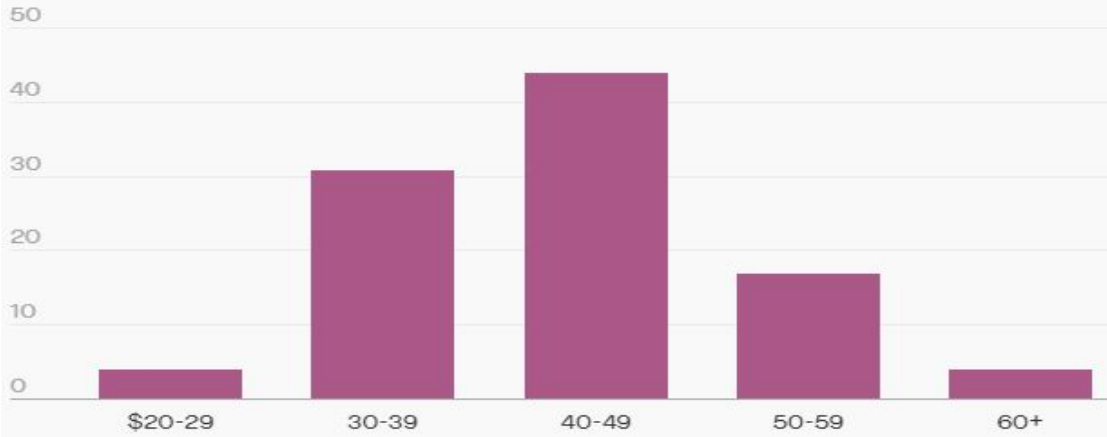
Quartz

14

## Top 100 Shale companies / Break even rates

### Shale companies need a higher price

Of the 100 largest shale operations nationwide, the number that can break even at a given price per barrel. The higher the price, the higher the risk.

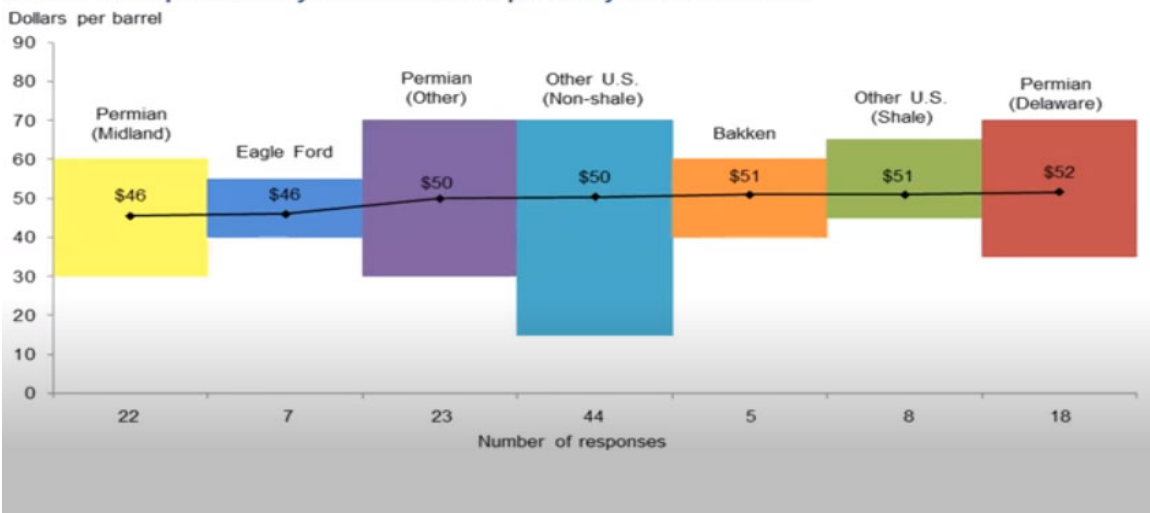


Quartz

15

## Executives of 92 Exploration and Production Firms Response on Investments

In the top two areas in which your firm is active:  
 What WTI oil price does your firm need to profitably drill a new well?

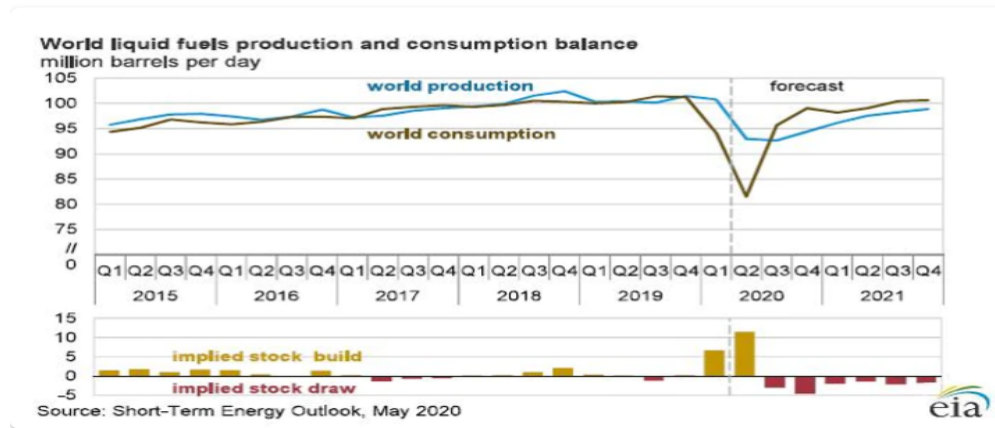


GHP

16



May 12th, 2020



US Energy Information Administration.

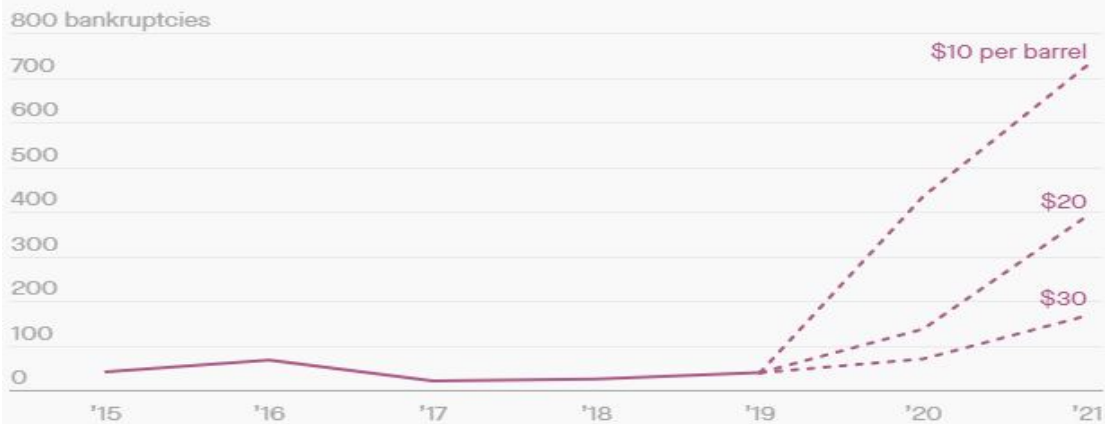
Global petroleum and liquid fuels demand is expected to average 92.6 million b/d in 2020, a decrease of 8.1 million b/d from last year, before increasing by 7.0 million b/d in 2021, according to the US Energy Information Administration May Short-Term Energy Outlook.

17

# Consolidation is Coming

## More bankruptcies on the way

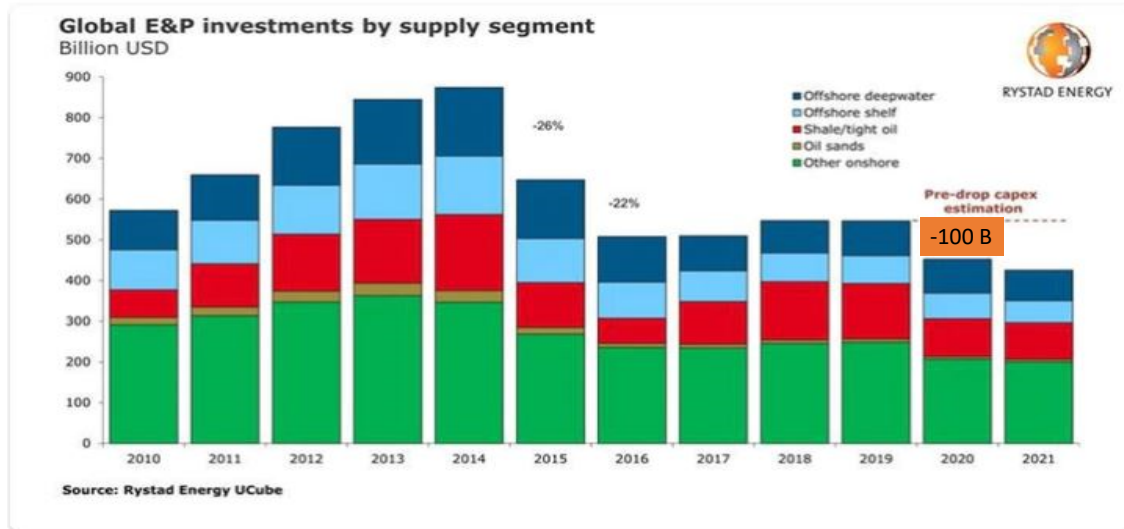
Number of US oil exploration and production companies facing bankruptcy, depending on oil price.



Quartz

18

Mar 30th, 2020



Rystad Energy.

19

## The Good News

We have been here before and Texas has a history of being resilient

Our local trade is **Growing**

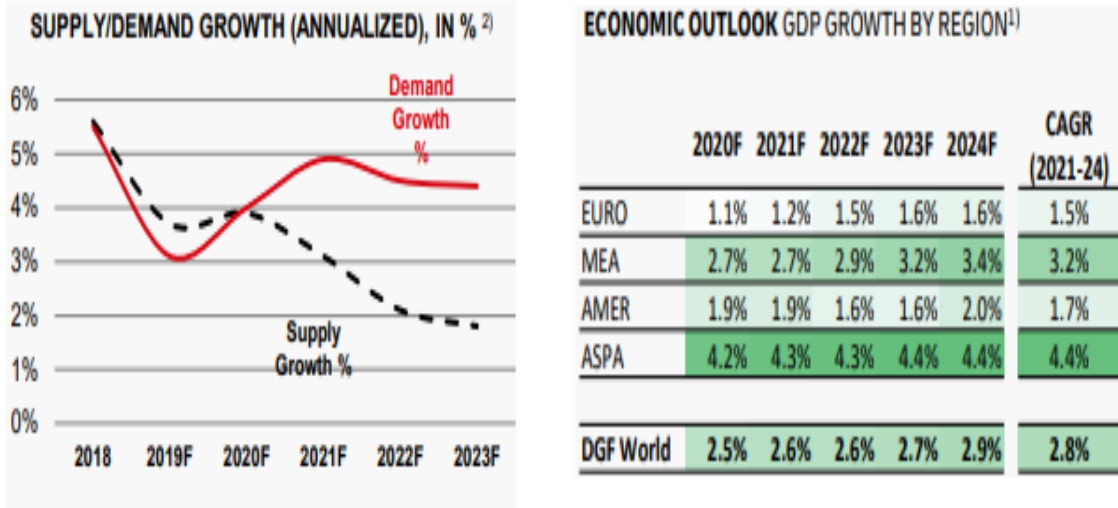
(Vessel arrivals are up / RoRo's are up / TEUS are up)

Yes, it will take time for business in general and trade and trade lanes to reestablish themselves, but they always come back.

The energy business will reinvent itself again; it will be painful again, **but global demand for energy will grow and pull the energy sector out of this slump too.**

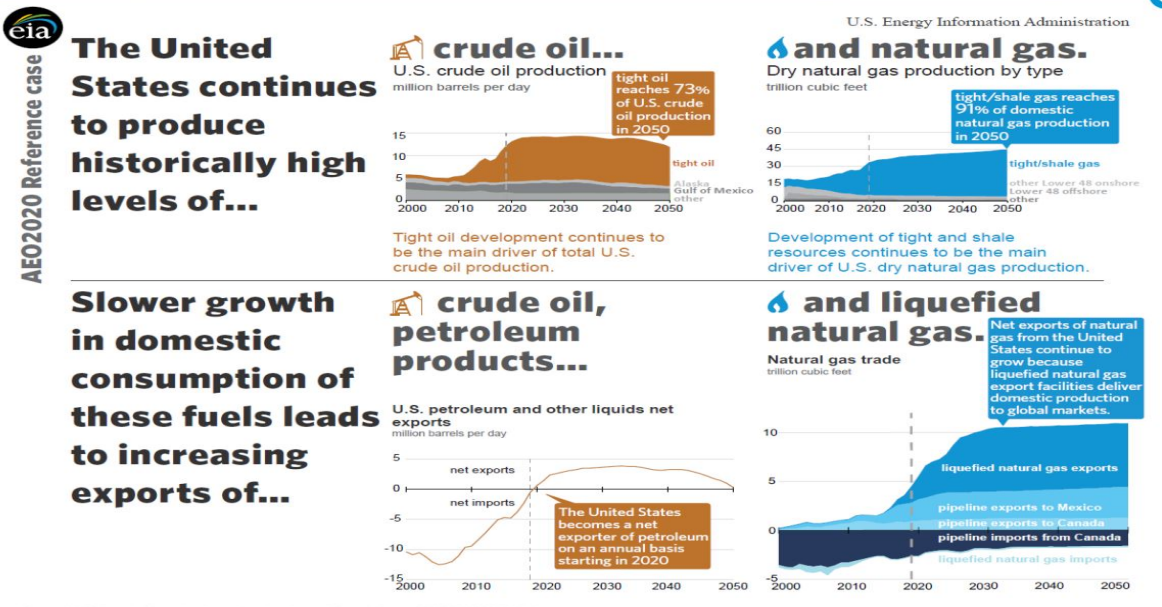
20

## GDP Projections By Region (before COVID)



21

## EIA Long Term Projections (before COVID-19)



22





# Freeport Harbor Channel Vessel Arrival Update and Forecast

May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements

1

## Freeport Harbor Channel

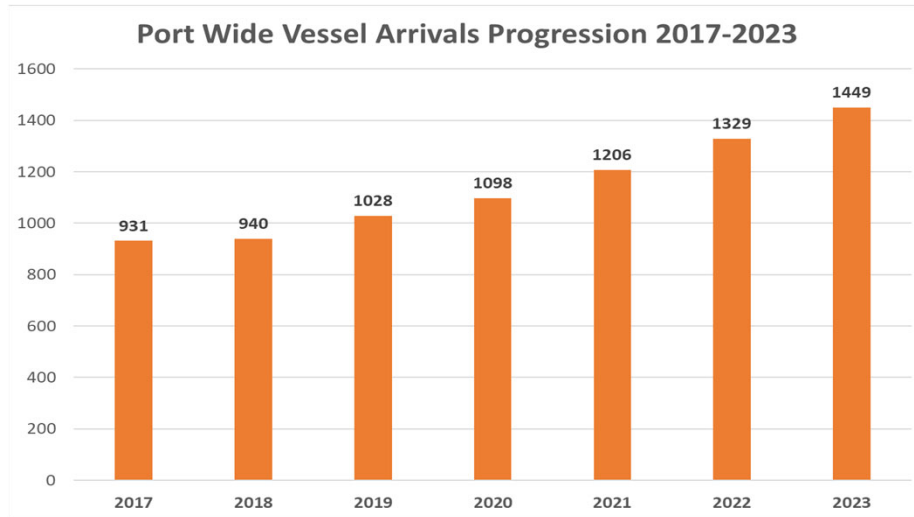


### Vessel & Barge Forecasted Activity for 2020 and Future Projections

Port Users	2017	2018	2019	2020	2021	2022	2023
Port Inner Harbor	265	254	325	322	334	406	458
FLNG	0	0	2	107	144	168	216
BASF	44	22	6	12	12	12	12
Phillips	131	176	215	192	216	228	228
Seaway	137	151	164	150	160	165	170
Dow/ME Global	348	327	308	300	325	335	350
Shifts	6	10	8	15	15	15	15
<b>Vessel Arrivals</b>	<b>931</b>	<b>940</b>	<b>1028</b>	<b>1098</b>	<b>1206</b>	<b>1329</b>	<b>1449</b>
				CMA weekly service Add (2) RoRo	Add (1) RoRo/month FLNG Export	Starting service FLNG increase export Project Cargo	Add weekly service
<b>Year to Year Vessel Increase</b>	N/A	9	88	70	108	123	120
<b>Year to Year % Increase</b>	N/A	1%	9%	7%	10%	10%	9%
<b>Cumulative Vessel Increase from 2017</b>				<b>167</b>			<b>518</b>
<b>% Increase from 2017</b>				<b>18%</b>			<b>56%</b>
<b>Tugs &amp; Barges Moves</b>	3600	3600	3650	3650	3650	3650	3650

2

# Freeport Harbor Channel



3

# Port Freeport Inner Harbor

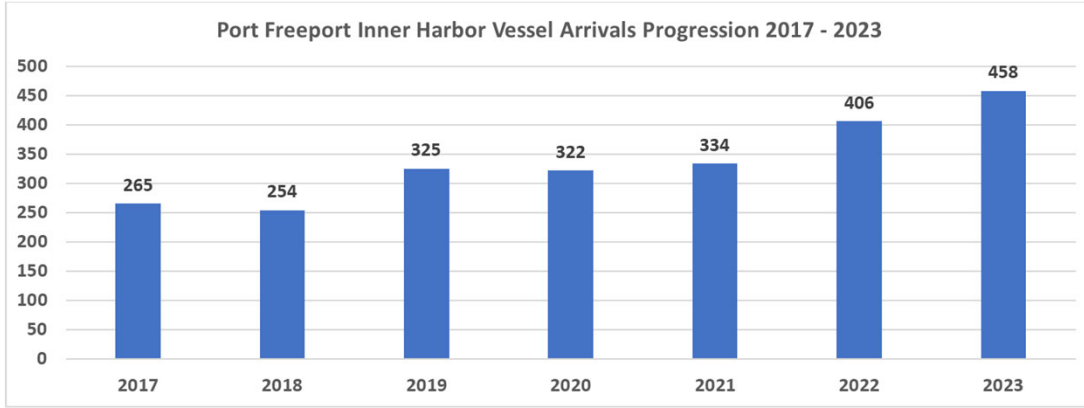


## Vessel & Barge Forecasted Activity for 2020 and Future Projections

	2017	2018	2019	2020	2021	2022	2023
<b>Port Inner Harbor</b>	265	254	325	322	334	406	458
<b>Year to Year Vessel Increase</b>	N/A	-11	71	-3	12	72	52
<b>Year to Year % Increase</b>	N/A	-4%	28%	-1%	4%	22%	13%
<b>Cumulative Vessel Increase from 2017</b>				57			193
<b>% Increase from 2017</b>				22%			73%

4

# Port Freeport Inner Harbor



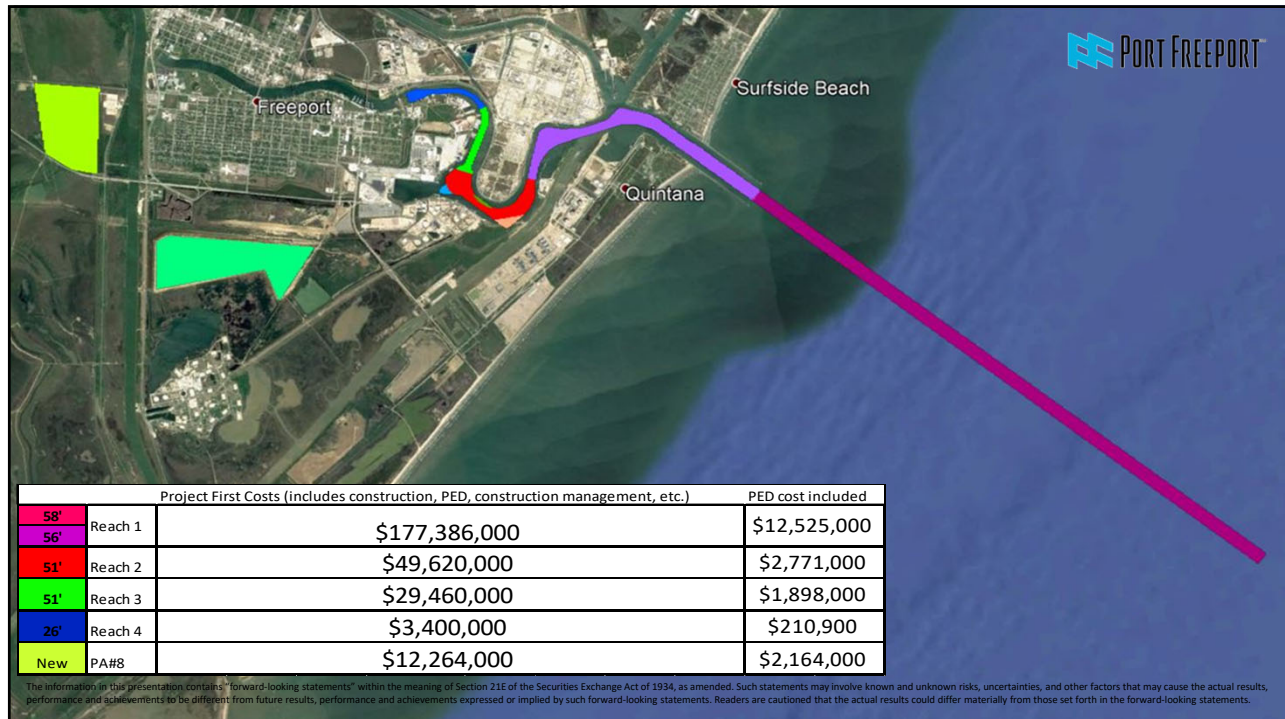


# Freeport Harbor Channel Improvement Project

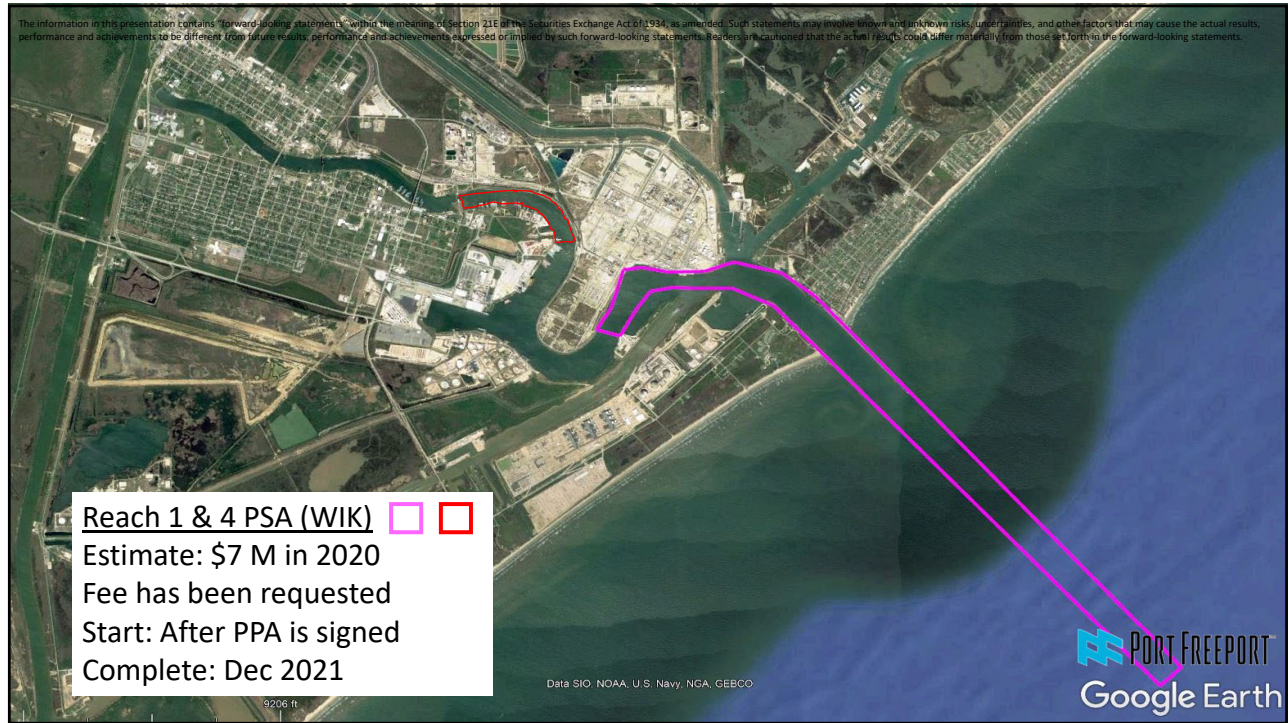
May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

1



2



3

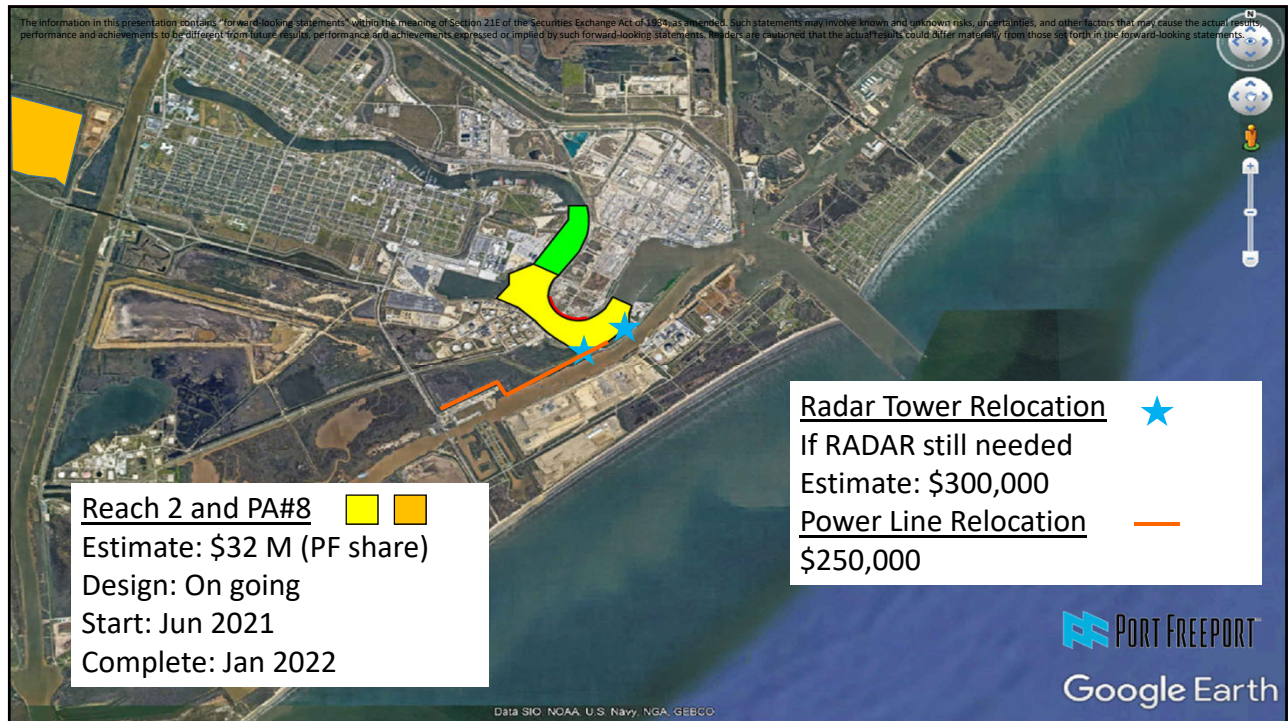


4



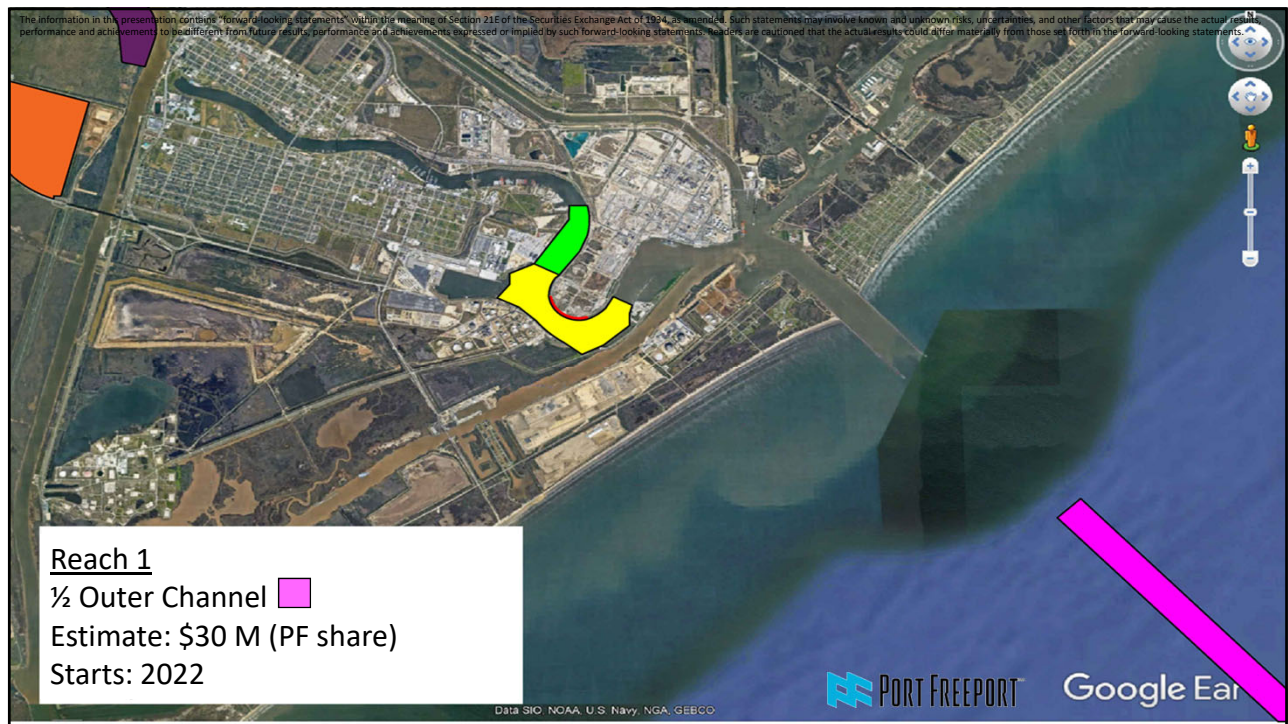


5

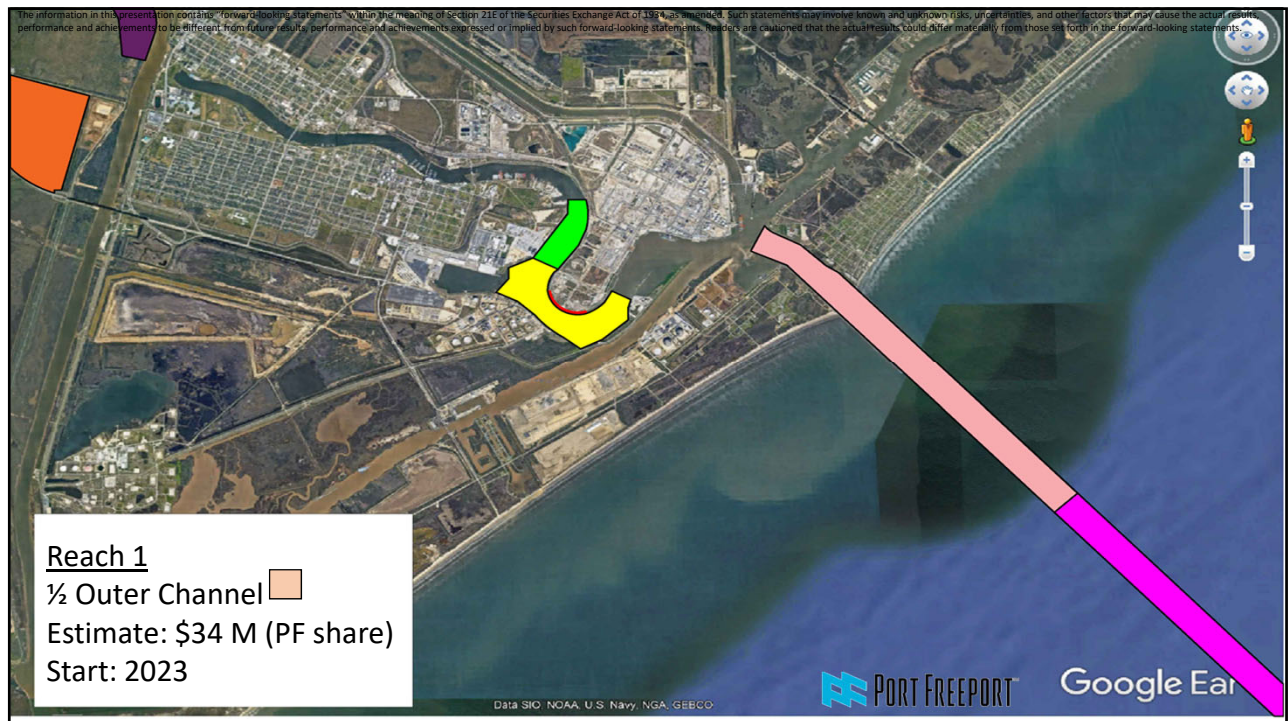


6

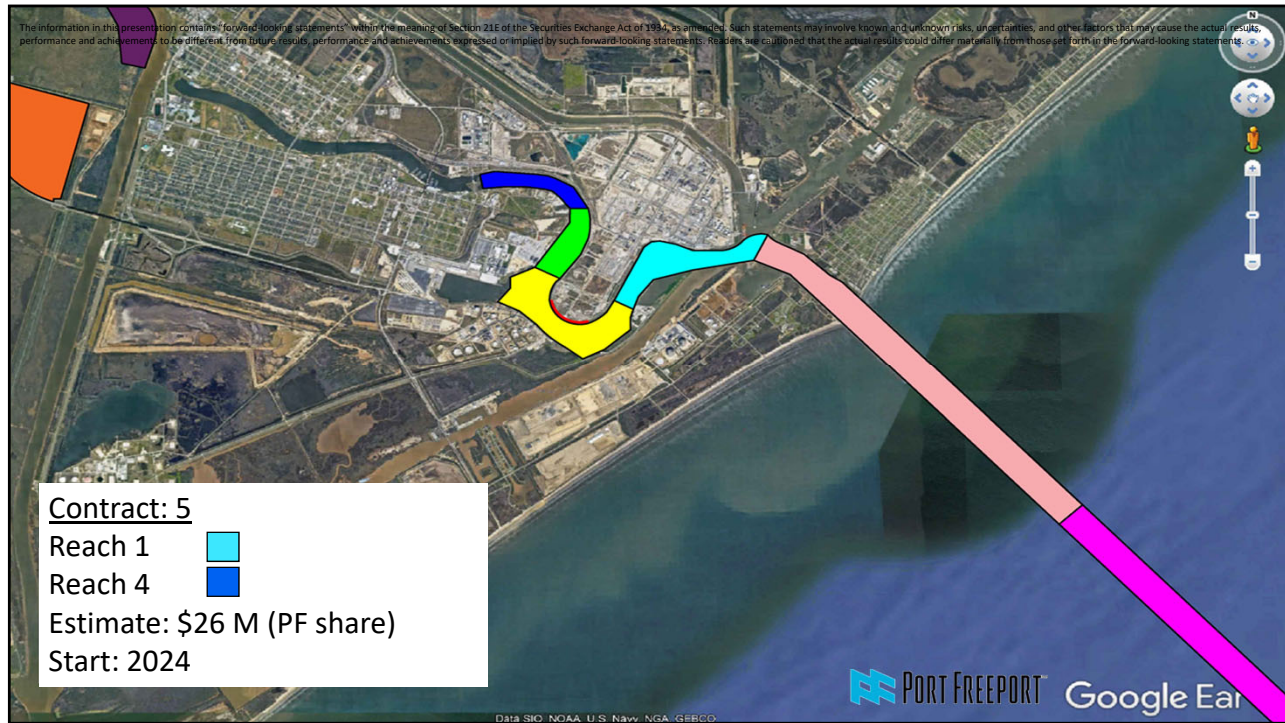




7



8



9

## Federal Funding for FHCIP

**PORT FREEPORT**  
 Exempt under authority of Section 551.072  
 (Deliberation of Real Property Matters)

- **Corps 2020 WorkPlan** – Funding for Reach 3  
 \$25M; \$19M Corps. \$6M PF (construction-ready)
- Obtain additional funding for Construction
  - **2021 WorkPlan** – Funding for Reach 2 & PA8  
 \$75.5M; \$43.5M Corps \$32M PF
    - PED on Reach 2 in progress (need another construction-ready increment to get CG money in 2021 Work Plan)
  - **2022 President's Budget** - Funding for ½ Reach 1 Outer Section  
 \$70M; \$40M Corps \$30M PF
    - HDR proposal for PED for Reaches 1 and 4. Necessary to maintain 5-year construction plan. Execute after PPA is signed.

10



# Velasco Container Terminal Berth 8 Construction Project

May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

11



12



# Berth 8 Project Timeline



Notice to Proceed Issued 1/15/20  
 Substantial Completion 9/22/22

2020				2021				2022		
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
\$ 8,489,679	\$ 16,822,391	\$ 20,802,411	\$ 18,778,154	\$ 18,623,958	\$ 4,594,271	\$ 3,869,271	\$ 4,201,771	\$ 5,941,771	\$ 9,786,771	\$ 3,089,552

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.




---

## Port Commission Workshop Revenue Bond Financing Plan

May 28, 2020

The information in this presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Readers are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

1




### Balances of Outstanding Debt Issues as of September 30, 2019

---

<b>\$ Millions</b>	<b>Principal</b>	<b>Description</b>
Revenue Bonds	\$165.08	Earliest maturity in 2028
General Obligation Bonds	\$31.80	2019 30 Year Issue
Capital Lease	\$7.45	Financing for two cranes, matures 2024

Please see title page disclaimer

2




## Future Bond Issues

---

\$Millions	Principal	Description
Revenue Bonds	\$45.00	Likely to be issued 1Q21
General Obligation Bonds	\$90.00	Likely to be issued in three phases between 2021 - 2024
Capital Lease/Alternate Financing	\$25.00	Gantry Cranes currently planned to be delivered in 2023

Please see title page disclaimer.

3



## Standard & Poors' Debt Rating

---

- Standard & Poors' (S&P) will publish ratings for the Port's bonds to inform investors
  - A/Stable rating for revenue bonds affirmed in November 2019
  - Debt Service Coverage is a key component of the ratings along with analysis of the overall financial condition, area economy, competitive position, customer/revenue base and management practices.
- Debt Service Coverage (DSC) is Net Revenue divided by scheduled Debt Service
- Net Revenue = Operating Income + Depreciation + M&O Tax Proceeds

Agenda Item 2.B. - Page 4

4





## Revenue Bond Model Considerations

---

- Includes two issuances totaling \$125M of project funding,
  - Par Value on Dec 2019 Issue = \$74.68M, Total Proceeds = \$80.0M
  - Next issuance planned 1Q21, Total Proceeds approx. \$45M
- Projects include Levee Stabilization, Velasco Terminal Berth 8 and Area 3, and 20 Acres Storage Development on Parcel 14
- First year of Berth 8 operates with two existing cranes
- Assumes future bond rate of 4.466% All-in Cost

Agenda Item 2.B. - Page

5



## 5 Year Capital Plan

---

	Fiscal Year Ending September 30					
	2020	2021	2022	2023	2024	Total
Freeport Harbor Channel Imp.	\$ 51,500,000	\$ 49,620,800	\$ 29,500,000	\$ 29,500,000	\$ 29,750,000	\$ 189,870,800
Velasco Terminal	50,665,300	57,080,000	30,714,400	15,000,000	10,000,000	\$ 163,459,700
Logistics	12,325,000	13,420,000	450,600	141,500	-	\$ 26,337,100
Other	1,835,400	1,233,015	916,400	485,600	758,600	\$ 5,229,015
<b>Total</b>	<b>\$ 116,325,700</b>	<b>\$ 121,353,815</b>	<b>\$ 61,581,400</b>	<b>\$ 45,127,100</b>	<b>\$ 40,508,600</b>	<b>\$ 384,896,615</b>

Agenda Item 2.B. - Page

6



### Current Bond DSC Models

Revenue Bonds Debt Projections			
		w/Capital Lease	
Operating Income ❶	Annual Coverage	Annual Coverage	
\$15,000,000	1.90x	1.71x	❷
\$14,000,000	1.83x	1.65x	❷
\$12,000,000	1.69x	1.53x	❷

❶ Model assumes level Operating Income across bond term  
 ❷ Coverage indicates low point of models provided by Masterson Advisors

Agenda Item 2.B. – Page 7

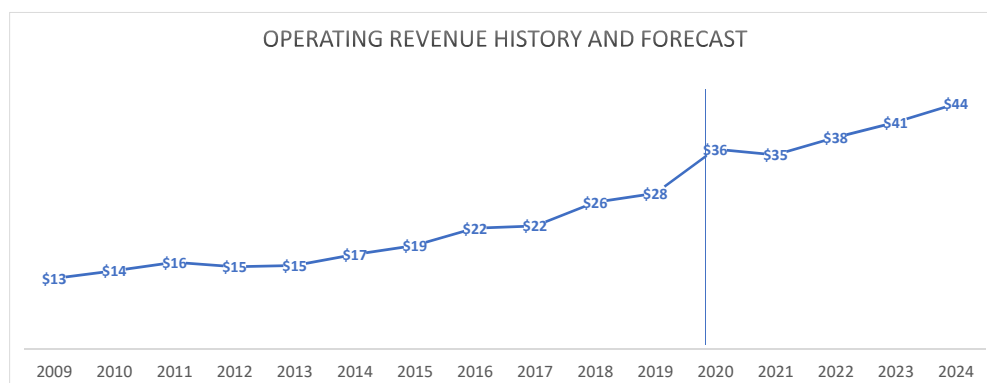
7



### Projected Revenue Outlook 2020-2024


#### History, Forecast and Sensitivity Analysis

- Revenue growth plan developed for current customer mix including new customer for Berth 8



Agenda Item 2.B. – Page 8

8



## Debt Coverage Projections

### \$125M in Capital Projects Financed with new weekly service at Berth 8


  

	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Fiscal Year Ending</b>	<b>Actuals</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Operating Income	10,135,000	10,373,068	16,689,978	14,186,325	14,252,361	15,231,099	17,879,689	18,057,959	16,672,215
Plus: Depreciation	6,875,000	6,796,715	8,222,740	8,547,115	11,006,643	12,114,155	12,087,485	12,335,555	13,557,179
Plus: M&O Taxes	4,030,466	4,269,552	4,301,121	4,446,173	3,112,286	2,026,587	1,941,533	2,122,160	2,885,127
<b>Net Revenue</b>	<b>21,040,466</b>	<b>21,439,335</b>	<b>29,213,839</b>	<b>27,179,614</b>	<b>28,371,290</b>	<b>29,371,840</b>	<b>31,908,707</b>	<b>32,515,674</b>	<b>33,114,522</b>
Senior Lien Debt Service	6,810,336	8,313,212	11,828,231	13,695,115	16,064,536	16,062,211	16,059,055	14,464,723	14,463,226
<b>Annual Debt Service Coverage</b>	<b>3.09</b>	<b>2.53</b>	<b>1.81</b>	<b>1.98</b>	<b>1.69</b>	<b>1.77</b>	<b>1.83</b>	<b>2.21</b>	<b>2.25</b>

Note: Minimum DSC Covenant = 1.25 w/Target of 1.50 to Maintain Favorable A Class Rating

Agenda Item 2.B. - Page 9

9



## Debt Coverage Projections

### \$125M in Capital Projects Financed excl. new weekly service at Berth 8

	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Fiscal Year Ending</b>	<b>Actuals</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
Operating Income	10,135,000	10,373,068	16,689,978	14,186,325	12,752,039	12,980,615	15,629,205	15,146,758	13,719,686
Plus: Depreciation	6,875,000	6,796,715	8,222,740	8,547,115	11,006,643	12,114,155	12,087,485	12,335,555	13,557,179
Plus: M&O Taxes	4,030,466	4,269,552	4,301,121	4,446,173	3,112,286	2,026,587	1,941,533	2,122,160	2,885,127
<b>Net Revenue</b>	<b>21,040,466</b>	<b>21,439,335</b>	<b>29,213,839</b>	<b>27,179,614</b>	<b>26,870,967</b>	<b>27,121,356</b>	<b>29,658,223</b>	<b>29,604,473</b>	<b>30,161,993</b>
Senior Lien Debt Service	6,810,336	8,313,212	11,828,231	13,695,115	16,064,536	16,062,211	16,059,055	14,464,723	14,463,226
<b>Annual Debt Service Coverage</b>	<b>3.09</b>	<b>2.53</b>	<b>1.81</b>	<b>1.98</b>	<b>1.67</b>	<b>1.67</b>	<b>1.69</b>	<b>2.05</b>	<b>2.05</b>

Note: Minimum DSC Covenant = 1.25 w/Target of 1.50 to Maintain Favorable A Class Rating

Agenda Item 2.B. - Page 10

10



## Projected Project Cash Flow

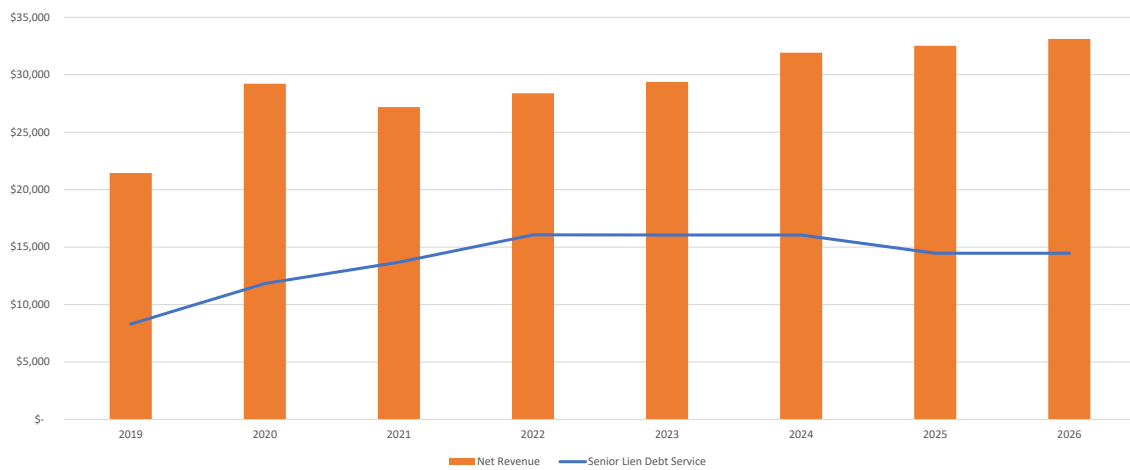
March 31, 2020 - September 30, 2022			\$M
Cash and Cash Equivalents @ 3/31/2020	\$	92.2	
Investments @ 3/31/2020	\$	<u>100.1</u>	①②
Total Cash and Investments	\$	192.3	
Restricted to Debt Service	\$	(16.6)	
Restricted to FHCFP	\$	(34.3)	Separate Cash Flow
Remaining 2018 Revenue Bond Funds	\$	<u>(2.6)</u>	Reserved for remainder of previous projects.
Funds Available for Projects	\$	138.8	
M&O Tax Receipts through January 2021	\$	4.0	
Operating Income before Depreciation - September 30, 2020	\$	8.4	
Current Debt Service Payments - January 31, 2021	\$	(13.5)	
Project Payments - January 31, 2021	\$	<u>(112.0)</u>	③
Funds Available - January 31, 2021	\$	25.7	February Project Payments Projected @ \$18.1M
2021 Revenue Bond Issuance	\$	45.0	
M&O Tax Receipts through September 2021	\$	1.4	
Operating Income before Depreciation - September 30, 2021	\$	23.0	
Debt Service Payments - September 30, 2021	\$	(11.7)	
Project Payments - September 30, 2021	\$	<u>(31.7)</u>	
Funds Available - September 30, 2021	\$	51.6	
M&O Tax Receipts - September 2022	\$	3.0	
Operating Income before Depreciation - September 30, 2021	\$	24.0	
Debt Service Payments - September 30, 2021	\$	(18.4)	
Project Payments - September 30, 2021	\$	<u>(33.4)</u>	
Funds Available - September 30, 2022	\$	26.8	

① Reviewed quarterly w/ Finance Advisory Committee. Current maturity date range April - December  
 ② Includes proceeds from 2018 Rev Bonds, 2019 GO Bonds and 2019 Rev Bonds and Capital Reserve  
 ③ Includes Levee Stabilization, Berth 8, and all other non channel projects

11



## Projected Net Revenue vs Debt Service



12





## Projected FHCIP Cash Flow

	Port 2020	Corps 2020	Port 2021	Corps 2021	Port 2022	Corps 2022	Port 2023	Corps 2023	Port 2024	Corps 2024	Totals
● Reach 3 Dredging	6,400,000	19,000,000									\$ 25,400,000
● Build PA8 placement area			6,000,000	6,000,000							\$ 12,000,000
● Reach 2 dredging			26,000,000	37,500,000							\$ 63,500,000
● Portion of Reach 1					28,800,000	40,890,000					\$ 69,690,000
● Portion of Reach 1							34,700,000	51,200,000			\$ 85,900,000
● Portion of Reach 1 and Reach 4									21,100,000	40,000,000	\$ 61,100,000
● PED Reach 1	3,000,000										\$ 3,000,000
● PED Reach 1	4,000,000										\$ 4,000,000
<b>TOTALS</b>	<b>13,400,000</b>	<b>19,000,000</b>	<b>32,000,000</b>	<b>43,500,000</b>	<b>28,800,000</b>	<b>40,890,000</b>	<b>34,700,000</b>	<b>51,200,000</b>	<b>21,100,000</b>	<b>40,000,000</b>	<b>\$ 324,590,000</b>
General Obligation Debt Funded	13,400,000		32,000,000		28,800,000		34,700,000		21,100,000		130,000,000
<b>Total</b>	<b>13,400,000</b>	<b>19,000,000</b>	<b>32,000,000</b>	<b>43,500,000</b>	<b>28,800,000</b>	<b>40,890,000</b>	<b>34,700,000</b>	<b>51,200,000</b>	<b>21,100,000</b>	<b>40,000,000</b>	<b>\$ 324,590,000</b>
● Non- Federal Sponsor - GO Bonds											
● Work in kind accelerated funding											
<b>GO Bond Cash Flow</b>											
	<b>\$M</b>										
2019 Go Bond Funds	\$	35.0									
Reach 3 Dredging, 2020	\$	(6.4)									
PED Reach 1, 2020	\$	(7.0)									
● 2021 GO Bond Issuance	\$	39.2									
Build Placement Area 8, 2021	\$	(6.0)									
Reach 2 Dredging, 2021	\$	(26.0)									
Reach 1 Dredging, 2022	\$	(28.8)									
Remaining Funds	\$	-									
● 2022 - 2024 GO Bond Issuance	\$	55.8									
2023 - 2024 Dredging Reach 1 & 4	\$	(55.8)									
Project Complete	\$	-									

● Future GO Bonds will be issued based on timing needs and the commitment to maintain the current tax rate of 5.0401

Agenda Item 2.B. – Page 13