

AGENDA

**Port Freeport
Finance Advisory Committee
Special Meeting
Thursday, January 26, 2023, 12:00 pm - 12:45 pm
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

This meeting agenda with the agenda packet is posted online at www.portfreeport.com

The meeting will be conducted pursuant to Section 551.127 of the Texas Government Code titled "Videoconference Call." A quorum of the Finance Advisory Committee, including the presiding officer, will be present at the Commissioner Meeting Room located at 1100 Cherry Street, Freeport, Texas. The public will be permitted to attend the meeting in person or by videoconference.

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/87682954723?pwd=TW9oanlzYXVnUXNGVXozTmVBU0c5UT09>

Meeting ID: 876 8295 4723

Passcode: 969072

Dial by your location

1 346 248 7799 US (Houston)

Meeting ID: 876 8295 4723

Find your local number: <https://us02web.zoom.us/j/kc2qOyUkjk>

1. Committee Members: Croft (Chairman), Pirtle, Giesecke
2. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
3. Roll Call.
4. Public Comment. (Public comment on any matter not on this Agenda will be limited to 3 minutes per participant and can be completed in person or by videoconference)
5. Public Testimony. (Public testimony on any item on this Agenda will be limited to 3 minutes per agenda item to be addressed per participant and can be completed in person or by videoconference. The participant shall identify in advance the specific agenda item or items to be addressed.
6. Review of quarterly investment reports, portfolio allocation and investment strategies.
7. Discussion regarding the potential issuance of Port Freeport Port Improvement Bonds, Series 2023 (Non-AMT).
8. Adjourn.

The Committee 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 Committee may go into a closed session as permitted by law regarding any item on the agenda.



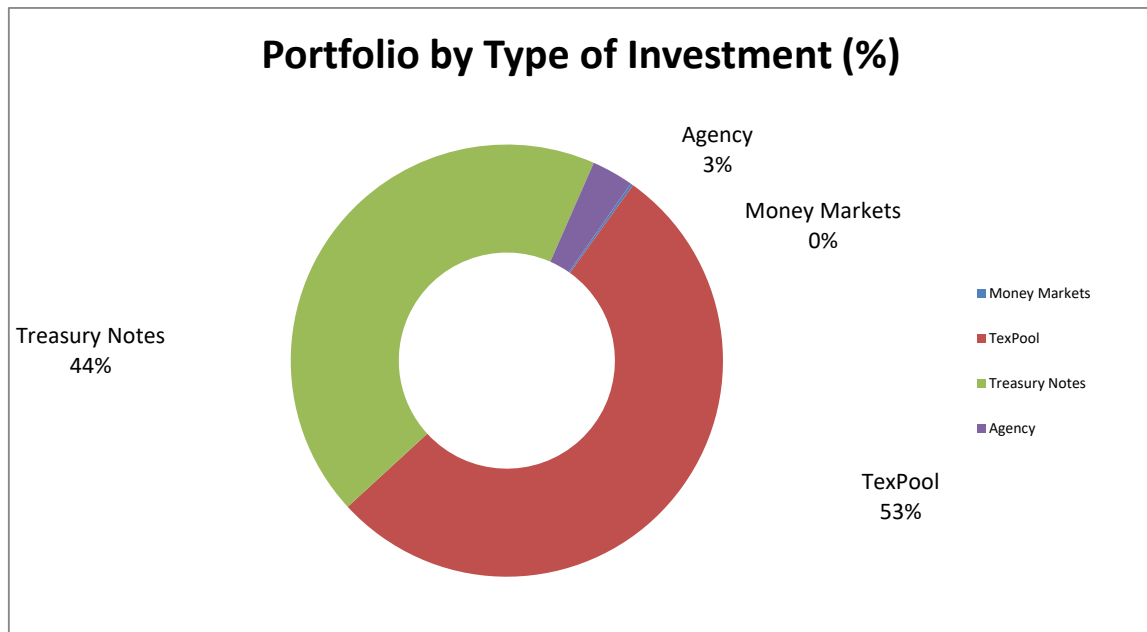
Phyllis Saathoff, Executive Director/CEO

PORT FREEPORT

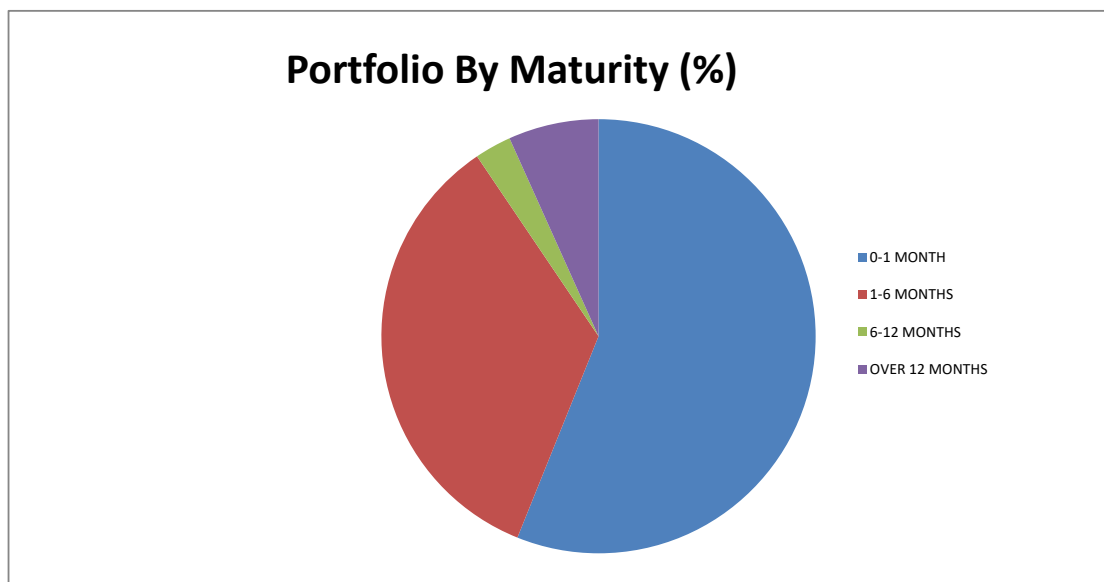
Port Freeport
Finance Committee Investment Review

Portfolio position as of 12/31//22

Money Markets	\$	150,669	0.2%
TexPool		40,306,201	53.3%
Treasury Notes		32,859,000	43.4%
Agency		2,370,000	3.1%
TOTAL	\$	<u>75,685,870</u>	



1/1/23-3/31/23 MATURITIES \$ 10,158,000



Port Freeport
Finance Committee Investment Review

	Unrestricted:	Restricted:
Current Cash & Money Market:		
Cash & MM accounts	\$ 3,160,163	146,003
Texpool	24,868,890	15,437,311
Maturing in next 90 days:		
Jan-23	2,000,000	-
Feb-23	2,013,000	-
Mar-23	6,145,000	-
Total Funds Available	<u>\$ 38,187,053</u>	<u>\$ 15,583,314</u>
Estimated Cash Flow For Next Quarter		
Estimated Revenues	\$ 10,166,054	\$ -
Estimated expenses	(3,796,765)	
Debt Service		(1,068,006)
Port Improvement Projects, estimated	(8,500,000)	-
2021 G.O. Bond Project Funds		(6,426,402) **
Total Cash Flow	<u>\$ (2,130,711)</u>	<u>\$ (7,494,408)</u>
Excess (Shortfall) Cash Available for Investment	\$ 36,056,342	\$ 8,088,906

Recommendation for excess cash- subject to market conditions:

Investments:		
Cash & MM accounts	9,529,452	146,003
Texpool	26,526,890	7,942,903
3 month investment	-	-
6-12 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
12-18 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
18 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
24 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
36 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
60 month investment	-	- Agencies,Treasuries, Municipal or CD's ☐
Total investment recommendations	<u>\$ 36,056,342</u>	<u>\$ 8,088,906</u>

☐ Subject to Market Conditions/Interest Rate Conditions and Evaluated Daily.

** Port Freeport Channel Improvement Project - subject to USACE request for funding

Port Freeport
 Finance Committee Investment Review
 rates as of: 1/17/2023

	Texpool	MM-Hilltop	CD's	Tbill/Note	Callable Agency
MM	4.2570%	3.724%			
3 month			1.750%	4.550%	
6 month			2.250%	4.750%	
12 month			3.000%	4.650%	
18 month			3.500%	4.400%	5.000%
24 month			3.600%	4.200%	5.000%
36 month			2.350%	3.850%	5.100%

Agencies Available:

Federal Home Loan Bank -FHLB
 Fannie Mae-FNMA
 Freddie Mac - FHLMC
 Federal Farm Credit Bank - FFCB



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TO: Port Commission
Executive Director/CEO

FROM: Rob Lowe

DATE: January 26, 2023

SUBJECT: GO Bond Offering

For our upcoming GO Bond issuance, the port has the option of utilizing a Competitive Sale or a Negotiated Sale. Our last GO Bond sale was held in January of 2021 where 12 Underwriters submitted bids in a Competitive Sale.

In a competitive sale, the port would advertise the sale of the bonds. Interested underwriters would submit bids based on the terms and conditions established in the advertisement. The bonds are awarded to the bidder offering the lowest interest cost to the port.

In a negotiated sale, an underwriter is chosen from an approved provider or through an RFP. The chosen underwriter then negotiates the rates and terms with the port and our financial advisors.

Masterson Advisors LLC has recommended that we consider a competitive bid for our GO Bond issue currently planned for 1Q23. The recommendation is based on underwriters valuing the high quality of Port Freeport GO Bonds which could lead to a favorable rate bid. We are also planning a Revenue Bond issuance in mid-2023 and that offering would most likely result in a negotiated sale.

Retail prioritization can be requested in a competitive sale but cannot be required. In 2021, the winning bid underwriters did make bonds available for local retail. However, retail participation, while given top prioritization in our most recent bond sales, both competitive and negotiated, has been very low.

Based on the success of the 2021 GO Bond offering, staff recommends that we conduct a Competitive Sale for the 2023 GO Bonds. With approval, staff will again request local retail consideration of the bidding underwriters.

PORT COMMISSION

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

RESOLUTION
AUTHORIZING THE ISSUANCE OF

PORT FREEPORT
GENERAL OBLIGATION BONDS
SERIES 2023 (NON-AMT)

Adopted on January 26, 2023

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01	Definitions.....	2
Section 1.02	Other Definitions	5
Section 1.03	Findings.....	5
Section 1.04	Table of Contents, Titles and Headings	5
Section 1.05	Interpretation.....	5

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01	Tax Levy	5
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ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01	Authorization	6
Section 3.02	Denomination, Maturities, and Interest	6
Section 3.03	Medium, Method and Place of Payment.....	7
Section 3.04	Execution and Registration of Bonds	7
Section 3.05	Ownership	8
Section 3.06	Registration, Transfer and Exchange	8
Section 3.07	Cancellation	9
Section 3.08	Replacement Bonds	9
Section 3.09	Book-Entry Only System.....	10
Section 3.10	Successor Securities Depository; Transfer Outside Book-Entry Only System.....	11
Section 3.11	Payments to Cede & Co.....	11

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01	Limitation on Redemption	11
Section 4.02	Optional and Mandatory Redemption.....	12
Section 4.03	Mandatory Sinking Fund Redemption.....	12
Section 4.04	Partial Redemption.....	12
Section 4.05	Notice of Redemption to Owners	12
Section 4.06	Payment Upon Redemption	13
Section 4.07	Effect of Redemption.....	13

	<u>Page</u>
Section 4.08 Lapse of Payment.....	14

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01 Appointment of Initial Paying Agent/Registrar	14
Section 5.02 Qualifications	14
Section 5.03 Maintaining Paying Agent/Registrar	14
Section 5.04 Termination.....	14
Section 5.05 Notice of Change to Owners.....	15
Section 5.06 Agreement to Perform Duties and Functions.....	15
Section 5.07 Delivery of Records to Successor	15

ARTICLE VI

FORM OF THE BONDS

Section 6.01 Form Generally	15
Section 6.02 CUSIP Registration.....	15
Section 6.03 Legal Opinion	16
Section 6.04 Statement of Insurance.....	16

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01 Sale of Bonds, Official Statement.....	16
Section 7.02 Control and Delivery of Bonds	18
Section 7.03 Deposit of Proceeds	18

ARTICLE VIII

CREATION OF INTEREST AND SINKING FUND; INVESTMENTS

Section 8.01 Creation of Interest and Sinking Fund	18
Section 8.02 Interest and Sinking Fund	18
Section 8.03 Security of Funds	18
Section 8.04 Investments	18
Section 8.05 Investment Income.....	19

ARTICLE IX

REPRESENTATIONS AND COVENANTS

Section 9.01 Payment of the Bonds	19
Section 9.02 Other Representations and Covenants	19

	<u>Page</u>
Section 9.03 Federal Income Tax Exclusion	19

ARTICLE X

DISCHARGE

Section 10.01 Discharge	21
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ARTICLE XI

CONTINUING DISCLOSURE UNDERTAKING

Section 11.01 Annual Reports	21
Section 11.02 Event Notices	21
Section 11.03 Limitations, Disclaimers and Amendments	23
Section 11.04 Amendments to the Rule.....	24

ARTICLE XII

MISCELLANEOUS

Section 12.01 Changes to Resolution	24
Section 12.02 Further Procedures	25
Section 12.03 Severability	25
Section 12.04 Individuals Not Liable	25
Section 12.05 Repealer	25
Section 12.06 Force and Effect.....	25
Section 12.07 Open Meeting.....	25

Exhibit A – Form of Pricing Certificate

A RESOLUTION AUTHORIZING THE ISSUANCE OF PORT FREEPORT GENERAL OBLIGATION BONDS, SERIES 2023 (NON-AMT); LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, Port Freeport (formerly known as the Brazos River Harbor Navigation District of Brazoria County, Texas), located in Brazoria County, Texas (the “Port”), was heretofore duly created pursuant to the Constitution and general laws of the State of Texas, particularly Section 59 of Article XVI of the Constitution of Texas, and Chapter 5, Acts of the 39th Legislature of Texas, Regular Session, 1925 (codified in Vernon’s Annotated Texas Civil Statutes as Article 8263h prior to the adoption of the Texas Water Code, and presently codified as Chapter 62, Texas Water Code, Vernon’s Texas Codes Annotated); the election for the creation of Port Freeport was held on December 4, 1925; the order of the Brazoria County Commissioners Court declaring the establishment of the Issuer was adopted on December 14, 1925, and is recorded in Volume O, Pages 318, *et seq.*, Brazoria County Commissioners Court minutes; the creation of the Port was validated and confirmed by Chapter 55, Acts of the 40th Legislature of Texas, First Called Session, 1927; and

WHEREAS, Sections 60.331 and 60.332 of the Texas Water Code authorize the issuance of bonds payable from ad valorem taxes after authorization by a majority vote of the resident electors within the boundaries of the Port in an election held for that purpose; and

WHEREAS, the voters within the boundaries of the Port have approved the issuance of unlimited tax bonds voted at an election held within the Port on May 5, 2018 (the “Election”); and

WHEREAS, at said Election, the voters authorized the amount of unlimited tax bonds set forth below in the following schedule; and

Election	Purpose	Amount Voted	Amount Previously Issued	Authorized But Unissued
May 5, 2018 (Proposition A)	Freeport Harbor Channel Improvement Project	\$130,000,000	\$74,200,000	\$55,800,000

WHEREAS the Port Commission of the Port (the “Port Commission”) does hereby determine that the unlimited tax bonds in an amount not to exceed \$55,800,000, including any premium charged against voted authority, should be issued as the next installment of the unlimited tax bonds voted at the Election; and

WHEREAS, the actual amount issued from the Election pursuant to this Resolution and the balance, if any, that remains after the issuance of the unlimited tax bonds authorized in this Resolution will be indicated in the Pricing Certificate (as hereinafter defined); and

WHEREAS, the Port Commission has found and determined that it is necessary and in the best interest of the Port and its citizens that it authorize by this Resolution the issuance and delivery of such unlimited tax bonds for improving, constructing, or developing the Freeport Harbor Channel Improvement Project, and to pay the costs of issuing the unlimited tax bonds; and

WHEREAS, the Port is a conservation and reclamation district of the State of Texas operating under Article XVI, Section 59 of the Texas Constitution and therefore is an “Issuer” as defined by Section 1371.001(4)(E) of the Texas Government Code; and

WHEREAS, the unlimited tax bonds are expected to be rated by a nationally recognized rating agency for municipal securities in one of the three highest rating categories for a short-term debt instrument or one of the four highest rating categories for a long-term debt instrument, and will qualify as “obligations” under Chapter 1371, Texas Government Code (“Chapter 1371”), as amended; and

WHEREAS, pursuant to Chapter 1371, the Port may delegate the authority to effect the sale of the Bonds (as hereinafter defined) to the Authorized Officers (as hereinafter defined), and the Port desires to delegate to the Authorized Officers such authority as described herein; and

WHEREAS, the meeting at which this Resolution is being considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; NOW, THEREFORE

BE IT RESOLVED BY THE PORT COMMISSION OF PORT FREEPORT:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01 Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise in this Resolution, the following terms shall have the meanings specified below:

“Authorized Officer” means the Executive Director, the Chief Financial Officer or the Controller of the Port.

“Bond” means any of the Bonds.

“Bonds” means the Port’s bonds authorized to be issued by Section 3.01.

“Bond Counsel” means Bracewell LLP.

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Chapter 1371” means Chapter 1371, Texas Government Code, as amended.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Dated Date” means the date designated as the dated date of the Bonds in the Pricing Certificate.

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Bonds, payable at the times and in the manner provided herein and in the Pricing Certificate and related costs.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Resolution, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Port and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Financial Obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the rule.

“Fiscal Year” means such fiscal year of the Port as shall be set from time to time by the Port Commission.

“Initial Bond” means the Initial Bond for the Bonds authorized by Section 3.04(d).

“Initial Purchaser” means, if the Bonds are sold pursuant to a competitive sale, the initial purchaser or purchasers of the Bonds designated in the Pricing Certificate.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 8.01 of this Resolution.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid, as designated in the Pricing Certificate.

“Maturity” means the date on which the principal of the Bonds becomes due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notice of Sale” means the notice of sale in the form approved by the Authorized Officer and utilized in conjunction with the Preliminary Official Statement in the sale of the Bonds if the Bonds are sold pursuant to a competitive sale.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially BOKF, NA, or any successor thereto as provided in this Resolution.

“Paying Agent/Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the Port relating to the Bonds.

“Port” means Port Freeport.

“Port Commission” means the Port Commission of Port Freeport or any successor thereto.

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer in connection with the issuance of Bonds under this Resolution.

“Purchase Contract” means the purchase contract between the Port and the Underwriters pertaining to the sale of the Bonds, if the Bonds are sold pursuant to a negotiated sale.

“Record Date” means the fifteenth calendar day of the month preceding an Interest Payment Date or such other date designated in the Pricing Certificate.

“Register” means the Bond register required by Section 3.06(a).

“Representation Letter” means the Blanket Letter of Representations between the Port and DTC.

“Representative” means, if the Bonds are sold pursuant to a negotiated sale, the representative of the Underwriters designated in the Purchase Contract.

“Resolution” means this Resolution authorizing the issuance of the Bonds.

“Special Payment Date” means the date that is 15 days after the Special Record Date, as described in Section 3.03(d).

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, as described in Section 3.03(d).

“State” means the State of Texas.

“Stated Maturity” means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

“Term Bond” has the meaning ascribed thereto in Section 4.03(a) of this Resolution.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of Debt Service or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

“Underwriter” means, if the Bonds are sold pursuant to a negotiated sale, the underwriter or underwriters designated in the Purchase Contract.

Section 1.02 Other Definitions. The capitalized terms defined in the preamble to this Resolution shall have the meanings assigned therein.

Section 1.03 Findings. The declarations, determinations and findings declared, made and found in the preamble to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04 Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05 Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Resolution.

(c) All article and section references shall mean references to the respective articles and sections of this Resolution unless designated otherwise.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01 Tax Levy. (a) Pursuant to the authority granted by the Constitution and laws of the State, there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Port, at a rate sufficient, without limit as to rate or amount, to pay Debt Service when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Port most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of Debt Service in accordance with the terms of the Bonds and this Resolution.

(d) To the extent the Port has available funds which may be lawfully used to pay Debt Service and such funds are on deposit in the Interest and Sinking Fund in advance of the time when the Port Commission is scheduled to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(e) To pay Debt Service on the Bonds coming due prior to receipt of the taxes levied to pay such Debt Service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such Debt Service, and such amount shall be used for no other purpose.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01 Authorization. The Port's bonds to be designated the "Port Freeport General Obligation Bonds, Series 2023 (Non-AMT)," or having such other title or titles as may be designated in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly Chapter 60, Subchapter M of the Texas Water Code and Chapter 1371, in the aggregate principal amount not to exceed \$55,800,000 for the purposes of (i) improving, constructing, or developing the Freeport Harbor Channel Improvement Project, which project consists of the deepening and partial widening of the Freeport Harbor Channel, the construction of related improvements to waterways and adjacent berthing areas and aids to navigation used for navigation related commerce in Port Freeport, and dredge material placement associated with such activities, and (ii) paying the costs of issuing the Bonds.

Section 3.02 Denomination, Maturities, and Interest. (a) The Bonds shall be dated the date set forth in the Pricing Certificate, and shall be in fully registered form, without coupons.

(b) The Bonds shall be in the aggregate principal amount designated in the Pricing Certificate, shall be in the denomination of \$5,000 principal amount or any integral multiple thereof and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered I-1.

(c) The Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.

Section 3.03 Medium, Method and Place of Payment. (a) Debt Service shall be paid in lawful money of the United States of America.

(b) Interest on each Bond shall be paid by check dated as of the Interest Payment Date, and sent United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements.

(c) The principal of each Bond shall be paid to the Owner thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(d) If the date for the payment of Debt Service is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in this Section.

(e) In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Port. Notice of the Special Record Date and of the Special Payment Date of the past due interest shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the Port to be used for any lawful purpose. Thereafter, neither the Port, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

Section 3.04 Execution and Registration of Bonds. (a) The Bonds shall be executed on behalf of the Port by the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Port Commission, by their manual or facsimile signatures, and the official seal of the Port shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Port had been manually impressed upon each of the Bonds.

(b) In the event any officer of the Port whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until the Certificate of Paying Agent/Registrar, substantially in the form provided herein, has been duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State, or by his duly authorized agent, which certificate shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State and that they are valid and binding obligations of the Port, and have been registered by the Comptroller of Public Accounts of the State.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds designated in the Pricing Certificate, payable in stated installments to the Representative or its designee (if the Bonds are sold pursuant to a negotiated sale) or the Initial Purchaser or its designee (if the Bonds are sold pursuant to a competitive sale), to be executed by the manual or facsimile signatures of the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Port Commission, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Representative or its designee (if the Bonds are sold pursuant to a negotiated sale) or the Initial Purchaser or its designee (if the Bonds are sold pursuant to a competitive sale). Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Section 3.09 hereof. To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05 Ownership. (a) The Port, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof for the further purpose of making and receiving payment of the interest thereon, and for all other purposes, whether or not such Bond is overdue, and neither the Port nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the Port and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06 Registration, Transfer and Exchange. (a) So long as any Bonds remain outstanding, the Port shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register (the "Register") in which, subject to such reasonable

regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Resolution.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange.

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Port and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the Port nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Section 3.07 Cancellation. All Bonds paid or redeemed before Stated Maturity in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Resolution, shall be cancelled upon the making of proper records regarding such payment, exchange or replacement. The Paying Agent/Registrar shall dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.08 Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Port or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her, ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the Port harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Port and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Port and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Port or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to, become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Port and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.09 Book-Entry Only System. (a) To the extent so designated in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Port and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the

Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the Port and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, of any amount with respect to Debt Service. The Paying Agent/Registrar shall pay all Debt Service only to or upon the order of the respective Owners, as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Port's obligations with respect to payment of, Debt Service to the extent of the sum or sums so paid. No person other than an Owner, shall receive a Bond certificate evidencing the obligation of the Port to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

Section 3.10 Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the Port determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Port or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, as applicable, in accordance with the provisions of this Resolution.

Section 3.11 Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments of Debt Service on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Limitation on Redemption. The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02 Optional Redemption. (a) The Bonds shall be subject to optional redemption at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

Section 4.03 Mandatory Sinking Fund Redemption. (a) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the Port, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the Port, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Port and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04 Partial Redemption. (a) If less than all of the Bonds are to be redeemed pursuant to an optional redemption set forth in Section 4.02, the Port shall determine the maturities (or mandatory sinking fund redemption amount with respect to Term Bonds, if any) and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot such Bonds for redemption.

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Resolution, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

Section 4.05 Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing of such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) The Port reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Port retains the right to rescind such notice at any time prior to the scheduled redemption date if the Port delivers a certificate of the Port to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default.

(d) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.06 Payment Upon Redemption. (a) Before or on each redemption date, the Port shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date, and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the Port and shall use such funds solely for the purpose of paying the redemption price of the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the redemption price of such Bond to the date of redemption from the money set aside for such purpose. Interest on any Bond called for redemption shall be paid to the Owner in accordance with the provisions of Section 3.03(b) of this Resolution.

Section 4.07 Effect of Redemption. (a) When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(b) If the Port fails to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

Section 4.08 Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01 Appointment of Initial Paying Agent/Registrar. (a) The Port hereby appoints BOKF, NA, Dallas, Texas, as its initial registrar and transfer agent (the "Paying Agent/Registrar") to keep such books or records and make such transfers and registrations under such reasonable regulations as the Port and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Port or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The Port hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the Port and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Resolution.

(c) The form of Paying Agent/Registrar Agreement is hereby approved. The Port hereby approves and the Chairman or Vice Chairman and the Secretary or Assistant Secretary of the Port Commission are hereby authorized to execute and deliver a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the Port and the Paying Agent/Registrar.

Section 5.02 Qualifications. Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03 Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the Port will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Resolution.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Port will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.04 Termination. The Port reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying

Agent/Registrar; provided, that, no such termination shall be effective until a successor paying agent/registrar has assumed the duties of paying agent/registrar for the Bonds.

Section 5.05 Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the Port will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06 Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07 Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01 Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds (i) shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution and the Pricing Certificate, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures (“CUSIP”) of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Port or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The Bonds shall be typed, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

Section 6.02 CUSIP Registration. The Port may secure identification numbers through the CUSIP Global Services or another entity that provides securities identification numbers for municipal securities, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds or any errors or omissions in the printing of such number shall be of no significance or effect in regard to the legality thereof and neither the Port nor Bond Counsel to the Port are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.03 Legal Opinion. The approving legal opinion of Bond Counsel may be attached to or printed on the reverse side of each definitive Bond over the certification of the Secretary or Assistant Secretary of the Port Commission, which may be executed in facsimile.

Section 6.04 Statement of Insurance. If municipal bond insurance is obtained with respect to the Bonds, the Bonds, including the Initial Bond, may bear an appropriate legend, as provided by the insurer.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01 Sale of Bonds, Official Statement. (a) The Bonds shall be sold to the Underwriters or Initial Purchasers in accordance with the terms of this Resolution. As authorized by Chapter 1371, an Authorized Officer is authorized to act on behalf of the Port upon determining that the conditions set forth below can be satisfied in selling and delivering the Bonds and in carrying out the other procedures specified in this Resolution, including determining whether the Bonds shall be sold at a competitive or negotiated sale, the price at which each of the Bonds will be sold, the number and designation of series of Bonds to be issued, the form in which the Bonds shall be issued, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount to be issued by the Port, the rate of interest to be borne by each maturity of the Bonds, the first interest payment date for the Bonds, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Port and shall be subject to mandatory sinking fund redemption, the defeasance provisions for the Bonds, the selection of the Underwriters if the Bonds are sold pursuant to a negotiated sale, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Pricing Certificate; provided that the following conditions can be satisfied:

- (i) the Bonds shall not bear interest at a rate in excess of the maximum rate allowed under Section 1204.006, Texas Government Code;
- (ii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 3.01 shall not exceed the limits described in that Section;
- (iii) the Pricing Certificate for the Bonds issued in whole or in part for the purposes described in Section 3.01 shall indicate the amount of authorized but unissued bonds that remain available to the Port from the applicable voted authorization following the issuance of the Bonds approved in the Pricing Certificate; and
- (iv) no Bond shall mature more than 40 years from the date of delivery thereof.

If the Bonds are sold pursuant to a negotiated sale, the Authorized Officer is hereby authorized and directed to select the Underwriters for the Bonds and to execute and deliver on behalf of the Port a Purchase Contract providing for the sale of the Bonds to the Underwriters, in a form and substance satisfactory to the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Contract in accordance with the terms of the Pricing Certificate and this Resolution, such approval being

evidenced by its execution thereof by the Authorized Officer. If the Bonds are sold pursuant to a competitive sale, the Authorized Officer is hereby authorized and directed to approve, in conformity with this Resolution and the Notice of Sale, the terms, conditions and specifications for the sale of the Bonds, and is further authorized to award the sale of the Bonds to one or more purchasers submitting the bid or bids conforming to the specifications set forth in the Notice of Sale that produce the lowest true interest cost to the Port. All officers, agents and representatives of the Port are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of the Representative (if the Bonds are sold pursuant to a negotiated sale) or such other entity as may be specified in the Purchase Contract or the Initial Purchaser (if the Bonds are sold pursuant to a competitive sale) or such other entity as may be specified in the bid form(s).

The Authorized Officer is hereby authorized and directed to execute a commitment for municipal bond insurance with the issuer of a bond insurance policy for the Bonds if the purchase of such bond insurance is recommended by the Port's financial advisor and the purchase of the bond insurance policy provides a positive monetary benefit to the Port.

(b) The authority granted to the Authorized Officer under Section 7.01(a) shall expire at 11:59 p.m. on a date one year from the date of this Resolution unless otherwise extended by the Port Commission by separate action.

(c) The Port hereby authorizes the preparation of a Preliminary Official Statement for the Bonds (if the Bonds are sold at a competitive or negotiated sale) and a Notice of Sale for the Bonds (if the Bonds are sold pursuant to a competitive sale) for the use in the initial offering and sale of the Bonds, each in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer as evidenced by a certificate of the Authorized Officer. The Port hereby authorizes the Authorized Officer to approve the form and content and the distribution of the Notice of Sale (if applicable) and the Preliminary Official Statement prepared for the use in the initial offering and sale of the Bonds and to deem the Preliminary Official Statement (with such addenda, supplements or amendments as may be approved by the Authorized Officer), final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934. The Port hereby authorizes the preparation of the Official Statement reflecting the terms of the Purchase Contract (if the Bonds are sold pursuant to a negotiated sale) or winning bid form (if the Bonds are sold pursuant to a competitive sale) and other relevant information. The use of such final Official Statement by the Underwriter or the Initial Purchaser, as applicable (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Representative or the Initial Purchaser, as applicable), is hereby approved and authorized, and if required, the proper officials of the Port are authorized to sign such Official Statement. If the Bonds are sold pursuant to a competitive sale, the proper officials of the Port are authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

(d) The Authorized Officer and all other officers of the Port are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this

Resolution. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State for examination and approval of such Bonds, the appropriate officer of the Port is hereby authorized and directed to issue a check of the Port payable to the Attorney General of the State as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500, but in no case less than \$750).

Section 7.02 Control and Delivery of Bonds. (a) The Authorized Officer is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State, delivery of the Bonds shall be made to the Representative or its designee under and subject to the general supervision and direction of the Chairman of the Port Commission or, in his absence, the Vice Chairman of the Port Commission, against receipt by the Port of all amounts due to the Port under the terms of sale.

Section 7.03 Deposit of Proceeds. The proceeds from the sale of the Bonds shall be deposited as set forth in the Pricing Certificate.

ARTICLE VIII

CREATION OF INTEREST AND SINKING FUND; INVESTMENTS

Section 8.01 Creation of Interest and Sinking Fund. The Port hereby establishes a special fund or account to be designated the "Port Freeport General Obligation Bonds, Series 2023 (Non-AMT) Interest and Sinking Fund" (the "Interest and Sinking Fund") with said fund to be maintained at an official depository bank of the Port separate and apart from all other funds and accounts of the Port.

Section 8.02 Interest and Sinking Fund. (a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of Debt Service.

(b) Money on deposit in, or required by this Resolution to be deposited to, the Interest and Sinking Fund shall be used solely for the purpose of paying Debt Service on the Bonds when and as due and payable in accordance with their terms and this Resolution.

Section 8.03 Security of Funds. All monies on deposit in the Interest and Sinking Fund shall be secured in the manner and to the fullest extent required by the laws of the State for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Resolution.

Section 8.04 Investments. (a) Money in the Interest and Sinking Fund, at the option of the Port, may be invested in such securities or obligations as permitted under applicable law, including specifically the Public Funds Investment Act and the Port's investment policy, including

through a guaranteed investment contract as authorized by Section 2256.015 of the Government Code; provided that all such investments shall be made in such a manner that the money required to be expended will be available at the proper time or times.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.05 Investment Income. Income derived from investment of any fund created by this Resolution shall be credited to such fund.

ARTICLE IX

REPRESENTATIONS AND COVENANTS

Section 9.01 Payment of the Bonds. On or before each Interest Payment Date while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such Debt Service when due.

Section 9.02 Other Representations and Covenants. (a) The Port will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each Bond; the Port will promptly pay or cause to be paid Debt Service on the dates and at the places and manner prescribed in such Bond; and the Port will, at the times and in the manner prescribed by this Resolution, deposit or cause to be deposited the amounts of money specified by this Resolution.

(b) The Port is duly authorized under the laws of the State to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Port in accordance with their terms.

Section 9.03 Federal Income Tax Matters

(a) General. The Port covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the Port covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the Port in connection with the Bonds.

(b) No Private Activity Bonds. The Port covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the Port will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a "private activity bond" unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The Port covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The Port covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The Port covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Required Rebate. The Port covenants that, if the Port does not qualify for an exception to the requirements of section 148(f) of the Code, the Port will comply with the requirement that certain amounts earned by the Port on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The Port covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The Port covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are “registration-required bonds” under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the Port will not be required to comply with any of the federal tax covenants set forth above if the Port has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Continuing Obligation. Notwithstanding any other provision of this Resolution, the Port’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse by the Port has not been adopted for a particular project, this Resolution serves as the Port’s official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof

and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date of with the project to which such expenditure relates is placed in service or abandoned, but in no event more than three years after the original expenditure is paid.

ARTICLE X

DISCHARGE

Section 10.01 Discharge. The Bonds may be defeased, discharged or refunded in any manner now or hereafter permitted by applicable law.

ARTICLE XI

CONTINUING DISCLOSURE UNDERTAKING

Section 11.01 Annual Reports. (a) The Port shall provide annually to the MSRB, (i) within six (6) months after the end of each Fiscal Year of the Port ending in or after 2023, financial information and operating data with respect to the Port of the general type included in the Official Statement under tables identified in the Pricing Certificate, and including financial statements of the Port if audited financial statements of the Port are then available, and (ii) if not provided as part of such financial information and operating data, audited financial statements of the Port, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the rules to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the Port may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Port commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Port shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such financial statements becomes available.

(b) If the Port changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Port otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document), if it is available to the public on the MSRB's Internet website or has been filed with the SEC. The financial information or operating data shall be provided in an electronic format as prescribed by the MSRB.

Section 11.02 Event Notices. The Port shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of the holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Port;

Note to paragraph (xii): For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Port in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port.

- (xiii) The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of successor or additional trustee or the change of name of a trustee, if material;

- (xv) Incurrence of a Financial Obligation of the Port, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Port, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Port, any of which reflect financial difficulties.

Note to paragraphs (xv) and (xvi): For purposes of the events identified in paragraphs (xv) and (xvi) of this section and in the definition of Financial Obligation in Section 1.01, the Port intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect with respect to the amendments to the Rule effected by the 2018 Release.

(b) The Port shall notify the MSRB, in a timely manner, of any failure by the Port to provide financial information or operating data in accordance with Section 11.01. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 11.03 Limitations, Disclaimers and Amendments. (a) The Port shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Port remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Port in any event will give notice of any redemption calls and any defeasances that cause the Port to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Port undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Port’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Port does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE PORT BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE PORT, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Port in observing or performing its obligations under this Article shall comprise a breach of or default under this Resolution for purposes of any other provisions of this Resolution.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Port under federal and state securities laws.

(e) The provisions of this Article may be amended by the Port from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Port, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the Port (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The Port may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Port also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Port so amends the provisions of this Article, the Port shall include with any amended financial information or operating data next provided in accordance with this Article an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 11.04 Amendments to the Rule. In the event the Authorized Officer, in consultation with Bond Counsel and the Port's financial advisor, determines that it is necessary or desirable to amend the provisions of this Article in order to facilitate compliance with amendments to the Rule and related guidance from the SEC, the Authorized Officer may make such changes in the Pricing Certificate for the Bonds, and such amendments are hereby authorized and shall be deemed effective as set forth in the Pricing Certificate.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Changes to Resolution. Bond Counsel is hereby authorized to make changes to the terms of this Resolution if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the bonds by the Attorney General of the State.

Section 12.02 Further Procedures. The Chairman of the Port Commission, the Secretary of the Port Commission, an Authorized Officer, and other appropriate officials of the Port are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Resolution.

Section 12.03 Severability. If any Section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 12.04 Individuals Not Liable. No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any agent or employee of the Port in his or her individual capacity. No agent or employee of the Port shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.05 Repealer. All orders and resolutions, or parts thereof, heretofore adopted by the Port and inconsistent with the provisions of this Resolution are hereby repealed to the extent of such conflict.

Section 12.06 Force and Effect. This Resolution shall be in full force and effect from and after its final passage and it is so resolved.

Section 12.07 Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Port Commission at which this Resolution was adopted was posted at a place convenient and readily accessible at all times to the general public at the offices of the Port for the time required by law preceding this meeting, as required by Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The Port Commission further ratifies, approves and confirms such written notice and the contents and posting thereof.

[Signature Page Follows]

PASSED AND APPROVED this January 26, 2023.

Secretary, Port Commission
Port Freeport

Chairman, Port Commission
Port Freeport

[SEAL]

Signature Page to Resolution

EXHIBIT A

FORM OF PRICING CERTIFICATE

PRICING CERTIFICATE

Re: Port Freeport General Obligation Bonds, Series 2023 (Non-AMT) (the “Bonds”)

I, the undersigned [] of the Port Freeport (the “Port”), do hereby make and execute this Pricing Certificate pursuant to a resolution adopted by the Port Commission of the Port on January 26, 2023 (the “Resolution”) authorizing the issuance of the referenced Bonds. Capitalized terms used in this Pricing Certificate shall have the meanings given such terms in the Resolution

AUTHORIZING THE ISSUANCE OF PORT FREEPORT GENERAL
OBLIGATION BONDS, SERIES 2023 (NON-AMT); LEVYING A TAX AND
PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; PROVIDING
FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH
SPECIFIED PARAMETERS; AND ENACTING OTHER PROVISIONS
RELATING THERETO

As authorized by Section 7.01 of the Resolution, I have acted on behalf of the Port in selling the Bonds to [](collectively, the [“Underwriters”/“Initial Purchasers”]) at a price and pursuant to the terms set forth in the Purchase Contract dated as of the date hereof¹. The Bonds shall have the terms set forth in the Resolution and this Pricing Certificate.

A. As authorized in Section 3.01 of the Resolution, the Bonds shall be designated the “Port Freeport General Obligation Bonds, Series 2023 (Non-AMT).” The Bonds shall be issued in the aggregate principal amount of \$, for the purposes specified in Section 3.01 in the Resolution.

B. The Bonds shall have a Dated Date of _____ and a Closing Date scheduled for _____.

C. The Interest Payment Dates for the Bonds shall be each _____ and _____, commencing _____. The Bonds shall bear interest from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for until stated maturity or prior redemption. The Bonds shall mature on _____ in each of the years, in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

¹ To be adjusted if Bonds sold at a competitive sale.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$ _____	_____ %	20__	\$ _____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %
20__	_____	_____ %	20__	_____	_____ %

D. Optional Redemption. The Port has reserved the right to redeem at its option the Bonds maturing on or after _____, in whole or from time to time in part, before their respective scheduled maturity dates, on _____ or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

E. The following schedule shows the amount of voted authorization outstanding after the issuance of the Bonds:

Election	Amount Voted	Amount Previously Issued	Amount This Issue*	Authorized but Unissued Balance
May 5, 2018 (Proposition A)	\$130,000,000	\$74,200,000	\$ _____	\$ _____

* Includes \$ _____ in premium counted against voted authorization.

F. The undersigned does hereby find, certify and represent that the foregoing terms of the Bonds satisfy the parameters contained in Sections 3.01 and 7.01(a) of the Resolution.

G. The proceeds of the Bonds and shall be applied as follows:

(i) The amount of \$ _____, consisting of \$ _____ principal amount of Bond proceeds plus premium received from the sale of the Bonds in the amount of \$ _____, shall be used for the purposes specified in Section 3.01 of the Resolution;

(ii) Premium received from the sale of the Bonds in the amount of \$_____ shall be used to pay the costs of issuing the Bonds, including the underwriters' discount for the Bonds; and

(iii) Any amounts remaining following payment of the costs of issuing the Bonds shall be deposited to the Interest and Sinking Fund for the Bonds.

H. The quantitative financial information and operating data with respect to the Port to be provided in accordance with Section 11.01(a) of Resolution is that of the general type included in the Official Statement under Tables _____.

I. [Insurance Provisions]

J. The undersigned hereby finds, determines and declares that the terms of sale of the Bonds are in the Port's best interests and are the most advantageous reasonable attainable by the Port, and therefore, the sale of the Bonds to the Underwriters in accordance with the terms of the Purchase Contract dated as of the date hereof, is hereby approved.

Executed this _____.

Authorized Officer
Port Freeport

*Signature Page to Pricing Certificate
Port Freeport General Obligation Bonds, Series 2023 (Non-AMT)*

EXHIBIT A

FORM OF BOND

a. Form of Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Brazoria

PORT FREEPORT
GENERAL OBLIGATION BOND
SERIES 2023 (NON-AMT)

<u>INTEREST RATE:</u> _____	<u>MATURITY DATE:</u> _____	<u>CLOSING DATE:</u> _____	<u>CUSIP NO.:</u> _____
--------------------------------	--------------------------------	-------------------------------	----------------------------

Port Freeport (the “Port”), in the County of Brazoria, State of Texas, for value received, hereby promises to pay

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _____ and _____, commencing _____.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”), or such other location designated by the Paying Agent/Registrar (the “Designated Payment/Transfer Office”), of the Paying Agent/Registrar or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this

Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Port. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date," which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is dated _____ and is one of a series of fully registered bonds specified in the title hereof, issued in the aggregate principal amount of _____, (herein referred to as the "Bonds"), issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 60, Subchapter M of the Texas Water Code and Chapter 1371 of the Texas Government Code, as amended, and a certain resolution (the "Bond Resolution") adopted by the Port Commission of the Port and a pricing certificate executed pursuant to the Bond resolution (the "Pricing Certificate," and, together with the Bond Resolution, the "Resolution"), for the purposes of improving, constructing, or developing the Freeport Harbor Channel Improvement Project, which project consists of the deepening and partial widening of the Freeport Harbor Channel, the construction of related improvements to waterways and adjacent berthing areas and aids to navigation used for navigation related commerce in Port Freeport, and dredge material placement associated with such activities, and paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the proceeds of a direct and continuing ad valorem tax levied, without limit as to rate or amount, against all taxable property in the Port sufficient, together with certain available funds of the Port on deposit in the interest and sinking fund for the Bonds, to provide for the payment of the principal of and interest on the Bonds, as described and provided in the Resolution.

The Port has reserved the option to redeem the Bonds maturing on and after _____, in whole or from time to time in part before their respective scheduled maturity dates, on _____, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Port shall determine the maturity or maturities [(or mandatory sinking fund redemption amounts with respect to Term Bonds)]² and the amounts thereof to be redeemed and shall direct

² Delete if Term Bonds are not issued.

the Paying Agent/Registrar to call by lot or other method that results in random selection the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

[Bonds maturing on _____ (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the Port, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<u>\$ Term Bonds Maturing</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____ (maturity)	\$ _____

The Paying Agent/Registrar will select for redemption by lot, or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the Port, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Port and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.]]³

Not less than 30 days prior to a redemption date for the Bonds, the Port shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

In the Resolution, the Port reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Port retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Port delivers a certificate of the Port to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding. Any

³ Delete if Term Bonds are not issued.

notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the Port in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

As provided in the Resolution, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Port nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The Port, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether or not this Bond be overdue, and neither the Port nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that sufficient and proper provision for the levy and collection of taxes has been made, without limit as to rate or amount, which when collected shall be appropriated exclusively to the timely payment of the principal of and interest on the Bonds; and that the total indebtedness of the Port, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, this Bond has been duly executed on behalf of the Port, under its official seal, in accordance with law.

[Assistant]⁴ Secretary, Port Commission
Port Freeport

[Vice]⁵ Chairman, Port Commission
Port Freeport

[SEAL]

⁴ Delete if the Secretary of the Port Commission executes the Bonds.

⁵ Delete if the Chairman of the Port Commission executes the Bonds.

b. Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Resolution. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

BOKF, NA,
as Paying Agent/Registrar

Date: _____ By: _____

c. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

d. Initial Bond Insertions.

(i) The Initial Bond shall be in the form set forth in paragraphs (a) and (c) of this Section, except that, in the event there is more than one maturity of Bonds:

(A) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and "CUSIP NO. _____" deleted;

(B) in the first paragraph the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on ____⁶____, in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:"

Year	Principal Amount	Interest Rate
------	------------------	---------------

(Information to be inserted from the Pricing Certificate); and

(C) the Initial Bond shall be numbered I-1.

(D) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

I HEREBY CERTIFY THAT this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

[SEAL]

Comptroller of Public Accounts
of the State of Texas

⁶ Insert from Pricing Certificate.

NEW ISSUE - Book-Entry-Only

Rating: Moody's: "____"
See "OTHER
INFORMATION- RATING"

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not a specific preference item for purposes of alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

\$53,520,000*

PORT FREEPORT

(A political subdivision of the State of Texas located in Brazoria County)

GENERAL OBLIGATION BONDS, SERIES 2023 (NON-AMT)

Dated Date: March 1, 2023

(Interest accrues from the Delivery Date (defined herein))

Due: August 1, as shown on page ii herein

This Official Statement is provided to furnish information in connection with the offering by Port Freeport (the "Port") of its \$53,520,000* General Obligation Bonds, Series 2023 (Non-AMT) (the "Bonds").

PAYMENT TERMS . . . Interest on the Bonds will accrue from the Delivery Date (defined below), and will be payable on August 1 and February 1 of each year, commencing August 1, 2023, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in principal denominations of \$5,000 or any integral multiple thereof. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. See "THE BONDS – PAYING AGENT/REGISTRAR."

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the constitution and laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution, Chapter 60, Subchapter M of the Texas Water Code, and Chapter 1371 of the Texas Government Code, an election held within the taxing jurisdiction of the Port on May 5, 2018, and the terms of the resolution adopted by the governing body of the Port (the "Commission"), which delegated to certain officials of the Port the authority to complete the sale of the Bonds through the execution of a pricing certificate (the resolution and pricing certificate are herein referred to together as the "Resolution"). The Bonds are payable from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the taxing jurisdiction of the Port. The taxing jurisdiction of the Port encompasses approximately 85% of Brazoria County, Texas. See "THE PORT."

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) improving, constructing, or developing the Freeport Harbor Channel Improvement Project, and (ii) paying the costs of issuing the Bonds. See "PLAN OF FINANCING."

See MATURITY SCHEDULE on page ii herein

REDEMPTION . . . The Port reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2033, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – OPTIONAL REDEMPTION." In addition, the Term Bonds (as defined herein), if any, are subject to mandatory sinking fund redemption as described herein. See "THE BONDS – MANDATORY SINKING FUND REDEMPTION."

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchasers and subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Houston, Texas, Bond Counsel (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION"). Certain matters will be passed upon for the Port by Bracewell LLP, Houston, Texas as Disclosure Counsel.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about March 22, 2023 (the "Delivery Date").

BIDS DUE: WEDNESDAY, MARCH 1, 2023 AT 9:30 A.M., CST

*Preliminary, subject to change.

MATURITY SCHEDULE

\$53,520,000*

PORT FREEPORT

(A political subdivision of the State of Texas located in Brazoria County)

GENERAL OBLIGATION BONDS, SERIES 2023 (NON-AMT)

Due August 1 ⁽¹⁾	Principal*	Interest Rate	Initial Yield ⁽²⁾	CUSIP Number ⁽³⁾
2025	\$ 380,000	%	%	
2026	960,000			
2027	1,010,000			
2028	1,060,000			
2029	1,115,000			
2030	1,170,000			
2031	1,230,000			
2032	1,290,000			
2033	1,355,000			
2034	1,420,000			
2035	1,495,000			
2036	1,565,000			
2037	1,645,000			
2038	1,730,000			
2039	1,795,000			
2040	1,870,000			
2041	1,945,000			
2042	2,020,000			
2043	2,100,000			
2044	2,185,000			
2045	2,275,000			
2046	2,365,000			
2047	2,465,000			
2048	2,565,000			
2049	2,670,000			
2050	2,785,000			
2051	2,900,000			
2052	3,015,000			
2053	3,140,000			

(Interest to accrue from the Delivery Date)

* Preliminary, subject to change.

- (1) The Port reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2033, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – OPTIONAL REDEMPTION. In addition, the Term Bonds (as defined herein), if any, are subject to mandatory sinking fund redemption as defined herein. See "THE BONDS – Mandatory Sinking Fund Redemption."
- (2) The initial prices or yields on the Bonds are furnished by the Initial Purchaser and represent the initial offering prices or yields to the public, which may be changed by the Initial Purchaser at any time.
- (3) CUSIP numbers have been assigned to this issue by the CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the Port, the Financial Advisor nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

[INSERT MAP OF THE PORT]

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an official statement of the Port with respect to the Bonds that has been "deemed final" by the Port as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page, inside cover page and the Appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the Port and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port or other matters described.

Neither the Port, Bond Counsel, Disclosure Counsel, the Initial Purchasers, nor the Financial Advisor make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system as described under "Book-Entry-Only System" as such information has been provided by DTC.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Port's undertaking to provide certain information on a continuing basis.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

This Official Statement contains "Forward-Looking" statements. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward- looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Initial Purchasers after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

TABLE OF CONTENTS

MATURITY SCHEDULE	iii	THE PORT	17
OFFICIAL STATEMENT SUMMARY	vi	GENERAL	17
SELECTED FINANCIAL INFORMATION	vii	BUSINESS OF THE PORT	17
PORT ADMINISTRATION	viii	KEY ADMINISTRATIVE OFFICIALS	17
INTRODUCTION	1	DESCRIPTION OF PORT FACILITIES	18
DESCRIPTION OF THE PORT	1	FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT	19
PLAN OF FINANCING	1	MAJOR INITIATIVES AT THE PORT	19
PURPOSE	1	OTHER RECENT DEVELOPMENTS IN THE PORT	20
SOURCES AND USES OF FUNDS	2	CYBER SECURITY	21
THE BONDS	2	TABLE 9 – TEN YEAR CARGO QUANTITIES ANALYSIS	23
DESCRIPTION OF THE BONDS	2	TABLE 10 – CONTAINER TRAFFIC STATISTICS	23
AUTHORITY FOR ISSUANCE	2	TABLE 11 – CARGO TRAFFIC STATISTICS	24
SECURITY AND SOURCE OF PAYMENT	2	RETIREMENT PLAN	24
OPTIONAL REDEMPTION	2	INVESTMENTS	24
MANDATORY SINKING FUND REDEMPTION	3	LEGAL INVESTMENTS	25
METHOD OF SELECTING BONDS TO BE REDEEMED	3	INVESTMENT POLICIES	26
NOTICE OF REDEMPTION	3	ADDITIONAL PROVISIONS	26
DEFEASANCE	4	TABLE 12 – CURRENT INVESTMENTS	27
REPLACEMENT BONDS	4	INFECTIOUS DISEASE OUTBREAK – COVID-19	27
BOOK-ENTRY-ONLY SYSTEM	4	WEATHER EVENTS	27
PAYING AGENT/REGISTRAR	6	WEATHER EVENTS	27
TRANSFER, EXCHANGE AND REGISTRATION	6	AIR QUALITY STANDARDS	28
RECORD DATE FOR INTEREST PAYMENT	6	RISK TO PORT OPERATIONS AS A RESULT OF INTERNATIONAL	
BONDHOLDERS' REMEDIES	6	TRADE TARIFFS	28
TAX INFORMATION	7	EXPOSURE TO OIL AND GAS INDUSTRY	28
VALUATION OF TAXABLE PROPERTY	7	CHANGING DEMAND FOR PETROCHEMICAL PRODUCTS AND	
ISSUER AND TAXPAYER REMEDIES	7	CONSUMPTION	29
STATE MANDATED HOMESTEAD EXEMPTIONS	8	CLIMATE CHANGE AND RISING SEA LEVELS	29
LOCAL OPTION HOMESTEAD EXEMPTIONS	8	TAX MATTERS	29
LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED	8	TAX EXEMPTION	29
PERSONAL PROPERTY	8	ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS	30
FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS	8	CONTINUING DISCLOSURE OF INFORMATION	31
OTHER EXEMPT PROPERTY	8	ANNUAL REPORTS	31
TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED		EVENT NOTICES	31
BY A DISASTER	9	LIMITATIONS AND AMENDMENTS	32
TAX INCREMENT REINVESTMENT ZONES	9	COMPLIANCE WITH PRIOR UNDERTAKINGS	32
TAX ABATEMENT AGREEMENTS – GENERAL INFORMATION	9	OTHER INFORMATION	33
PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX		RATING	33
RATE LIMITATIONS	9	LITIGATION	33
LEVY AND COLLECTION OF TAXES	10	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE	33
PORT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES	10	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC	
APPLICATION OF TAX CODE	11	FUNDS IN TEXAS	33
PORT TAX ABATEMENTS	11	LEGAL MATTERS	33
CONCENTRATION OF TAX BASE	11	FINANCIAL ADVISOR	34
TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL		INITIAL PURCHASER	34
OBLIGATION DEBT	12	FORWARD-LOOKING STATEMENTS DISCLAIMER	34
TABLE 2 – PORT TAXABLE VALUES AND TAX RATES	13	CERTIFICATION OF THE OFFICIAL STATEMENT	34
TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT		NO-LITIGATION CERTIFICATE	34
HISTORY	13	FINANCIAL STATEMENTS	35
TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY	13	MISCELLANEOUS	35
TABLE 5 – TOP TEN TAXPAYERS	14	APPENDICIES	
TABLE 6 – ESTIMATED OVERLAPPING DEBT	15	GENERAL INFORMATION REGARDING THE COUNTY	A
DEBT INFORMATION	16	FINANCIAL STATEMENTS OF THE PORT	B
TABLE 7 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE		BOND COUNSEL OPINION	C
REQUIREMENTS	16		
TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION			
DEBT	16		
REVENUE DEBT OF THE PORT	16		

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE PORTPort Freeport (the “Port”) is a political subdivision of the State of Texas (the “State”) located in Brazoria County, Texas (the “County”) operating as a navigation district under Article XVI, Section 59 of the Texas Constitution pursuant to the laws of the State. The Port is governed by a six-member port commission (the “Commission”) whose members are elected to six-year staggered terms. The Commission hires an Executive Director/CEO to serve as the chief administrative officer. The Commission formulates operating policies for the Port while the Executive Director/CEO implements the policies and directives of the Commission.

The taxing jurisdiction of the Port encompasses approximately 85% of the County. The Port’s facilities are located on the Freeport Harbor Channel (also referred to as the Brazos River Channel) between the mouth of the Brazos River and the Gulf of Mexico. The channel is currently 400 feet wide and 46 feet deep through the Upper Turning Basin area and 36 feet deep in the Inner Harbor Area. See “INTRODUCTION - DESCRIPTION OF THE PORT” and “THE PORT” for a description of the Port and the Port’s facilities, as well as the Freeport Harbor Channel Improvement Project.

THE BONDSThe Bonds are issued as \$53,520,000* Port Freeport General Obligation Bonds, Series 2023 (Non-AMT) (the “Bonds”). The Bonds mature on the dates and in the principal amounts set forth on page ii hereof. See “THE BONDS - DESCRIPTION OF THE BONDS.”

PAYMENT OF INTERESTInterest on the Bonds accrues from the Delivery Date and is payable August 1, 2023, and each February 1 and August 1 thereafter until maturity or prior redemption. See “THE BONDS - DESCRIPTION OF THE BONDS,” “THE BONDS – OPTIONAL REDEMPTION,” and “THE BONDS – MANDATORY SINKING FUND REDEMPTION.”

AUTHORITY FOR ISSUANCE ..The Bonds are issued pursuant to the constitution and laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution, Chapter 60, Subchapter M of the Texas Water Code, and Chapter 1371 of the Texas Government Code, an election held within the taxing jurisdiction of the Port on May 5, 2018, and the terms of the resolution adopted by the governing body of the Port, which delegated to certain officials of the Commission the authority to complete the sale of the Bonds through the execution of a pricing certificate (the resolution and pricing certificate are herein referred to together as the “Resolution”). See “THE BONDS – AUTHORITY FOR ISSUANCE.”

SECURITY FOR THE BONDS ...The Bonds constitute direct obligations of the Port payable from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the taxing jurisdiction of the Port. (see “THE BONDS – SECURITY AND SOURCE OF PAYMENT”).

OPTIONAL REDEMPTIONThe Port reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2033, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See “THE BONDS - OPTIONAL REDEMPTION.”

MANDATORY REDEMPTION ..In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule on page ii hereof are combined to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on August 1 of the first year which has been combined to form such Term Bond and continuing on August 1 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on page ii hereof. See “THE BONDS – MANDATORY SINKING FUND REDEMPTION.”

TAX EXEMPTION.In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not a specific preference item for purposes of alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.

* Preliminary, subject to change.

USE OF PROCEEDSProceeds from the sale of the Bonds will be used for (i) improving, constructing, or developing the Freeport Harbor Channel Improvement Project, and (ii) paying the costs of issuing the Bonds. See “PLAN OF FINANCING.”

RATINGThe Bonds and presently outstanding tax-supported debt of the Port are rated " ____ " by Moody's Investors Service, Inc. ("Moody's"). See "OTHER INFORMATION – RATING."

BOOK-ENTRY-ONLY

SYSTEMThe definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (the “DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 of principal or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM.”

PAYMENT RECORD.....The Port has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year		Taxable	Per Capita			Ratio Tax	
Ended	Estimated	Assessed	Taxable	General	Per	Debt to	Percent
9/30	Population ⁽¹⁾	Valuation	Assessed	Obligation	Capita	Taxable	Total
		(in thousands) ⁽²⁾	Valuation	Tax Debt	Tax Debt	Assessed	Collections
2018	355,000	\$ 12,569,425	\$ 35,407	\$ 1,145,000	\$ 3	0.01%	102.78%
2019	376,000	13,575,251	36,104	31,795,000	85	0.23%	99.81%
2020	372,000	13,975,486	37,569	31,665,000	85	0.23%	99.75%
2021	383,000	14,937,775	39,002	68,490,000	179	0.46%	104.02%
2022	372,000	15,505,603	41,682	67,850,000	182	0.44%	102.97%
2023	372,000	18,472,874	49,658	120,700,000 ⁽³⁾	324 ⁽³⁾	0.65% ⁽³⁾	⁽⁴⁾

(1) Source: the Port.
(2) As reported by the Brazoria County Appraisal District on the Port’s annual State Property Tax Board Reports; subject to change during the ensuing year. Expressed in thousands.
(3) Projected. Includes the Bonds. Preliminary, subject to change.
(4) In process of collection.

For additional information regarding the Port or to obtain information, data or notices described by the Rule or otherwise, please contact:

Mr. Rob Lowe
Chief Financial Officer
Port Freeport
1100 Cherry Street
Freeport, TX 77541-5773
(979) 233-2667

or

Mr. Drew Masterson
Managing Director
Masterson Advisors LLC
3 Greenway Plaza, Suite 1100
Houston, TX 77046
(713) 814-0550

PORT ADMINISTRATION

PORT COMMISSION

Members	Position	Length of Service	Term Expires	Occupation
John Hoss	Chairman	11 Years	2023	Principal, Freeport Launch, LP
Rudy Santos	Vice Chairman	7 Years	2027	Project Manager, Angleton Independent School District
Dan Croft	Secretary	3 Years	2025	Senior Vice President, The First State Bank Sweeny
Rob Giesecke	Assistant Secretary	1 Year	2027	Commercial Real Estate Broker
Ravi Singhanian	Commissioner	15 Years	2025	Retired - Senior Vice President, BASF Corporation
Shane Pirtle	Commissioner	11 Years	2023	Senior Consultant, SIS-Tech Solutions

EXECUTIVE STAFF

Name	Position	Years at the Port	Years in Industry
Phyllis Saathoff	Executive Port Director/CEO	26	30
Rob Lowe	Chief Financial Officer & Director of Administration	3	3
Jason Hull	Director of Engineering	11	11
Al Durel	Director of Operations	23	44
Jason Miura	Director of Business & Economic Development	7	18
Michael Wilson	Director of Economic Development & Mobility	22	47
Chris Hogan	Director of Protective Services	10	10
Mary Campus	Controller	29	29

CONSULTANTS AND ADVISORS

Auditor.....	Kennemer, Masters & Lunsford, LLC Certified Public Accountants Lake Jackson, Texas
Bond Counsel and Disclosure Counsel.....	Bracewell LLP Houston, Texas
Financial Advisor	Masterson Advisors LLC Houston, Texas

**PRELIMINARY OFFICIAL STATEMENT
RELATING TO**

\$53,520,000*

**PORT FREEPORT
(A political subdivision of the State of Texas located in Brazoria County)
GENERAL OBLIGATION BONDS, SERIES 2023 (NON-AMT)**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance by Port Freeport (the “Port”) of its \$53,520,000* General Obligation Bonds, Series 2023 (Non-AMT) (the “Bonds”). Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution, as defined below, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Port and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Port’s Financial Advisor, Masterson Advisors LLC, Houston, Texas.

DESCRIPTION OF THE PORT

The Port is a political subdivision of the State of Texas (the “State”) located in Brazoria County, Texas (the “County”) operating as a navigation district under Article XVI, Section 59 of the Texas Constitution pursuant to the laws of the State. The Port is governed by a six-member port commission (the “Commission”) whose members are elected to six-year staggered terms. The Commission hires an Executive Director/CEO to serve as the chief administrative officer. The Commission formulates operating policies for the Port while the Executive Director/CEO implements the policies and directives of the Commission.

The taxing jurisdiction of the Port encompasses approximately 85% of the County. The Port’s facilities are located on the Freeport Harbor Channel (also referred to as the Brazos River Channel) between the mouth of the Brazos River and the Gulf of Mexico. The Freeport Harbor Channel is currently 400 feet wide and 46-feet deep through the Upper Turning Basin area and 36-feet deep in the Inner Harbor Area. The Bonds are being issued in connection with the Freeport Harbor Channel Improvement Project, which involves the deepening and partial widening of the Freeport Harbor Channel. See “THE PORT – FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT.”

The Port was created by action of the voters within the Port on December 4, 1925 and was validated and confirmed by the Texas Legislature under the authority of Section 59, Article XVI of the Constitution of the State of Texas, effective June 6, 1927.

The Port owns public wharves, transit sheds, open storage facilities, freight handling facilities and related equipment for the use of non-union and union stevedoring companies to load and unload vessels. In addition, the Port leases land, buildings and improvements to others and provides areas for depositing dredged materials for Port waterway construction and maintenance. See “THE PORT” for a description of the business of the Port, the Port’s facilities and major initiatives being undertaken by the Port.

The general business of the Port is to encourage industrial expansion in the County by attracting new cargo and industries, building and maintaining public terminals, setting operational policy and cooperating with the federal government in maintaining and improving the Freeport Harbor deep and shallow draft waterways. See “THE PORT” herein.

PLAN OF FINANCING

PURPOSE

Proceeds from the sale of the Bonds will be used for (i) improving, constructing, or developing the Freeport Harbor Channel Improvement Project, and (ii) paying the costs of issuing the Bonds. See “THE PORT – FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT.”

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

<u>Sources of Funds</u>	
Principal Amount of Bonds	
Net Premium	
Total	<u>\$ -</u>
 <u>Uses of Funds</u>	
Deposit to Project Fund	
Initial Purchaser's Spread	
Costs of Issuance ⁽¹⁾	
Total	<u>\$ -</u>

(1) Includes legal fees of the Port, financial advisory fees, rating agency fees, fees of the Paying Agent/Registrar, a rounding amount and other costs of issuance.

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds are dated March 1, 2023 and mature on August 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date of delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each August 1 and February 1, commencing August 1, 2023. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE

The Bonds are issued pursuant to the constitution and laws of the State of Texas, including Article XVI, Section 59 of the Texas Constitution, Chapter 60, Subchapter M of the Texas Water Code, and Chapter 1371 of the Texas Government Code, an election held within the taxing jurisdiction of the Port on May 5, 2018 (the "Election"), and the terms of the resolution adopted by the Commission on January 26, 2023 which delegated to certain officials of the Port the authority to complete the sale of the Bonds through the execution of a pricing certificate (the resolution and pricing certificate are herein referred to together as the "Resolution").

SECURITY AND SOURCE OF PAYMENT

The Bonds constitute direct obligations of the Port payable from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the taxing jurisdiction of the Port.

OPTIONAL REDEMPTION

The Port reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2033, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

MANDATORY SINKING FUND REDEMPTION *

The Bonds maturing in _____ (the "Term Bonds"), shall be subject to mandatory sinking fund redemption, (at a redemption price equal to the principal amount thereof and any accrued interest thereon to the date set for redemption), on August 1 in each of the years and in the amounts set forth below:

Term Bonds Maturing August 1, 20

<u>Mandatory Redemption Dates</u>	<u>Mandatory Sinking Fund Payment</u>
August 1, 20__	\$
August 1, 20__	\$
August 1, 20__ (Stated Maturity)	\$

Prior to the scheduled mandatory redemption date for any Term Bonds, the Paying Agent/Registrar shall select for redemption by lot, or by other customary method that results in random selection, the Term Bonds to be redeemed. Any Term Bonds, or a portion thereof, not selected for prior redemption shall be paid on the date of final maturity. The principal amount of any Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the Port, by the principal amount of any such Term Bonds which, at least 45 days prior to the date of such mandatory redemption, (i) shall have been acquired by the Port and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraphs and not theretofore credited against a mandatory redemption requirement.

METHOD OF SELECTING BONDS TO BE REDEEMED

If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the Port shall determine the maturities (or mandatory sinking fund redemption amount with respect to Term Bonds, if any) and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot such Bonds for redemption. A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion of such Bond as though it were a single Bond for purposes of selection for redemption.

NOTICE OF REDEMPTION

Not less than thirty (30) days prior to a redemption date for the Bonds, the Paying Agent/Registrar, at the direction of the Port, shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Port reserves the right, in the case of a redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Port retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Port delivers a certificate of the Port to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bond subject to conditional redemption and such redemption has been rescinded shall remain outstanding and the rescission of such redemption shall not constitute an event of default.

The Paying Agent/Registrar and the Port, so long as a Book-Entry-Only System is used for the Bond, will send any notice of redemption or other notices with respect to the Bond only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bond called for redemption or any other action premised on any such notice. Redemption of portions of the Bond by the Port will reduce the outstanding principal amount of such Bond held by DTC.

*Preliminary, subject to change.

In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bond held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bond from the beneficial owners.

Neither the Port nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bond or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bond for redemption. See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM."

DEFEASANCE

The Port reserves the right to defease the Bonds in any manner now or hereafter authorized by law.

REPLACEMENT BONDS

In the event that a Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first: (1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond; (2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Port to save them harmless; (3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and (4) satisfies any other reasonable requirements imposed by the Port and the Paying Agent/Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Port and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Port or the Paying Agent/Registrar in connection therewith.

In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Financial Advisor and the Port believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Port cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity will be issued for the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system described herein is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Port as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Port and the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Port, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port and the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Port and the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to the DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "THE BONDS - TRANSFER, EXCHANGE AND REGISTRATION" below.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Resolution, the Port retains the right to replace the Paying Agent/Registrar. The Port covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Port agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, printed Bonds will be delivered to the registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed Bonds to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

RECORD DATE FOR INTEREST PAYMENT

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th calendar day of the preceding month.

In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Port. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES

The Resolution does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the Port to perform in accordance with the terms of the Resolution or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Resolution. Furthermore, the Resolution does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the Port to observe any covenant under the Resolution. A registered owner of Bonds could seek a judgment against the Port if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the Port and a suit for monetary damages would be subject to a jurisdictional challenge because of governmental immunity. Chapter 1371, upon which the Port is relying in its issuance of the Bonds, permits the Port to waive governmental immunity in the proceedings authorizing the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds, the Port has not waived the defense of governmental immunity with respect thereto. Because it is unclear whether the State legislature has effectively waived the Port's governmental immunity from a suit for money damages outside of Chapter 1371, Bondholders may not be able to bring such a suit against the Port for breach of the Bonds or Resolution covenants. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Commission to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or to compel the Port to perform other material terms and covenants contained in the Resolution. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

The Port is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not expressly recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Port avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the “Appraisal Review Board”) responsible for appraising property for all taxing units within the county. The appraisal of property within the taxing jurisdiction of the Port is the responsibility of the Brazoria County Appraisal District (the “Appraisal District”). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board (see “– Issuer and Taxpayer Remedies”).

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the Port, in establishing their tax rolls and tax rates (see “– Issuer and Taxpayer Remedies”).

ISSUER AND TAXPAYER REMEDIES

Under certain circumstances, the Port and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the Port may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of one million or more may protest the determinations of Appraisal District directly to a three-member special panel of the Appraisal Review Board, appointed by the chairman of the Appraisal Review Board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the Port and provides for taxpayer referenda that could result in the repeal of certain tax increases. See “– PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS.” The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

STATE MANDATED HOMESTEAD EXEMPTIONS

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. See “ - APPLICATION OF TAX CODE.”

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

TAX INCREMENT REINVESTMENT ZONES

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, generally located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value", and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS – GENERAL INFORMATION

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "– PORT TAX ABATEMENTS" herein.

For a discussion of how the various exemptions described above are applied by the Port, see "– APPLICATION OF TAX CODE" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a taxing unit for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the cumulative difference between a taxing unit's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a taxing unit's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The Port's tax rate generally may consist of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate").

The Commission must annually calculate the Port's "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the Comptroller and provide notice of such rates to each owner of taxable property within the Port's taxing jurisdiction and the county tax assessor-collector for each county in which all or part of the Port's taxing jurisdiction is located. The Commission must adopt a tax rate for the Port before the later of September 30 or the 60th day after the Port's receipt of its certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If the Commission fails to timely adopt a tax rate, the tax rate for the Commission is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the Port for the preceding tax year.

As described below, the Property Tax Code provides that if the Commission adopts a tax rate for the Port that exceeds the Port's voter-approval tax rate or, in certain cases, its "de minimis rate," an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

The Commission may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the Appraisal District has delivered notice to each taxpayer within the taxing jurisdiction of the Port of the estimated total amount of property taxes owed and the Commission has held a public hearing on the proposed tax increase.

If the adopted tax rate for the Port for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the Commission must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate for the Port to the voter-approval tax rate. However, for any tax year during which the Port does not qualify as a special taxing unit, if the adopted tax rate for the Port is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the Port's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the taxing jurisdiction of the Port would require that an election be held to determine whether or not to reduce the adopted tax rate for the Port to the voter-approval tax rate.

Any taxing unit located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such taxing unit's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. See "INFECTIOUS DISEASE OUTBREAK – COVID-19" for a discussion of recent disaster declarations relating to the COVID-19 pandemic.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the Commission's ability to set a debt service tax rate for the Port in each year sufficient to pay debt service on all of the Port's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

LEVY AND COLLECTION OF TAXES

The Port is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the Port. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the Port may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

PORT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES

Taxes levied by the Port are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the Port, having power to tax the property. The Port's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Port is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the Port may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Port must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

APPLICATION OF TAX CODE

The Port grants an optional exemption to the market value of the residence homestead of persons 65 years of age or older or disabled of \$250,000. The Port has granted an additional optional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

PORT TAX ABATEMENTS

The Port enters into property tax abatements with local businesses under Section 312.206(a) of Subchapter B of the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312 and other applicable sections of said statute, which provide that if property taxes are abated within the taxing jurisdiction of a municipality, the governing body of any other taxing unit in which the property is located may execute a written agreement with such owner of the property.

The Commission approves the application after it is determined that the request meets the applicable guidelines and criteria adopted by the Commission, which will promote the development of industry within the boundaries of the Port, provide additional employment, and strengthen the area economy.

The total value of the tax abatement agreements as provided by the Appraisal District for the Tax Year 2022 was \$13,042,378,120. See "TABLE 1 – VALUATION, EXEMPTION AND GENERAL OBLIGATION DEBT." The values of such agreements are subject to change as the Port enters into additional agreements, existing abatements reach their scheduled termination dates, there are changes in the level of development, and as the Appraisal District updates its records.

CONCENTRATION OF TAX BASE

The Port's tax base is heavily concentrated among its major taxpayers, principally petrochemical companies and manufacturing companies. Adverse developments in major taxpayers' businesses or general economic conditions or changes in the regulatory environment affecting the Port's major taxpayers could adversely affect their ability to pay taxes resulting in a decrease in tax revenues available to the Port or requiring an increase in tax rates in order to maintain current revenue levels. See "TAX INFORMATION – TABLE 5 – TOP TEN TAXPAYERS."

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/2023 Market Valuation Established by Brazoria County Appraisal District (excluding totally exempt property) ⁽¹⁾	\$ 42,065,889,000
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Less Exemptions/Reductions at 100% Market Value:

Homestead Exemption	\$ 1,760,666,710	
Over 65 Homestead Exemption	1,585,418,636	
Disabled Persons and Veteran Exemption	243,615,401	
Abatements ⁽²⁾	13,042,378,120	
Freeport Loss	788,670,595	
Pollution Control	2,251,216,790	
Productivity Loss	1,863,499,214	
Total Exempt Property	2,044,737,946	
Other	12,811,271	\$ 23,593,014,683

2022/2023 Taxable Assessed Valuation	\$ 18,472,874,317
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General Obligation Debt Payable from Ad Valorem Taxes (as of March 1, 2023)

General Obligation Bonds, Series 2019 (Non-AMT)	\$ 30,715,000
General Obligation Bonds, Series 2021 (Non-AMT)	37,135,000
The Bonds*	53,520,000

Total General Obligation Debt Payable from Ad Valorem Taxes ^{(3)*}	\$ 121,370,000
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Ratio General Obligation Debt to Taxable Assessed Valuation ^{(3)*}	0.66%
-----------------------------------------------------------------------------	-------

2023 Estimated Population - 372,000 ⁽⁴⁾
Per Capita Taxable Assessed Valuation - \$49,658
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$326

* Preliminary, subject to change.

- (1) Source: Brazoria County Appraisal District certified and supplemental totals. Values are subject to change as contested values are resolved, and the Appraisal District updates its records.
- (2) The Port enters into property tax abatements with local businesses under Section 312.206(a) of Subchapter B of the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312 and other applicable sections of said statute. See "TAX INFORMATION – TAX ABATEMENTS."
- (3) Includes the Bonds.
- (4) Source: the Port.

TABLE 2 – PORT TAXABLE VALUES AND TAX RATES

Fiscal Year Ended 9/30	Estimated Market Value		Less: Exemptions and Abatements (in thousands)	Taxable Assessed Valuation (in thousands)	Ratio of Taxable Assessed Valuation	Total Direct Tax Rate ⁽¹⁾
	Real Property (in thousands)	Personal Property (in thousands)			Percent Growth (Reduction) from Prior Year	
2018	\$ 20,489,956	\$ 2,724,994	\$ 10,645,525	\$ 12,569,425	6.86%	0.0401
2019	25,063,315	3,220,040	14,708,104	13,575,251	8.00%	0.0401
2020	27,275,022	3,742,847	17,042,383	13,975,486	2.95%	0.0401
2021	32,561,006	4,056,672	21,679,903	14,937,775	6.89%	0.0401
2022	33,670,681	3,955,198	22,120,276	15,505,603	3.80%	0.0400
2023	37,630,654	4,435,235	23,593,015	18,472,874	19.14%	0.0350

NOTE: Valuations shown are certified taxable assessed values reported by the Brazoria County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates its records.

(1) Includes both the operations and maintenance and interest and sinking fund tax rates.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation (in thousands) ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2018	355,000	\$ 12,569,425	\$ 35,407	\$ 1,145,000	0.01%	3
2019	376,000	13,575,251	36,104	31,795,000	0.23%	85
2020	372,000	13,975,486	37,569	31,665,000	0.23%	85
2021	383,000	14,937,775	39,002	68,490,000	0.46%	179
2022	372,000	15,505,603	41,682	67,850,000	0.44%	182
2023	372,000	18,472,874	49,658	120,700,000 ⁽³⁾	0.65% ⁽³⁾	324 ⁽³⁾

(1) Source: the Port

(2) As reported by the Appraisal District on the Port's annual State Property Tax Board Reports; subject to change. Values are subject to change as contested values are resolved and the Appraisal District updates its records.

(3) Projected. Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund ⁽¹⁾	Interest and Sinking Fund	Gross Tax Levy	% Current Collections	% Total Collections
2018	\$0.04010	\$0.03150	\$ 0.008600	\$ 5,040,346	101.77%	102.78%
2019	0.04010	0.03145	0.008649	5,443,667	98.86%	99.81%
2020	0.04010	0.02949	0.010615	5,604,169	99.75%	99.75%
2021	0.04010	0.02666	0.013443	5,990,048	103.04%	104.02%
2022	0.04000	0.02339	0.016606	6,202,346	102.97% ⁽²⁾	102.97% ⁽²⁾
2023	0.03500	0.01814	0.016856	6,468,832	⁽³⁾	⁽³⁾

(1) The Commission is authorized to levy an operation and maintenance tax in an amount not to exceed \$0.10 per \$100 of assessed valuation. The reduction in the Port's M&O tax rate between the fiscal year ended September 30, 2018 and the fiscal year ended September 30, 2023 was part of a planned reduction in order to keep the Port's total tax rate relatively stable in connection with the Port's issuance of ad valorem tax supported bonds. The Port has offset the reductions in operations and maintenance tax revenues with increased revenues from Port operations.

(2) Provided by the Port.

(3) In process of collection.

TABLE 5 – TOP TEN TAXPAYERS

Name of Taxpayer	Nature of Property	2022/2023	% of Total
		Taxable Assessed Valuation (in thousands)	Taxable Assessed Valuation
Dow Chemical Company	Petrochemical	\$ 3,076,389	16.65%
Phillips 66 Company	Petrochemical	1,103,256	5.97%
Olin Chlorine #7 LLC	Petrochemical	654,578	3.54%
Blue Cube Operations LLC	Petrochemical	580,507	3.14%
Chevron Phillips Chemical Company	Petrochemical	408,691	2.21%
Seaway Crude Pipeline	Pipeline	309,313	1.67%
BASF Corp. Chemicals Div.	Petrochemical	286,545	1.55%
Centerpoint Energy Inc.	Petrochemical	175,041	0.95%
Freeport LNG	Petrochemical	169,137	0.92%
BG Woodward LLC	Property Manager	126,861	0.69%
		<u>\$ 6,890,318</u>	<u>37.30%</u> ⁽¹⁾

- (1) Adverse developments impacting Dow Chemical Company, or the petrochemical and manufacturing industries generally, could adversely impact taxable assessed valuations in the Port, resulting in a decrease in tax revenues available to the Port or requiring an increase in tax rates to maintain current revenue levels. See APPENDIX B – EXCERPTS FROM THE PORT FREEPORT ANNUAL FINANCIAL REPORT, Note 15.

TABLE 6 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the taxing jurisdiction of the Port are paid out of ad valorem taxes levied by such entities on properties within the taxing jurisdiction of the Port. Such entities are independent of the Port and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Port, the Port has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the Port.

	Total G.O. Debt ⁽¹⁾	2022 Tax Rate	Estimated % Applicable	Overlapping G.O. Debt
Alvin CCD	\$ 24,305,000	\$ 0.164145	8.13%	1,975,997
Alvin ISD	968,580,000	1.377700	8.45%	81,845,010
Alvin, City of	29,940,000	0.710000	0.40%	119,760
Angleton Danbury Hospital District	1,425,000	0.160943	100.00%	1,425,000
Angleton ISD	165,535,000	1.229600	60.93%	100,860,476
Angleton, City of	38,420,000	0.618760	100.00%	38,420,000
Brazoria Co	213,253,313	0.291106	59.08%	125,990,057
Brazoria Co FWSD # 2	2,046,000	0.172165	100.00%	2,046,000
Brazoria Co MUD # 32	29,305,000	1.350000	75.70%	22,183,885
Brazoria Co MUD # 53	10,620,000	1.350000	100.00%	10,620,000
Brazoria Co MUD # 55	57,685,000	0.885000	58.74%	33,884,169
Brazoria, City of	4,650,000	0.680476	100.00%	4,650,000
Brazosport College District	43,340,000	0.285895	100.00%	43,340,000
Brazosport ISD	373,700,000	1.133000	100.00%	373,700,000
Clute, City of	13,690,000	0.594799	100.00%	13,690,000
Columbia-Brazoria ISD	33,315,000	1.054940	100.00%	33,315,000
Damon ISD	405,000	0.942900	100.00%	405,000
Danbury ISD	17,705,000	1.273800	100.00%	17,705,000
Danbury, City of	232,000	0.584277	100.00%	232,000
Freeport, City of	12,190,000	0.600000	100.00%	12,190,000
Iowa Colony, City of	14,225,000	0.519209	34.39%	4,891,978
Lake Jackson, City of	37,905,000	0.323121	100.00%	37,905,000
Manvel, City of	20,015,000	0.570000	1.86%	372,279
Richwood, City of	9,215,000	0.606810	100.00%	9,215,000
Surfside Beach, Village of	1,484,000	0.334846	100.00%	1,484,000
Sweeny ISD	47,875,000	1.016300	73.21%	35,049,288
Varnier Creek UD	7,545,000	0.480000	100.00%	7,545,000
Velasco DD	4,400,000	0.074490	100.00%	4,400,000
West Columbia, City of	5,785,000	0.715000	100.00%	5,785,000
Total Overlapping Debt				\$ 1,025,244,897
Port Freeport ⁽²⁾				121,370,000
Total Direct and Overlapping Debt				\$ 1,146,614,897
Total Direct and Overlapping Debt % of Assessed Value				6.21%
Total Direct and Overlapping Debt Per Capita				\$ 3,082.30

(1) As of December 31, 2022.

(2) Includes the Bonds. Preliminary, subject to change.

DEBT INFORMATION

TABLE 7 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year End 9/30	Outstanding Debt			The Bonds*			Total Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
2023	\$ 670,000	\$ 2,136,013	\$ 2,806,013		\$ 834,191	\$ 834,191	\$ 3,640,204	
2024	125,000	2,102,513	2,227,513		2,327,975	2,327,975	4,555,488	
2025	710,000	2,096,263	2,806,263	\$ 380,000	2,327,975	2,707,975	5,514,238	
2026	730,000	2,074,963	2,804,963	960,000	2,308,975	3,268,975	6,073,938	
2027	1,810,000	2,038,463	3,848,463	1,010,000	2,260,975	3,270,975	7,119,438	5.27%
2028	1,885,000	1,958,363	3,843,363	1,060,000	2,210,475	3,270,475	7,113,838	
2029	1,970,000	1,874,913	3,844,913	1,115,000	2,157,475	3,272,475	7,117,388	
2030	2,055,000	1,787,663	3,842,663	1,170,000	2,101,725	3,271,725	7,114,388	
2031	2,125,000	1,722,150	3,847,150	1,230,000	2,043,225	3,273,225	7,120,375	
2032	2,220,000	1,628,050	3,848,050	1,290,000	1,981,725	3,271,725	7,119,775	18.55%
2033	2,290,000	1,551,900	3,841,900	1,355,000	1,917,225	3,272,225	7,114,125	
2034	2,370,000	1,473,300	3,843,300	1,420,000	1,849,475	3,269,475	7,112,775	
2035	2,450,000	1,391,900	3,841,900	1,495,000	1,778,475	3,273,475	7,115,375	
2036	2,520,000	1,321,500	3,841,500	1,565,000	1,703,725	3,268,725	7,110,225	
2037	2,595,000	1,248,800	3,843,800	1,645,000	1,625,475	3,270,475	7,114,275	34.79%
2038	2,660,000	1,185,300	3,845,300	1,730,000	1,543,225	3,273,225	7,118,525	
2039	2,735,000	1,108,200	3,843,200	1,795,000	1,474,025	3,269,025	7,112,225	
2040	2,815,000	1,028,700	3,843,700	1,870,000	1,402,225	3,272,225	7,115,925	
2041	2,900,000	946,600	3,846,600	1,945,000	1,327,425	3,272,425	7,119,025	
2042	2,980,000	861,700	3,841,700	2,020,000	1,249,625	3,269,625	7,111,325	54.11%
2043	3,070,000	774,200	3,844,200	2,100,000	1,168,825	3,268,825	7,113,025	
2044	3,160,000	683,700	3,843,700	2,185,000	1,084,825	3,269,825	7,113,525	
2045	3,250,000	590,300	3,840,300	2,275,000	997,425	3,272,425	7,112,725	
2046	3,350,000	493,900	3,843,900	2,365,000	903,581	3,268,581	7,112,481	
2047	3,450,000	394,200	3,844,200	2,465,000	806,025	3,271,025	7,115,225	76.91%
2048	3,550,000	291,200	3,841,200	2,565,000	704,344	3,269,344	7,110,544	
2049	3,660,000	184,900	3,844,900	2,670,000	598,538	3,268,538	7,113,438	
2050	1,855,000	74,900	1,929,900	2,785,000	488,400	3,273,400	5,203,300	
2051	1,890,000	37,800	1,927,800	2,900,000	373,519	3,273,519	5,201,319	
2052	-	-	-	3,015,000	253,894	3,268,894	3,268,894	97.41%
2053	-	-	-	3,140,000	129,525	3,269,525	3,269,525	100.00%
	<u>\$ 67,850,000</u>	<u>\$ 35,062,350</u>	<u>\$ 102,912,350</u>	<u>\$ 53,520,000</u>	<u>\$ 43,934,516</u>	<u>\$ 97,454,516</u>	<u>\$ 200,366,866</u>	

* Preliminary, subject to change. Interest is assumed at current market rates for purposes of illustration.

TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT

The Port held an election on May 5, 2018 at which the voters approved \$130,000,000 of bonds for the Freeport Harbor Channel Improvement Project. After issuance of the Bonds, the Port will not have any authorized but unissued bonds remaining from the election.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The Port does not anticipate the issuance of tax-supported new money debt in the next 12 months.

REVENUE DEBT OF THE PORT

In addition to the unlimited tax bonds of the Port, the Port has and may continue to issue, from time to time, debt secured by certain revenues of the Port other than taxes. The Port expects to issue approximately \$_____ of revenue bonds within the next 12 months. The Bonds are ad valorem tax bonds and are not secured by revenues of the Port.

THE PORT

GENERAL

In 1889, the United States Congress authorized the Brazos River and Dock Company to construct and operate a jetty system to navigate the mouth of the Brazos River to the Gulf of Mexico.

The Port was created by action of the voters within the Port on December 4, 1925. The purpose of the Port was to correct river and jetty silting problems by dredging a new channel to divert the Brazos River to another course and to build public infrastructure.

The taxing jurisdiction of the Port encompasses approximately 85% of the County and contains most of the County's principal industries and employers. The 2020 census showed a population of 372,031 in the County. The County's 2020 median income per household was \$83,325 compared with the State's median income of \$63,826.

Freeport Harbor is served by a 7.5-mile-long Freeport Harbor Channel (also referred to as the Brazos River Channel), which is 46 feet deep through the Upper Turning Basin Area, 51 feet adjacent to the Velasco Container Terminal and 36 feet deep at the Inner Harbor area. Deepening the Freeport Harbor Channel to 46 feet, which was completed in 1994, is considered the most important improvement to the Freeport Harbor since the Brazos River was diverted in 1929.

The Port has begun construction of the Freeport Harbor Channel Improvement Project which will focus on the deepening and widening of the Freeport Harbor Channel to a depth of 51 to 56 feet. The deepening and widening of the channel will improve safety and efficiency, allowing carriers to not only dispatch larger vessels, but will also enable these vessels to load to a fuller capacity, thus reducing transportation costs and achieving greater economies of scale. The project will make the Port Freeport Channel the deepest in Texas and enable Port Freeport to make the Port accessible to a wider range of global vessels, including those already transiting the expanded Panama Canal. See “ – FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT.”

BUSINESS OF THE PORT

The general business of the Port is to encourage economic development in the County by attracting new cargoes and industries, building and maintaining public terminals, setting operational policy and cooperating with the federal government in maintaining and improving the Freeport Harbor deep and shallow draft waterways.

The Port owns, maintains and leases land, buildings, public wharves, transit sheds, open storage facilities, freight handling facilities and related equipment for the use of private stevedoring companies to load and unload vessels. In addition, the Port maintains areas for depositing dredged materials for Port waterway construction and maintenance.

KEY ADMINISTRATIVE OFFICIALS

Phyllis Saathoff, Executive Director/CEO, began her maritime career at Port Freeport in 1992 as Managing Director, and in April 2012, became the Interim Executive Director/CEO before joining the Port of Houston Authority in October 2012. She returned to Port Freeport in April 2016 as the Chief Executive Officer. During her tenure at Port Freeport, Ms. Saathoff has been successful in obtaining a U.S. Army Corps of Engineers permit to deepen the Freeport Harbor Channel to 56 feet, and in financing and initiating the development of the Port's first container terminal. Under Ms. Saathoff's leadership, Port Freeport has received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for 27 consecutive years. She earned a Bachelor of Science in Accounting from the University of Houston-Clear Lake, is a certified public accountant, and is certified as a Professional Port Manager. A recognized expert in port emergency preparedness, she is the author of the Emergency Preparedness and Continuity of Operations Planning Manual for Best Practices for ports. She served as president of the National Association of Foreign-Trade Zones and is a former treasurer of the Texas Gulf Ports Association. Ms. Saathoff also serves on the Port Authority Advisory Committee to the Texas Department of Transportation (TxDOT) and the Greater Houston Partnership Transportation Policy Council. She is currently serving as president of the Texas Ports Association and is actively engaged with the American Association of Port Authorities regarding maritime transportation, regulatory and policy matters and serves on the board of directors and executive committee of the Economic Alliance of Brazoria County.

Rob Lowe, Director of Administration and Chief Financial Officer, is responsible for the accounting and financial reporting, treasury, risk management, financial analysis and human resources functions of the Port. Mr. Lowe brings over 20 years of managerial experience including leading multi-business unit accounting activities, financial leadership support, acquisition integrations, contract reviews, and organizational designs. Mr. Lowe earned a Bachelor of Science in Accounting from the University of South Carolina. Mr. Lowe is an active member of the local community having served as a volunteer board member of Boys and Girls Club of Brazoria County, as well as having served on the Finance Committee of Brazosport Regional Health System. He is currently serving on the Executive Committee of the Economic Development Alliance for Brazoria County.

Jason Hull, Director of Engineering, is responsible for the design and construction of the Port's capital and maintenance projects including buildings, rail, roadway/paving, drainage, utilities and environmental. His responsibilities also include estimating costs and schedules of Port projects, and managing department personnel needs. Mr. Hull has been employed with Port Freeport since 2011. He is a Licensed Professional Engineer and has been designing civil, structural, and electrical projects since 1998.

Chris Hogan, Director of Protective Services, serves as the staff authority on regulatory requirements and implements the Port Facility Security Plan (FSP). He manages the Port's security contractor and the budget for Port security. Mr. Hogan has over 29 years of experience in emergency services, which includes security, fire and rescue tactics and counterterrorism. He earned his Bachelor of Science degree in Engineering Technology from West Texas A&M University.

Mike Wilson, Director of Economic Development and Mobility, has been with Port Freeport for 22 years. His primary responsibilities revolve around sales, marketing, strategic planning, project acquisition and business development. Mr. Wilson has over 38 years of experience in international business and logistics.

Jason Miura, Director of Business and Economic Development, joined the Port in 2015 and has over 17 years of experience in the shipping industry. His primary responsibilities are developing revenue growth opportunities for the Port, managing tenant and partner relationships, negotiating commercial agreements and coordinating with other local, regional and state agencies to promote business with the Port. Mr. Miura earned his BBA with a concentration in Finance from the University of Houston. He also serves as Treasurer of the Brazoria-Fort Bend County Rail District.

Al Durel, Director of Operations, has been with the Port since 1999 and is responsible for maintaining safety and efficiency in the Port's vessel and cargo operations in addition to safety. He serves as the primary point of contact for owners and agents, and also manages the financial affairs of the cargo/passenger operations of the Port. Mr. Durel earned a degree in Business Administration from the University of New Orleans.

Mary Campus, Controller, has been employed by Port Freeport since 1993. Her primary responsibilities revolve around managing the accounting and finances of the Port. She is also involved in Procedures, Risk Management, Human Resources and Treasury Management. During her tenure, the Port has received 27 Certificates of Achievement for Excellence in Financial Reporting. Ms. Campus earned a Bachelor of Finance degree from Western Governor's University.

DESCRIPTION OF PORT FACILITIES

The Port owns and operates a total of eight public wharves (docks). Wharf lengths range from 625 feet to 800 feet. The dock elevation at the wharves ranges from 16 feet to 17 feet and the water depth ranges from 36 feet to 45 feet with current plans to deepen those at 45 feet to 51 feet. The wharves have 100-foot berth aprons with approximately 325,000 square feet of adjacent transit sheds.

The Port owns and leases land upon which is constructed a rice milling, processing and bagging facility, accessible by rail and truck traffic, with silos capable of storing 70,000 tons of rice. Adjacent to this facility, the Port owns a 180,000 square foot warehouse for in-transit storage of rice and other commodities located on a 640-foot long deep-water berth with a bulk rice ship loader and a barge dock with conveyor/unloader for receiving rough rice from inland barges.

The Port owns and leases two trailer marshalling yards covering 25 acres in the Inner Harbor area with the capacity to handle 520 trailers or containers on chassis, of which 250 spaces are equipped with 480-volt electric outlets for refrigerated containers. Each marshalling yard has a dedicated entrance complete with interchange facilities and equipment maintenance and office facilities.

The Port owns and leases space in two warehouses totaling 206,600 square feet in the Inner Harbor area for the storage of short-term domestic and project cargo and in-transit cargo. Office space is also leased in an adjacent 4,700 square foot office complex.

The Port owns and leases space in several open storage yards. A total of 121 acres is used for grounded and stacked containerized cargo, project cargo, automobiles, equipment, and steel products.

The Port owns and leases 15.25 acres of land for the import, storage and distribution of bulk aggregate.

The Port owns and leases 344 acres of land upon which is constructed a liquid bulk transfer facility and a liquefied natural gas facility. The liquid bulk facility consists of three berths, two of which are capable of handling up to 860-foot long tankers and a third berth for barge transfers. The liquefied natural gas facility (LNG) has two berths plus 75 acres for usage of overflow construction and parking of the expansion of the LNG facility.

The Port owns approximately 8,000 acres of undeveloped property in the vicinity of the Port, of which 1,023 acres is environmentally mitigated with 320 acres designated as Dredge Material Placement for the FHCIP and 703 acres identified for development. Of this total acreage, over 1,343 acres is within the Port Freeport Foreign Trade Zone 149 and is either activated or eligible for activation.

See "MAP OF PORT FACILITIES" for additional information on the location of the Port Facilities.

FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT

With the completion of the initial reconnaissance and subsequent feasibility study, the United States Army Corps of Engineers (“COE”) issued a Chiefs report in January of 2013 indicating a federal interest, supported by favorable project economics, to deepen the Freeport Harbor Channel to a depth of up to 56 feet from the current 46 feet. At present, the project is authorized as part of the Water Resources Reform and Development Act of 2014 (WRRDA). During 2014, it was determined additional improvements beyond those proposed and authorized in WRRDA were necessary for the safe navigation of the feasibility study’s design vessel. Based on these findings, the Port actively engaged with the COE to produce a General Reevaluation Report (GRR) outlining a process to adjust for these additional requirements, which include bend easing and channel width increases. All these improvements are collectively referred to as the “Freeport Harbor Channel Improvement Project.” The GRR, approved in May 2018, was followed with the development of the preliminary engineering and design (PED) and the project management plan (PMP). The deepening and widening of the channel will improve safety and efficiency, allowing carriers to not only dispatch larger vessels, but will also enable these vessels to load to a fuller capacity, thus reducing transportation costs and achieving greater economies of scale. Project construction will be completed over a five-year period at an estimated total cost of \$295 million to be cost-shared between the Federal government and the Port on a 50-50 basis for depths below 56 feet and on a 75-25 basis for depths less than 51 feet. In the summer of 2019, the Port issued \$31,795,000 in ad valorem tax bonds and in January of 2021 issued an additional \$37,135,000 to fund the first two installments of the \$130 million in ad valorem tax bonds to fund the Port’s projected share of the cost of the Freeport Harbor Channel Improvement Project. The Bonds are the third installment of bonds issued to finance the Port’s share of the costs. The federal government’s share of the total project cost must be appropriated by Congress. The COE awarded a contract for the dredging of the first phase of the project in September 2020 and construction was completed in September 2021. The GRR widening phase was completed in 2022 followed by the start of the bend easing activities. The COE fiscal year 2022 work plan included \$73,156,000 toward the project, and the fiscal year 2023 federal Omnibus Appropriations Bill included an additional \$90,660,000 of appropriations for the project. The approved federal appropriations when combined with contributions from the Port should be sufficient for completion of the project. The Bonds represent the Port’s final issuance of ad valorem tax backed bonds under the voted authority approved at the May 5, 2018 election.

MAJOR INITIATIVES AT THE PORT

Ongoing Initiatives. As a continuation of master planning efforts initiated during 2013, the Port has established four (4) strategic initiatives, summarized as follows:

- The Freeport Harbor Channel Improvement Project as described above in “FREEPORT HARBOR CHANNEL IMPROVEMENT PROJECT.”
- The expansion of the Port’s container facilities located at Velasco Terminal.
- The development of a rail served warehousing and distribution facilities.
- Supporting the development of efficient transportation solutions to move commerce from Freeport to Texas markets and the heart of the United States.

Accomplishment of these objectives will be through a phased approach, with a focus on long-term development and reconfiguration of the Port’s facilities in order to capture identified addressable market opportunities as well as maintain and grow existing lines of business.

In 2022, development activities at the Port included the signing of an agreement for the development and construction of a 125-acre vehicle importation and processing center. The proposed \$114.5 million facility is being developed on a site being leased from the Port and will be financed by the developer of the facility. The facility is currently scheduled for completion in the first quarter of 2024 and is intended to serve as Volkswagen Group of Americas Gulf Coast hub. Additionally, the Port continued construction of a \$145.9 million expansion of Velasco Container Terminal along with land acquisition efforts in the east end of the City of Freeport to support the expansion of the Port’s Velasco Terminal.

The Port's fiscal year 2022 adopted budget provides insight to the future capital improvement plan, which is described below and on the following page. The budgeted capital improvement plan is continually evaluated for timing, funding, and business need and is subject to change. The following is a summary of the capital improvement plan provided in the 2022 adopted budget:

	2023 ⁽¹⁾	2024	2025	2026	2027	Total
Freeport Harbor Channel Imp.	\$ 60,932,681	\$ 750,000	\$ 750,000	\$ 1,030,000	\$ 750,000	\$ 64,212,681
Velasco Terminal	55,298,650	6,000,000	52,000,000	43,800,000	98,600,000	255,698,650
OEM Logistics ⁽²⁾	11,096,050	4,000,000	-			15,096,050
Other	5,600,700	5,731,500	3,613,000	426,000	596,500	15,967,700
Total ⁽³⁾	<u>\$ 132,928,081</u>	<u>\$ 16,481,500</u>	<u>\$ 56,363,000</u>	<u>\$ 45,256,000</u>	<u>\$ 99,946,500</u>	<u>\$ 350,975,081</u>

(1) Includes the Bonds.

(2) Represents capital related to logistics infrastructure to serve Original Equipment Manufacturer and other tenants.

(3) The information contained in this table constitutes "forward-looking statements." The capital improvements actually undertaken by the Port may vary from the budgeted amounts shown in the table based on a number of factors, including the needs and level of growth in the petrochemical industry, international trade policy, and the pace of growth in the County. The information presented in the table involves known and unknown risks, uncertainties, and other factors which 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.

OTHER RECENT DEVELOPMENTS IN THE PORT

In June, 2013 the Port opened the first phase of the Velasco Container Terminal Berth 7 and improvements to existing Port facilities to establish an automobile and heavy equipment-processing terminal.

The Port began construction of Berth 8 of the Velasco Container Terminal expansion in the second quarter of 2020 with a planned cost of \$115.8 million. In May of 2021 the Port Commission approved a \$24.9 million Roll On Roll Off ramp addition to the Berth 8 project increasing the flexibility of the berth. The project is expected to be completed in the second quarter of 2023. Five acres of backland to support the berth has also been completed at a cost of \$4.9 million. Costs associated with this phase of the Velasco Container Terminal expansion are \$180.8 million, scheduled over the next three years and includes the acquisition of two (2) additional ship-to-shore gantry cranes. A combination of public and private funding sources is anticipated to fund this project.

A levee stabilization project was implemented that will increase safety and improve navigation within the Freeport Harbor Channel. This project will benefit the expanding Velasco Container Terminal and overall utilization of the entire port. This project was funded in 2019 with the Port revenue bonds and was completed in the second quarter of 2021.

Phase I construction of a project to expand port rail facilities was completed in the second quarter of 2019 at an estimated cost of \$25 million. Development of 20 acres of paved vehicle and heavy equipment storage adjacent to the rail facility was completed in July 2020 at an estimated cost \$8.1M. Phase II of the rail development is slated to begin in the second quarter of 2023 and will be financed through a combination of Port revenue and grants.

In 2004, Freeport LNG Development, L.P. (FLNG) received approval from the Federal Energy Regulatory Commission (FERC) for construction of a re-gas facility to receive and store imported liquefied natural gas (LNG), convert the product back to a gas form and transport it to commercial and industrial users via pipeline. This facility was completed and placed in operation in the second quarter of 2008. With the announcement of shale oil and gas activities in Texas and other regions of the United States, FLNG refocused its operations on the exportation of LNG and after receiving FERC approval completed construction of three new LNG trains on Quintana Island. Train 1 delivered its first commissioning shipment on August 30, 2019 and all three trains have since entered commercial operations. FLNG has also received FERC approval for a fourth train and they are seeking commercial terms with potential customers. When fully operational, these trains have a capacity to liquefy over 2 billion cubic feet per day (BCFD) of natural gas. FLNG liquefaction operations have been offline since June 8, 2022 stemming from a plant incident that involved the ignition of a natural gas vapor cloud and subsequent fire. FLNG has been working through the regulatory steps to restart the facility. In a December 23, 2022 press release, FLNG indicated that it expected to commence the restart of the facility in the second half of January 2023. The interruption of operations at FLNG resulted in the Port receiving reduced operating revenues from FLNG during 2022. However, receipts from the Port's business interruption insurance offset most of the losses in operating revenues. After taking into account business interruption insurance payments, the suspension of operations has had a minimal impact on the Port's operating revenues. The Port does not currently expect that the damage to the facility will have a material impact on the Port's ad valorem tax receipts.

In response to the aforementioned oil and gas shale activities, Tenaris Global Services (U.S.A.) Corporation, a wholly-owned subsidiary of Tenaris, S.A., began construction in 2015 of a seamless pipe fabrication facility located in Bay City, Texas. Operations commenced in the fourth quarter of 2017 and are generating revenues to the Port from both cargo handling and leasing activities. The Port received a portion of the plant's finished products for short-term storage at the Port. The Port is receiving imports of raw materials in the form of steel billets that are being transported to the production facility.

CYBER SECURITY

Computer networks and data transmission and collection are vital to the safe and efficient operations of the Port. The Port collects and stores sensitive data, including intellectual property, security information, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers, partners and employees. The secure processing, maintenance and transmission of this information is critical to industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. While the Port deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the Port's finances or operations. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of commerce, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, or disruptions in operations and the services provided, which could ultimately adversely affect the Port's reputation and revenues.

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[INSERT MAP OF PORT FACILITIES]

TABLE 9 – TEN YEAR CARGO QUANTITIES ANALYSIS

For the Fiscal Years Ended September 30, 2013 through 2022		
	Cargo Quantities Short Tons	Percent Total Port Tonnage
Rice	1,918,163	3.38%
Bananas and Misc. Fruit ⁽¹⁾	3,379,763	5.96%
Misc./General Cargo ⁽²⁾	4,906,261	8.65%
Dry Bulk Material ⁽³⁾	8,877,987	15.65%
Liquid Bulk Material ⁽⁴⁾	32,924,446	58.05%
Project Cargo ⁽⁵⁾	318,710	0.56%
Steel Products	2,313,888	4.08%
RoRo ⁽⁶⁾	2,081,061	3.67%
	<u>56,720,279</u>	<u>100.00%</u>

Source: Port Freeport.

(1) Components: Containerized Fruit/Palletized Fruit.

(2) Misc./General Cargoes - Components: Roll Paper, Cotton, Automobiles, Empty Containers, Nickel Ore.

(3) Components: Aggregate.

(4) Components: Liquefied Natural Gas, Liquid Bulk Naphtha.

(5) Components: Windpower Components, Steel Rail, Pipe, Industry Project Components.

(6) Components: Automobiles, Equipment.

TABLE 10 – CONTAINER TRAFFIC STATISTICS

Fiscal Year 9/30	Inbound T.E.U. ⁽¹⁾	Outbound T.E.U. ⁽¹⁾	Total	Percent Growth/(Reduction) From Prior Year
2018	43,886	43,992	87,878	(12.07) %
2019	55,809	55,793	111,602	27.00
2020	56,515	55,876	112,391	0.71
2021	43,191	44,583	87,774	(21.90)
2022	41,268	44,362	85,630	(2.44)

Source: Port Freeport.

(1) Twenty-Foot Equivalent Units.

TABLE 11 – CARGO TRAFFIC STATISTICS

	Fiscal Year Ended September 30,									
	2022		2021		2020		2019		2018	
	Short Tons	%	Short Tons	%	Short Tons	%	Short Tons	%	Short Tons	%
Rice	275,988	2	117,648	1	143,450	2	128,993	5	150,410	6
Bananas/Misc. Fruit ⁽¹⁾	364,390	3	282,584	2	264,253	3	320,093	11	335,275	14
Misc./General Cargo ⁽²⁾	355,983	3	471,072	3	664,259	8	606,247	21	395,046	17
Dry Bulk Material ⁽³⁾	448,346	3	441,269	3	652,690	8	967,173	34	866,163	37
Liquid Bulk Material ⁽⁴⁾	10,331,027	80	14,877,655	87	6,325,056	73	140,773	5	7,815	0
Project Cargo ⁽⁵⁾	67,962	1	10,816	0	54,848	1	6,127	0	33,420	1
Steel Products	735,992	6	423,443	2	308,787	4	378,782	13	305,143	13
RoRo ⁽⁶⁾	415,073	3	411,442	2	288,857	3	274,224	10	233,675	10
Annual Port Tonnage	12,994,761	100%	17,035,929	100%	8,702,200	100%	2,822,412	100%	2,326,947	100%

Source: Port Freeport

(1) Components: Containerized Fruit/Palletized Fruit.

(2) Misc./General Cargoes - Components: Roll Paper, Cotton, Empty Containers, Nickel Ore.

(3) Components: Aggregate.

(4) Components: Liquefied Natural Gas, Liquid Bulk Naphtha.

(5) Components: Windpower Components, Industry Project Components.

(6) Components: Automobiles, Equipment.

RETIREMENT PLAN

Profit Sharing Plan. . . The Port provides a flexible, non-standardized safe harbor profit sharing plan (the “Plan”), defined contribution type, for the benefit of its employees that is administered by MassMutual Financial Group. The Port Commission appoints the trustee. The Plan covers all full-time employees that have worked a consecutive twelve (12) month period. Participants become fully vested after five years of service.

The Port’s contribution to the Plan is determined annually and is limited to the amount allowable under the Internal Revenue Code. The Port contributed \$191,266 and \$196,550 to the Plan for fiscal years 2022 and 2021, respectively. Participants do not contribute to the plan. The Plan has met the ERISA minimum funding requirements. See APPENDIX B – EXCERPTS FROM THE PORT FREEPORT ANNUAL FINANCIAL REPORT, note 13.

Deferred Compensation Plan. . . The Port also offers its employees a deferred compensation plan (the “457 Plan”), which is administered by MassMutual Financial Group. The Port Commission appoints the trustee. The 457 Plan is available to all full-time employees that have worked a consecutive twelve (12) month period. Contributions made by participants vest immediately; however, contributions made by the Port vest over a period of five years.

Participants may contribute up to the amount allowable under the provisions of the Internal Revenue Code. The Port matches participant contributions up to 3% of the participant’s base wages as defined in the 457 Plan. The Port contributed \$80,644 and \$80,148 to the 457 Plan for fiscal years 2022 and 2021, respectively. The 457 Plan has met the ERISA minimum funding requirements. See APPENDIX B – EXCERPTS FROM THE PORT FREEPORT ANNUAL FINANCIAL REPORT, note 13.

INVESTMENTS

The Port invests its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the Port or obligations under a lease, installment sale, or other agreement of the Port) in investments authorized by Texas law in accordance with investment policies approved by the Commission. Both state law and the Port’s investment policies are subject to change.

LEGAL INVESTMENTS

Under State law, the Port is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the Port selects from a list the Commission or a designated investment committee of the Port adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the Port selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Port’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the Port appoints as the Port’s custodian of the banking deposits issued for the Port’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the “Public Funds Investment Act”), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for Port deposits, or (ii) certificates of deposits where (a) the funds are invested by the Port through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Port as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the Port, (b) the broker or the depository institution selected by the Port arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Port, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the Port appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Port with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the Port or cash held by the Port to be pledged to the Port, held in the Port’s name, and deposited at the time the investment is made with the Port or with a third party selected and approved by the Port, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Port, held in the Port’s name and deposited at the time the investment is made with the Port or a third party designated by the Port; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers’ acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the Port with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the Port may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Port, held in the Port's name and deposited at the time the investment is made with the Port or a third party designated by the Port; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The Port may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The Port may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Port retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Port must do so by order, ordinance, or resolution.

The Port is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES

Under State law, the Port is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Port funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All Port funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the Port's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the Port shall submit an investment report detailing: (1) the investment position of the Port, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Port funds without express written authority from the Commission.

ADDITIONAL PROVISIONS

Under State law, the Port is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and recording any changes made to either its investment policy or investment strategy; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the Port to disclose the relationship and file a statement with the Texas Ethics Commission and the Commission; (4) require the qualified representative of firms offering to engage in an investment transaction with the Port to: (a) receive and review the Port's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Port and the business organization that are not authorized by the Port's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Port's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Port and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Port's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the Port's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Port.

The Port's investment policy expressly provides that (a) money market mutual funds are not authorized investments for (i) any portion of bond proceeds, reserves or funds held for debt service or (ii) the aggregate of more than 80 percent of the monthly average of any fund balance, excluding bond proceeds, reserves or funds held for debt service, and (b) the following types of investments are not authorized investments: (i) interest only or principal only steps of obligations with underlying mortgage-backed security collateral; and (ii) collateralized mortgage obligations with a maturity date of greater than ten (10) years or with an inverse floating interest rate.

TABLE 12 – CURRENT INVESTMENTS

As of December 31, 2022, the Port's investable funds were invested in the following categories:

Description	Amount	Percent of Total	Market Value
Cash and Money Market Funds	\$ 3,306,167	4.193%	\$ 3,306,167
Local Government Investment Pool	40,306,201	51.123%	40,306,201
U.S. Treasuries	2,370,000	3.006%	2,225,434
U.S. Government Bonds	32,859,000	41.677%	32,127,429
Total	<u>\$ 78,841,368</u>	<u>100.000%</u>	<u>\$ 77,965,231</u>

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease cause by novel coronavirus ("COVID-19") to be a public health emergency. There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19.

For the fiscal year ended September 30, 2022, the Port's overall unaudited operating income was approximately 147% of budgeted operating income. The Port's total operating revenues for the fiscal year ended September 30, 2022 was \$47,284,269 compared with total operating revenues of \$39,663,021 for the fiscal year ended September 30, 2021. Total operating expenses for the fiscal year ended September 30, 2022 were \$20,131,628 compared with \$19,378,971 for the fiscal year ended September 30, 2021.

The financial and operating data contained herein is as of the date and for the periods specified herein.

The Port cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

WEATHER EVENTS

WEATHER EVENTS

The Port is located on the Texas Gulf Coast. Land located in this area is susceptible to, and the Port has experienced on several occasions in the last five years, high winds, heavy rain and flooding caused by rain events, hurricanes, tropical storms, and other tropical disturbances. If a future weather-related event significantly damages all or part of the improvements within the taxing jurisdiction of the Port, the Port's assessed value of property could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the Port's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the taxing jurisdiction of the Port will be covered by insurance (or property owners will choose to carry flood insurance), any insurance company will fulfill its obligations to provide insurance proceeds or that insurance proceeds will be used to rebuild or repair damaged taxable improvements within the Port. Even if insurance proceeds are available and improvements are rebuilt, there could be a period of time in which assessed values would be adversely affected.

AIR QUALITY STANDARDS

Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (“TCEQ”) may curtail new industrial, commercial and residential development in the County. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight county Houston Galveston-Brazoria Area (the “HGB Area”) has been designated by the EPA as a non-attainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the more rigorous, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remained subject to CAA nonattainment requirements.

In a final rule that became effective on March 16, 2020, the EPA determined that the HGB Area had met the CAA criteria for redesignation to attainment status under the 1997 Ozone Standards and EPA terminated the obligations that had applied in the HGB Area under the 1997 Ozone Standards. However, the HGB Area remains designated as a nonattainment area under the 2008 and 2015 Ozone Standards and the TCEQ remains obligated to demonstrate attainment with the more-stringent 2008 and 2015 Ozone Standards under the CAA.

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. EPA issued a final rule determining that the HGB Area failed to meet the attainment deadline under its prior “serious” classification, effective November 7, 2022. The State will be required to submit State Implementation Plan (“SIP”) revisions to the EPA no later than 18 months after the November 7, 2022 effective date of the final rule reclassifying the HGB Area as a “severe” nonattainment area, and any new emissions controls that the TCEQ determines are needed for attainment must be implemented within 36 months of November 7, 2022. The HGB Area could be subject to more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “moderate” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. EPA issued a final rule determining that the HGB Area failed to meet the attainment deadline under its prior “marginal” classification, effective November 7, 2022. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a SIP for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to attain the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

Other constraints on economic growth and development include lawsuits filed under the CAA by plaintiffs seeking to require emission reduction measures that are even more stringent than those adopted by TCEQ and approved by EPA. From time to time, various plaintiff environmental organizations have filed lawsuits against TCEQ and EPA seeking to compel the early adoption of additional emission reduction measures, many of which could make it more difficult for businesses to construct or expand industrial facilities or which could result in travel restrictions or other limitations on the actions of businesses, governmental entities and private citizens. Any successful court challenge to the currently effective air emissions control plan could result in the imposition of even more stringent air emission controls that could threaten continued growth and development in the HGB Area.

RISK TO PORT OPERATIONS AS A RESULT OF INTERNATIONAL TRADE TARIFFS

In 2018, Section 232 Tariffs on steel and aluminum and Section 301 Tariffs on certain Chinese products were introduced. The scope and levels of these tariffs have been adjusted many times since their initial imposition. These tariffs and associated retaliatory tariffs by the affected countries have generally acted as a headwind on trade volumes at the Port but have been just one factor among many influencing trade volumes in 2018 to present. Trade with the countries and products affected is continuing at a somewhat reduced level. If these or similar additional tariffs are expanded in level or scope, cargo volumes at the Port’s facilities may be negatively impacted.

EXPOSURE TO OIL AND GAS INDUSTRY

In the past, southeast Texas has been affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the taxing jurisdiction of the Port, resulting in a reduction in property tax revenue. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds.

CHANGING DEMAND FOR PETROCHEMICAL PRODUCTS AND CONSUMPTION

Economic conditions, changing consumer preferences, decreases in consumption plastic use in the United States, environmental regulations, and multiple other political and regulatory issues could impact the future volume of products produced by major taxpayers within the taxing jurisdiction of the Port, including producers of petrochemical products. A reduction in the volume of products produced by taxpayers may result in reductions in investment within the Port and taxable assessed values.

CLIMATE CHANGE AND RISING SEA LEVELS

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent and more intense as a result of increasing global temperatures attributable to atmospheric pollution. Operation of major taxpayers close to the Port and infrastructure are vulnerable to effects of rising sea levels, extreme climate conditions, and extreme weather events, and significant capital investments may need to be made to address these vulnerabilities. The Port expects to be able to continue to manage its operations and construction activities to minimize the future effects of these occurrences and that it has the necessary capacity to adapt to these occurrences. However, no assurance can be given that the effects of rising sea levels will not adversely affect taxpayers or assessed valuations within the Port.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not a specific preference item for purposes of alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied in order for interest on state or local obligations such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include, among other things, limitations on the use of the bond-financed project, limitations on the use of bond proceeds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Port has covenanted in the Resolution that they will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code that affect the excludability of the interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the Port and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Port, and such parties, which Bond Counsel have not independently verified. If the Port fails to comply with the covenants in the Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Bonds and any federal, state or local tax consequences resulting from the receipt or accrual of interest on, acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of result and is not binding on the Service; rather, such opinion represents Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinion. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Port as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences. . . Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

For tax years beginning after December 31, 2022, an “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. . . The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of OID Bonds. . . The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”). The difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the subcaptions “—TAX EXEMPTION,” “—ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS—Collateral Tax Consequences,” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the Port nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such OID Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes. . . Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the Port has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The Port is required to observe the agreement for so long as it remains an “obligated person” with respect to the Bonds within the meaning of Rule 15c2-12 of the SEC (the “Rule”), except that the Port in any event will give notice of any deposit that causes the Bonds no longer to be outstanding. Under the agreement, the Port will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (“MSRB”). This information will be publicly available on the MSRB’s Electronic Municipal Market Access System (“EMMA”) at <http://emma.msrb.org>.

ANNUAL REPORTS

The Port shall provide annually to the MSRB, within six (6) months after the end of each Fiscal Year of the Port ending in or after 2023, financial information and operating data with respect to the Port of the general type included in the Official Statement under Tables 1 through 5, 7 through 12 and including financial statements of the Port if audited financial statements of the Port are then available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the rules to the financial statements for the most recently concluded Fiscal Year, or such other accounting principles as the Port may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the Port commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Port shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The Port may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the “SEC”). The financial information or operating data shall be provided in an electronic form as prescribed by the MSRB.

The Port’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year following the end of its fiscal year, unless the Port changes its fiscal year. If the Port changes its fiscal year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Port otherwise would be required to provide financial information and operating data pursuant to this agreement.

EVENT NOTICES

The Port will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The Port will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Port; (13) the consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the Port, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Port, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Port, any of which reflect financial difficulties.

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Port in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port, (B) as used in clauses (15) and (16) in the immediately preceding paragraph, “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule, and (C) the Port intends the words used in clauses (15) and (16) and the definition of financial obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

In addition, the Port will provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of any failure by the Port to provide information and operating data in accordance with its agreement described above under “—ANNUAL REPORTS.”

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

LIMITATIONS AND AMENDMENTS

The Port has agreed to update information and to provide notices of material events only as described above. The Port has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Port makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Port disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Port to comply with its agreement.

The Port may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Port, but only if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) a person unaffiliated with the Port (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The Port may also repeal or amend the provisions of this agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Port also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Port so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “—ANNUAL REPORTS” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

The Port filed annual financial information for the fiscal year ending September 30, 2019 before the deadline of March 31, 2020, but the filings were not linked to certain nine digit CUSIPs associated with certain maturities of the Port’s General Obligation Bonds, Series 2019 (Non-AMT). The filings have subsequently been linked to the nine-digit CUSIPs. In connection with the issuance of the Port’s General Obligation Bonds, Series 2019 (Non-AMT), the Port agreed to provide information on the Port’s Authorized but Unissued General Obligation Debt. The Port’s comprehensive annual financial report for the fiscal year ended September 30, 2019 that was filed with EMMA contained information regarding the Port’s voter authorized general obligation debt and the amount of general obligation debt issued by the Port, but it did not include a calculation of the Port’s authorized but unissued general obligation debt. The Port filed a failure to file notice on January 25, 2021 that included the calculation of the Port’s authorized but unissued general obligation debt.

OTHER INFORMATION

RATING

The Bonds and currently outstanding bonds of the Port are rated “_____” by Moody’s. An explanation of the significance of the rating may be obtained from Moody’s. The rating reflects only the view of Moody’s and the Port makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s, if in the judgment of Moody’s, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Port is not aware of any pending litigation against the Port that would have a material adverse financial impact upon the Port or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Port assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION - RATING” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The Port has not investigated other laws, rules, regulations or investment criteria which might apply to any such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of institutions or entities to purchase or invest in the Bonds for such purposes and the Port has not made a review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The delivery of the Bonds is subject to the approving opinion of the Attorney General of Texas and the legal opinion of Bracewell LLP, Houston, Texas, Bond Counsel, as to the validity of the Bonds under the Constitution and laws of the State of Texas, and the excludability of interest on the Bonds from the gross income of the owners thereof for federal tax purposes. The form of opinion of Bond Counsel is set forth in APPENDIX C. The opinion of Bond Counsel will be based upon an examination of a transcript of certain proceedings taken by the Port incident to the issuance and delivery of the Bonds. The fees of Bond Counsel for its services with respect to the Bonds are contingent upon the issuance and delivery of the Bonds.

In its capacity as Bond Counsel, Bracewell LLP, Houston, Texas, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the Port for the purpose of passing upon the accuracy or completeness of this Official Statement. Bond Counsel’s role in connection with the Official Statement was limited to reviewing the information describing the Bonds in the Official Statement to verify that such descriptions conform to the provisions of the Resolution. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein.

Certain legal matters will be passed upon for the Authority by Bracewell LLP in its capacity as Disclosure Counsel. The payment of legal fees to Disclosure Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the respective attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Masterson Advisors LLC, is employed as Financial Advisor to the Port in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Masterson Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Port has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Port and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the Port accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the (inside) cover page of the Official Statement at a price of _____ of par plus a cash premium of \$ _____. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the Port to the Initial Purchaser. The Port has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the Port, that are not purely historical, are forward-looking statements, including statements regarding the Port's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Port on the date hereof, and the Port assumes no obligation to update any such forward-looking statements. The Port's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Port. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Port will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Port contained in this Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Port and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Port, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the Port believes to be reliable and the Port has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Port since the date of the last audited financial statements of the Port.

NO-LITIGATION CERTIFICATE

The Port will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by an appropriate official of the Port, to the effect that no litigation of any nature is then pending or threatened in any court, restraining or enjoining the issuance or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

FINANCIAL STATEMENTS

APPENDIX B to this Official Statement contains excerpts of the audited financial statements of the Port for the fiscal years ended September 30, 2022 and 2021. The financial statements of the Port as of and for the fiscal years ended September 30, 2022 and 2021 included in this Official Statement have been audited by Kennemer, Masters & Lunsford, LLC, Certified Public Accountants, as stated in their report appearing herein. Kennemer, Masters & Lunsford, LLC, the Port's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement, nor have they performed any procedures on such financial statements since the date of such report, or performed any procedures on any other financial information of the Port, including without limitation any of the information contained in this Official Statement.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from Port records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Resolution approves the form and content of this Official Statement, and authorizes the Authorized Representatives to approve any addenda, supplement or amendment thereto. The Resolution authorizes the further use of the Official Statement in the reoffering of the Bonds by the Initial Purchasers.

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APPENDIX A

GENERAL INFORMATION REGARDING BRAZORIA COUNTY

LOCATION AND SIZE

The taxing jurisdiction of Port Freeport encompasses approximately 85% of Brazoria County, Texas (“Brazoria County” or the “County”). Brazoria County is located immediately south of Houston, Texas and is bordered by the Gulf of Mexico, Fort Bend County, Galveston County, Harris County, Matagorda County and Wharton County. Brazoria County was created in 1836. The City of Angleton is the county seat. The City of Pearland is the largest city in the County, with a 2020 population of approximately 125,828. Lands in the area are flat coastal soils drained by the Brazos and San Bernard rivers. The County consists of 1,494 square miles. The climate is classified as modified sub-tropical.

POPULATION

1960	1970	1980	1990	2000	2010	2020
Official	Official	Official	Official	Official	Official	Official
Census	Census	Census	Census	Census	Census	Census
76,204	108,312	169,587	191,707	241,767	313,166	372,031

Source: 1960-2020 Official Census: U.S. Census Bureau and Brazoria County.

ECONOMY

The economy is based on petroleum, chemicals, fishing, tourism and agriculture. The Texas Almanac designates rice, sorghum and livestock as principal sources of agricultural income. The County is one of the State’s leading rice producers.

Minerals produced in the County include sand, oil, gravel and gas. The world’s largest basic chemical complex is located in the County, contributing to the extensive petroleum and chemical production in the area. Alvin Independent School District, located in the County, employs over 3,800 persons. The Gulf Intracoastal Waterway slices through lowlands near Surfside Beach and is the most valuable waterway in America.

MAJOR EMPLOYERS

Employer	Location	Type	Number of Employees
Alvin I.S.D.	Alvin	Education	3,815
The Dow Chemical Company	Freeport	Chemical	3,452
Pearland I.S.D.	Pearland	Education	2,669
Texas Dept. of Criminal Justice	County-wide	Criminal Justice	2,052
Brazosport I.S.D.	Clute	Education	1,950
Brazoria County	County-wide	Government	1,437
Kelsey-Seybold	Pearland	Medical	1,413
Olin Corporation	Freeport	Chemical	1,126
Angleton I.S.D.	Angleton	Education	1,072
Phillips 66	Sweeny	Refining	1,017
Brand/Safway	Angleton	Scaffolding Systems	1000
Marquis Construction Services	Clute	Contractor	950
BASF Corporation	Freeport	Chemical	900
City of Pearland	Pearland	Government	868
Wood Group	Clute	Contractor	800
Chevron Phillips Chemical Co.	Sweeny	Chemical	615
ICS	Clute	Contractor	614
INEOS Olefins & Polymers USA	Alvin	Chemical	600
Turner Industries	Freeport	Contractor	576
Ascend Performance Materials	Alvin	Chemical	500

Source: Economic Development Alliance for Brazoria County.

EMPLOYMENT STATISTICS

Brazoria County				
Calendar Year	Labor Force	Employment	Unemployment	Unemployment Rate
2017	173,279	164,089	9,190	5.3%
2018	176,559	168,602	7,957	4.5%
2019	179,539	172,008	7,531	4.2%
2020	177,312	162,103	15,209	8.6%
2021	180,207	167,799	12,408	6.9%
2022	187,623	179,452	8,171	4.4%

Source: Texas Workforce Commission.

HOSPITAL AND MEDICAL CARE

The County has three community hospitals, including Brazosport Memorial Hospital, Sweeny Hospital, and Angleton Danbury General Hospital, a surgical center, along with numerous private clinics, extended care facilities, physicians, surgeons, dentists and orthodontists. Care is provided in most specialties using the latest equipment and the most modern technology available. Home health care is also available.

EDUCATION

The percent of persons age 25 and over in the County who have completed at least a high school degree was 79.5 percent in 2000. This figure increased to 87.7 percent in 2018. In addition, the County had 29.7 percent of its residents age 25 and over with a college degree (Bachelors) or more in 2018. This compares to 29.3 percent statewide for 2018 and 19.6 percent for the County in 2000.

Brazosport Community College and Alvin Community College are two-year institutions involved in academic and vocational curricula. The colleges work closely with local firms in preparing and presenting special training programs. Other major college and universities within commuting distance include:

Baylor College of Medicine
Houston Baptist University
Houston Community College
Prairie View A&M
Rice University

South Texas College of Law
Texas Southern University
University of Houston
University of Texas Health Science Center
Wharton County Junior College

APPENDIX B

EXCERPTS FROM THE PORT FREEPORT

ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended September 30, 2022 and 2021

The information contained in this Appendix consists of excerpts from the Port Freeport Annual Financial Report for the Fiscal Years Ended September 30, 2022 and 2021, and is not intended to be a complete statement of the Port's financial condition. Reference is made to the complete Report for further information. **[unaudited language for 2022?]**

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

BOOK-ENTRY-ONLY SYSTEM

NOTICE OF SALE AND BIDDING INSTRUCTIONS

ON

\$53,520,000*

PORT FREEPORT

**(A political subdivision of the State of Texas located in Brazoria County)
GENERAL OBLIGATION BONDS, SERIES 2023 (NON-AMT)**

Bids Due: Wednesday, March 1, 2023, AT 9:30 A.M., CST

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING. . . Port Freeport (the "Port") is offering for sale its \$53,520,000* General Obligation Bonds, Series 2023 (Non-AMT) (the "Bonds"). Bidders may submit bids for the Bonds electronically as described below in "Electronic Bidding Procedures."

ELECTRONIC BIDDING PROCEDURES. . . Any prospective bidder that intends to submit a bid must submit its electronic bid through the facilities of PARITY. **Bidders submitting an electronic bid shall not be required to submit official bid forms.** Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The Port will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and Bidding Instructions (this "Notice of Sale") and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Port. The Port shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Port, as described under "CONDITIONS OF THE SALE - Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

BIDS BY TELEPHONE, FACSIMILE, OR DELIVERED TO THE PORT. . . The Port will not accept bids via telephone, facsimile, or delivered to the Port.

PLACE AND TIME OF BID OPENING. . . The bids for the Bonds will be publicly read in the office of Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, at 9:30 A.M. CST, Wednesday, March 1, 2023 (the "Sale Date").

ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS. . . The Port reserves the right to change the principal amounts in each maturity by giving notice of such change via PARITY at least 24 hours in advance of the time set for receipt set for bids. Such notice shall be considered an amendment to this Notice of Sale.

POST-BID MODIFICATION OF PRINCIPAL AMOUNTS. . . After the receipt of bids, but prior to the award of the Bonds, the Port reserves the right to amend the principal amounts by up to 15%. Such modifications of principal amounts will be disclosed to the winning bidder within one hour of the time set for receipt of the bids and will be made with consideration to preserving the winning bidders' underwriting production per bond. The award of the Bonds will be made on the basis of bids received prior to any post-bid modifications.

* Preliminary, subject to change. See "THE SALE - ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and " - POST BID MODIFICATION OF PRINCIPAL AMOUNTS" herein

AWARD OF THE BONDS. . . On January 26, 2023, Port Commission adopted a resolution (the “Bond Resolution”) authorizing the Executive Director/Chief Executive Officer or the Chief Financial Officer (each an “Authorized Officer”) to accept bids and award the sale of the Bonds; authorizing the Authorized Officer to deem final the Preliminary Official Statement; approving the preparation of the Official Statement, which will be an amended form of the Preliminary Official Statement; and authorizing the issuance of the Bonds. In the Bond Resolution, the Port Commission delegated to the Authorized Officer the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate,” which completes the sale of the Bonds. On the Sale Date, the Authorized Officer, acting for Port Commission, will take prompt action to award the sale of the Bonds or reject any or all bids, subject to the terms of the Bond Resolution and subject to compliance with the Interested Party Disclosure Act, herein under “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – OBLIGATION OF THE PORT TO RECEIVE INFORMATION FROM WINNING BIDDER.” The Authorized Officer, acting for Port Commission, also reserves the right to waive, without limitation, any irregularity or informality with respect to any bid, except the time of receipt of bids.

THE BONDS

DESCRIPTION. . . The Bonds will be dated March 1, 2023 (the “Dated Date”). Interest will accrue from the Delivery Date (as defined herein) and will be due on August 1, 2023, and each February 1 and August 1 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on August 1 in each year as follows:

MATURITY SCHEDULE*

Maturity August 1	Principal Amount*	Maturity August 1	Principal Amount*
2025	\$ 380,000	2040	\$ 1,870,000
2026	960,000	2041	1,945,000
2027	1,010,000	2042	2,020,000
2028	1,060,000	2043	2,100,000
2029	1,115,000	2044	2,185,000
2030	1,170,000	2045	2,275,000
2031	1,230,000	2046	2,365,000
2032	1,290,000	2047	2,465,000
2033	1,355,000	2048	2,565,000
2034	1,420,000	2049	2,670,000
2035	1,495,000	2050	2,785,000
2036	1,565,000	2051	2,900,000
2037	1,645,000	2052	3,015,000
2038	1,730,000	2053	3,140,000
2039	1,795,000		

OPTIONAL REDEMPTION. . . The Port reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2033, in whole or in part in principal amounts of \$5,000, or any integral multiple thereof, on August 1, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL BONDS AND/OR TERM BONDS. . . Bidders may provide that all of the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

MANDATORY SINKING FUND REDEMPTION. . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert the principal amounts of any Serial Bonds into “Term Bonds,” such “Term Bonds” shall be subject to mandatory sinking fund redemption commencing on August 1 of the first year which has been combined to form such Term Bond, and annually thereafter on each August 1 until the stated maturity for the Term Bonds at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Bonds occurred. At least forty-five (45) days prior to each mandatory date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

* Preliminary, subject to change. See “THE SALE - ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS” and “ - POST BID MODIFICATION OF PRINCIPAL AMOUNTS” herein

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the Port, by the principal amount of the Term Bonds of the same maturity which at least forty-five (45) days prior to a mandatory redemption date (i) shall have been acquired by the Port and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not previously credited against a mandatory sinking fund redemption requirement.

BOOK-ENTRY-ONLY SYSTEM. . . The Port intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar shall be BOKF, N.A., Dallas, Texas. See “THE BONDS - PAYING AGENT/REGISTRAR” in the Official Statement.

SOURCE OF PAYMENT. . . The Bonds constitute direct obligations of the Port payable from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property within the taxing jurisdiction of the Port.

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES. . . The Bonds will be sold in one block on an “All or None” basis, and at a **price of not less than 100% of par plus a cash premium of \$ _____ or no more than 110% of the total par value.** The principal amounts listed herein were calculated with a total bid premium of _____. Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8th of 1%, 1/20th of 1% or 1/100th of 1% and the net effective interest rate calculated in the manner prescribed by the Chapter 1204, Texas Government Code must not exceed 15%. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

LOCAL RETAIL PRIORITY. . . The Initial Purchaser will be required to put Brazoria County retail orders as the top priority in its allotment of bonds.

BASIS FOR AWARD. . . Subject to the Port's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Initial Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the Port. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Delivery Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid, if any. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid. The award of the Bonds will be made on the basis of bid received prior to any post-bid modifications.

GOOD FAITH DEPOSIT. . . A Good Faith Deposit, payable to the “Port Freeport,” in the amount of \$535,200, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the Port pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or may be submitted separately. If submitted separately, it shall be made available to the Port prior to the opening of the bids and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned uncashed and unendorsed to the Initial Purchaser upon payment for the Bonds.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with the bid, including, without limitation, due to the unwillingness or inability of the Initial Purchaser to provide the Standing Letter (as defined herein) in a form acceptable to the Texas Office of the Attorney General for the delivery of its approving opinion at closing, then said check shall be cashed and accepted by the Port as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Bonds has been made.

NO BOYCOTT OF ISRAEL. . . By submission of a bid for the Bonds, the bidder represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code that the bidder and any syndicate member listed on the Official Bid Form and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder or any syndicate member listed on the Official Bid Form, if any, do not boycott Israel and will not boycott Israel through the end of the underwriting period. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott Israel,” a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise

taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

SANCTIONED COUNTRIES REPRESENTATION. . . By submission of a bid for the Bonds, the bidder represents and verifies that neither the bidder nor any syndicate member listed on the Official Bid Form nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder or any syndicate member listed on the Official Bid Form, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the Port to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the bidder and any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder and any syndicate member listed on the Official Bid Form, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ENERGY COMPANIES. . . By submission of a bid for the Bonds, the bidder represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session (“SB 13”)), as amended, the bidder and any syndicate member listed on the Official Bid Form, and the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form do not boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, “boycott energy companies,” a term defined in Section 2274.001(1), Texas Government Code (as enacted by SB 13) by reference to Section 809.001, Texas Government Code (also as enacted by SB 13), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT DISCRIMINATE AGAINST A FIREARM ENTITY OR TRADE ASSOCIATION. . . By submission of a bid for the Bonds, the bidder represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, (“SB 19”)), as amended, the neither bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions, (a) “discriminate against a firearm entity or firearm trade association,” a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association, (b) “firearm entity,” a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor,

wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by SB 19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

REPRESENTATION REGARDING TEXAS ATTORNEY GENERAL STANDING LETTER. . . By submission of a bid for the Bonds, the bidder represents and verifies that the bidder and any syndicate member listed on the Official Bid Form, has on file with the Texas Office of the Attorney General a standing letter (the "Existing Standing Letter") addressing the verifications contained in the Bid Form in a form acceptable to the Texas Office of the Attorney General and further verifies that the Texas Office of the Attorney General has not notified the bidder that its Existing Standing Letter is under review. In addition, upon request of the Port, the bidder and any syndicate member listed on the Official Bid Form shall provide additional written certification to the Port that the Texas Office of the Attorney General may rely on the Existing Standing Letter prior to the Closing Date (the Existing Standing Letter and the written certifications described in this paragraph are collectively referred to herein as the "Standing Letter"). The Port reserves the right to provide such written certifications to the Texas Office of the Attorney General.

To the extent the Initial Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the Port reserves the right to cash and accept the Good Faith Deposit as full and complete liquidated damages. See "Good Faith Deposit."

ESTABLISHING THE ISSUE PRICE FOR THE BONDS

GENERAL. . . In order to provide the Port with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended, relating to the excludability of interest on the Bonds from gross income for federal income tax purposes, the winning bidder will be required to complete, execute, and deliver to the Port or to the Financial Advisor at least five business days before the delivery date of the Bonds, a certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in one of the forms and to the effect attached hereto or accompanying this Notice of Sale. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the delivery date of the Bonds, the Issue Price Certificate may be modified in a manner approved by the Port and Bond Counsel (identified in the Preliminary Official Statement). Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the appropriate Issue Price Certificate, if its bid is accepted by the Port. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts as are necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

DEFINED TERMS. . . For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Port (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).
- (iii) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (iv) “Sale Date” means the date that the Bonds are awarded by the Port to the winning bidder.

All actions to be taken by the Port under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Port by the Financial Advisor, and any notice or report to be provided to the Port may be provided to the Financial Advisor.

The Port will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid.

THREE BID REQUIREMENT. . . The Port intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) for purposes of establishing the issue price of municipal bonds, which requires, among other things, that the Port receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Three Bid Requirement”). In the event that the Three Bid Requirement is not satisfied, Treasury Regulations permit the issue price for any maturity of the Bonds to be determined based upon either (i) the first price at which 10% of such maturity is sold to the Public (the “10% Test”) or (ii) if the requirements of the “Hold-the-Offering-Price Rule” described below are met, the initial offering price to the Public as of the Sale Date. For purposes hereof, if different interest rates apply within a maturity, each separate CUSIP number will be treated separately.

In the event that the Three Bid Requirement is satisfied, the sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the Three Bid Requirement is not satisfied, the Port will notify the prospective winning bidder to that effect, and the prospective winning bidder will advise the Port any maturity of the Bonds that satisfies the 10% Test. For any maturity of the Bonds that does not meet the 10% Test, it is the Port’s intention to apply the “Hold-the-Offering-Price Rule” to any maturity of the Bonds, as described below.

HOLD-THE-OFFERING-PRICE RULE. . . If the “Hold-the-Offering-Price Rule” is applied to any maturity of the Bonds (each, a “Held Maturity”), the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any Held Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have satisfied the 10% Test with respect to that Held Maturity at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the Port when the Underwriters have satisfied the 10% Test with respect to each Held Maturity at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the Port, the winning bidder will confirm that the Underwriters have complied with the Hold-the-Offering-Price-Rule. If at any time the winning bidder becomes aware of any noncompliance by an Underwriter with respect to the Hold-the-Offering-Price Rule, the winning bidder will promptly report such noncompliance to the Port.

ADDITIONAL REQUIREMENTS. . . By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS. . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the Port; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF BONDS. . . Delivery will be accomplished by the issuance of one Initial Bond (also called the “Bond” or “Bonds”), either in typed or printed form, in the aggregate principal amount of \$53,520,000*, payable in stated installments to the Initial Purchaser, signed by the Chairman and Secretary of the Port Commission, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the Port, or as otherwise directed by the Port. The Initial Purchaser will be given six business days’ notice of the time fixed for delivery of the Bonds. The delivery of the Bond(s) will be March 22, 2023, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CST, on March 22, 2023, or thereafter on the date the Bond is tendered for delivery, up to and including April 21, 2023 (such date being referred to as the “Delivery Date”). If for any reason the Port is unable to make delivery on or before April 21, 2023, the Port shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days.

If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the Port and the Initial Purchaser shall be relieved of any further obligation. In no event shall the Port be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the Port’s reasonable control.

CONDITIONS TO DELIVERY. . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser’s receipt of (a) the legal opinion of Bracewell LLP, Houston, Texas, Bond Counsel for the Port (“Bond Counsel”), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

In order to provide the Port with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the Port at least ten (10) business days prior to delivery of the Bonds with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

In no event will the Port fail to deliver the Bonds as a result of the Initial Purchaser’s inability to certify actual sales of Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver the Issue Price Certificate by the date of delivery of the Bonds, if its bid is accepted by the Port. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning the Issue Price Certificate should be directed to Bond Counsel.

OBLIGATION OF THE PORT TO RECEIVE INFORMATION FROM WINNING BIDDER. . . Pursuant to Texas Government Code, Section 2252.908 (the “Interested Party Disclosure Act”), unless a bidder is exempt from the filing requirements of Section 2252.908, the Port may not award the Bonds to a bidder unless the bidder submits a Certificate of Interested Parties Form 1295 (the “Disclosure Form”) to the Port as prescribed by the Texas Ethics Commission (“TEC”) at the time the bidder submits its Official Bid Form. Publicly traded business entities (including wholly owned subsidiaries of a publicly traded business entity) are not required to file a Disclosure Form as provided in Section 2252.908(c)(4).

In the event that the bidder’s bid for the Bonds conforms to the specifications herein and is the best bid received, the Port, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the materials described below. The apparent winning bidder and each syndicate member listed on the Official Bid Form must have submitted either (1) a completed Disclosure Form, as described below, or (2) a written representation that it is exempt from the Form 1295 filing requirements pursuant to Section 2252.908(c)(4), not later than two hours after the deadline for the submission of bids in order for Port to complete the formal award. If the apparent winning bidder and each syndicate member listed on the Official Bid Form fails to file the Disclosure Form or written representation regarding the exemption from the filing requirement within the time period described in the previous sentence, the Port reserves the right to notify the apparent winning bidder that their bid has been rejected and award the sale to the next lowest bidder.

WRITTEN REPRESENTATION REGARDING EXEMPTION. . . If a bidder is claiming an exemption from the filing requirement under Section 2252.908(c)(4), the written representation that the Bidder is not required to file a Disclosure Form must state that it is publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity and identify the publicly traded business entity that allows them to utilize the exception.

PROCESS FOR COMPLETING THE DISCLOSURE FORM. . . The Disclosure Form can be found at <https://www.ethics.state.tx.us/forms/1295.pdf>, and reference should be made to the following information in order to complete it: (a) item 2 – name of governmental entity (“Port Freeport”), (b) item 3 – the identification number (“2023 GO Bonds Bid”), and (c) item 3 – description of the goods or services assigned to this contract by the Port (“Purchase of Bonds”).

If completing the Disclosure Form, the bidder must (i) complete the Disclosure Form electronically at the TEC’s “electronic portal,” and (ii) print, sign and deliver a copy of the Disclosure Form that is generated by the TEC’s “electronic portal.”

SUBMISSION OF WRITTEN REPRESENTATION REGARDING EXEMPTION OR COMPLETED DISCLOSURE FORM. . . The completed Disclosure Form or the written representation regarding the exemption from the Form 1295 filing requirements must be delivered electronically to the Port, at lowe@portfreeport.com and Bond Counsel, at jonathan.frels@bracewell.com **no later than two hours after the deadline for the submission of bids on the Sale Date.**

Time will be of the essence in submitting the completed Disclosure Form or written representation regarding the exemption from the filing requirements to the Port, and no bid will be accepted by the Port unless a completed Disclosure Form or written representation regarding exemptions is received on time.

Neither the Port nor its consultants have the ability to verify the information included in a Disclosure Form or written representation, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form or the written representation. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed Disclosure Form or written representation promptly upon notification from the Port that its bid is the conditional winning bid.

LEGAL OPINION. . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Initial Purchaser of the opinion of Bond Counsel, substantially in the form reproduced in Appendix C to the Official Statement, to the effect that based upon an examination of a transcript of certified proceedings of the Port relating to the authorization and issuance of the Bonds, the Bonds are validly issued under the Constitution and laws of the State of Texas and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Preliminary Official Statement.

CERTIFICATION OF OFFICIAL STATEMENT. . . At the time of payment for and Initial Delivery of the Bonds, the Port will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Official Statement under the heading “OTHER INFORMATION–CERTIFICATION OF THE OFFICIAL STATEMENT.”

CHANGE IN TAX EXEMPT STATUS. . . At any time before the Bonds are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale.

GENERAL

FINANCIAL ADVISOR. . . Masterson Advisors LLC, is employed as financial advisor (the “Financial Advisor”) to the Port in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Masterson Advisors LLC, has agreed, in its Financial Advisory contract, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. Masterson Advisors LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS. . . By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The Port agrees to cooperate with the Initial Purchaser, at the Initial Purchaser’s written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the Port shall not be obligated to qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL. . . This Notice of Sale does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of this Notice of Sale, the Official Bid Form and the Official Statement collectively. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT. . . The Port does not anticipate the issuance of general obligation debt in the next 12 months.

RATINGS. . . The Bonds and presently outstanding tax-supported debt of the Port are rated “_____” by Moody's Investors Service, Inc. ("Moody's").

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12. . . The Port has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the Port, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the Port concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and in the Official Statement.

The Port will furnish upon request to the Initial Purchaser(s), acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven (7) business days from the sale date no more than 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the Port assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT. . . The Port has agreed in the Bond Resolution to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), as described in the Official Statement under “CONTINUING DISCLOSURE OF INFORMATION”. The Initial Purchaser(s)’ obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Bond Resolution and/or Pricing Certificate containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . See “CONTINUING DISCLOSURE OF INFORMATION – COMPLIANCE WITH PRIOR UNDERTAKINGS” in the Preliminary Official Statement.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT. . . A limited number of additional copies of this Notice of Sale, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of Masterson Advisors LLC, 3 Greenway Plaza, Suite 1100, Houston, Texas 77046, Financial Advisor to the Port.

The Port Commission has authorized the preparation of the Notice of Sale, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds.

OFFICIAL BID FORM

Executive Director and Port Commission
Port Freeport

March 1, 2023

Members of the Port Commission:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated January 26, 2023 of \$53,520,000* Port Freeport, General Obligation Bonds, Series 2023 (Non-AMT) (the "Bonds"), both of which constitute a part hereof.

We understand that the Port reserves the right to adjust the principal amount of the Bond maturities as described in "ADVANCE ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and "POST BID MODIFICATION OF PRINCIPAL AMOUNTS" in the Official Notice of Sale and Bidding Instructions.

For your legally issued Bonds, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay a **price of not less than 100% of par plus a cash premium of \$_____ or no more than 110% of the total par value** for Bonds maturing and bearing interest as follows:

Due August 1	Principal*	Interest Rate	Due August 1	Principal*	Interest Rate
2025	\$ 380,000	_____ %	2040	\$ 1,870,000	_____ %
2026	960,000	_____	2041	1,945,000	_____
2027	1,010,000	_____	2042	2,020,000	_____
2028	1,060,000	_____	2043	2,100,000	_____
2029	1,115,000	_____	2044	2,185,000	_____
2030	1,170,000	_____	2045	2,275,000	_____
2031	1,230,000	_____	2046	2,365,000	_____
2032	1,290,000	_____	2047	2,465,000	_____
2033	1,355,000	_____	2048	2,565,000	_____
2034	1,420,000	_____	2049	2,670,000	_____
2035	1,495,000	_____	2050	2,785,000	_____
2036	1,565,000	_____	2051	2,900,000	_____
2037	1,645,000	_____	2052	3,015,000	_____
2038	1,730,000	_____	2053	3,140,000	_____
2039	1,795,000	_____			

Of the principal maturities set forth in the table above, term bonds have been created as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

Term Bond Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____ %

* Preliminary, subject to change. See "THE SALE - ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS" and " - POST BID MODIFICATION OF PRINCIPAL AMOUNTS" herein

The Initial Bonds shall be registered in the name of _____, which will, upon payment for the Bonds, be cancelled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of the _____ Bank, in the amount of \$535,200, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds to the BOKF, N.A., Dallas, Texas, not later than 10:00 A.M., CST, on March 22, 2023, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the Port, at least six business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the Port.

The undersigned also agrees to provide the Port and its consultants, at least 10 business days prior to delivery of the Bonds, a breakdown of its "Underwriting Spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the TEC Form 1295 through the TEC's electronic portal and submit the resulting certified TEC Form 1295 that is generated by the TEC's electronic portal to the Port as provided in the Notice of Sale or (2) submit a written representation that it is exempt from the TEC Form 1295 filing requirements pursuant to Section 2252.908(c)(4) as provided in the Notice of Sale. The undersigned understands that the failure to provide the TEC Form 1295 or written representation regarding exemption, as described herein, will prohibit the Port from providing final written award of the enclosed bid.

The Initial Purchaser represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code that the Initial Purchaser and any syndicate member listed on the Official Bid Form and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Initial Purchaser or any syndicate member listed on the Official Bid Form, if any, do not boycott Israel and will not boycott Israel through the end of the underwriting period. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott Israel," a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Initial Purchaser represents and verifies that neither the Initial Purchaser nor any syndicate member listed on the Official Bid Form nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Initial Purchaser or any syndicate member listed on the Official Bid Form, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the Port to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the Initial Purchaser and any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder and any syndicate member listed on the Official Bid Form, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

The Initial Purchaser represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session ("SB 13")), as amended, the Initial Purchaser and any syndicate member listed on the Official Bid Form, and the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the Initial Purchaser or any syndicate member listed on the Official Bid Form do not boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by SB 13) by reference to Section 809.001, Texas Government Code (also as enacted by SB 13), shall mean, without an ordinary business

purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

The Initial Purchaser represents and verifies that to the extent a bid for the Bonds constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, ("SB 19")), as amended, the neither Initial Purchaser nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Port to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions, (a) "discriminate against a firearm entity or firearm trade association," a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association, (b) "firearm entity," a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by SB 19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in the verifications contained in this Bid Form, the Initial Purchaser and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

We agree to put Brazoria County retail orders as the top priority in the allotment of bonds.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Initial Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Port Freeport, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 1st day of March, 2023.

Authorized Officer
Port Freeport

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT SATISFIED]

I, the undersigned officer of _____ (the “Purchaser”), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the General Obligation Bonds, Series 2023 (the “Bonds”) issued by the Port Freeport (the “Port”).

1. I hereby certify as follows in good faith as of the date hereof:

- (a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Bonds.
- (b) The reasonably expected initial offering prices of the Bonds to the Public by the Purchaser as of the Sale Date are the prices set forth on the inside cover of the Official Statement prepared in connection with the Bonds (the “Initial Offering Prices”). The Initial Offering Prices are the applicable prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached hereto as Attachment I is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.
- (c) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.
- (d) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.
- (e) The aggregate of the Initial Offering Prices of all maturities of the Bonds is \$ _____. The Bonds were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

2. For purposes of this Issue Price Certificate, the following definitions apply:

- (a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (b) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (c) “Sale Date” means the first day on which there is a binding contract in writing for the sale or exchange of the Bonds. The Sale Date of the Bonds is March 1, 2023.
- (d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Port (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Port with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Port from time to time relating to the Bonds.

EXECUTED as of this _____ day of _____, 2023.

[NAME OF PURCHASER OR MANAGER OF PURCHASING
SYNDICATE]

By: _____

Name: _____

Title: _____

ATTACHMENT I TO ISSUE PRICE CERTIFICATE
COPY OF WINNING BID FORM

[See Attached]

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT NOT SATISFIED – HOLD-THE-OFFERING-PRICE RULE]

I, the undersigned officer of _____ (the “Purchaser”), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the General Obligation Bonds, Series 2023 (the “Bonds”) issued by the Port Freeport (the “Port”).

1. I hereby certify as follows in good faith as of the date hereof:

- (a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Bonds.
- (b) For the Bonds maturing in _____, the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an “Actual Sales Price”).
- (c) For the Bonds maturing in _____ (each, a “Held Maturity”), the Purchaser on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Bonds (each, an “Initial Offering Price”). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Bonds, the Purchaser and each member of any underwriting syndicate agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the “Hold-the-Offering-Price Rule”) and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement would contain the agreement of each broker-dealer who is a party to the retail distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity.
- (d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is \$ _____. The Bonds were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

2. For purposes of this Issue Price Certificate, the following definitions apply:

- (a) “Hold Period” means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.
- (b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (c) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- (d) “Sale Date” means the first day on which there is a binding contract in writing for the sale or exchange of the Bonds. The Sale Date of the Bonds is March 1, 2023.
- (e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Port (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Port with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Port from time to time relating to the Bonds.

EXECUTED as of this _____ day of _____, 2023.

[NAME OF PURCHASER OR MANAGER OF PURCHASING
SYNDICATE]

By: _____

Name: _____

Title: _____

ATTACHMENT I TO ISSUE PRICE CERTIFICATE

FINAL PRICING WIRE

[See Attached]