

AGENDA

**Port Freeport
Port Commission
Regular Meeting
Thursday, February 23, 2023, 2:30 pm - 5:00 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 Port Commission, 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/85099523541?pwd=aU1UVHRjVHp0VEZaMjlxRXdONjUxUT09>

Meeting ID: 850 9952 3541

Passcode: 561368

Dial by your location

1 346 248 7799 US (Houston)

Meeting ID: 850 9952 3541

Find your local number: <https://us02web.zoom.us/u/kclxH9Vfa7>

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation.
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call.
5. Safety Briefing.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.
7. Public Comment. (Public comment on any matter not on this Agenda will be limited to 5 minutes per participant and can be completed in person or by videoconference)
8. Public Testimony. (Public testimony on any item on this Agenda will be limited to 5 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.
9. Approval of minutes from the Regular Meeting held February 9, 2023.
10. Approval of the FY 2022 Annual Comprehensive Financial Report.
11. Approval and award of contract for Property, Boiler and Machinery, and Terrorism insurance coverage for a one-year term beginning March 1, 2023, as obtained by broker Authur J. Gallagher & Co.
12. Receive reports from Executive Staff on activities and matters related to COVID-19 health safety matters, administrative affairs, financial results, facility engineering matters, operations and vessel activity, port safety matters, port security matters, Port tenant updates, USCOE, and other related port affairs.
 - A. Executive Director/CEO
 - B. Chief Financial Officer
 - C. Director of Engineering

- D. Director of Operations
- E. Director of Business & Economic Development

13. Receive report from Commissioners on matters related to:

- A. February 15 Finance Advisory Committee
- B. February 15 OSS Advisory Committee
- C. Port Commission related meetings or conferences, Port presentations and other Port related matters.

14. Approval of financial reports presented for the period ending January 31, 2023.

15. Approval of a new Stevedore License Application submitted by APS Stevedoring, LLC.

16. Approval and award of contract to DataVox for the EOC Audio-Visual Upgrade, for an amount not to exceed \$68,762.96.

17. Approval of a Construction Contract with McCarthy Building Companies, Inc. for the Parcel 14 Pump Station project, for an amount not to exceed \$1,442,485.00.

18. Approval of a Professional Services Agreement with Moffatt & Nichol for the Underwater Inspections of Berths 1, 2, 3, 5 & 7 project, for an amount not to exceed \$78,100.00.

19. Approval of an Amendment to the 2022 PIDP Grant Application prepared by The Goodman Corporation for the Cross-Dock Facility.

20. Discuss and consider approving proposal from Paul Bridges & Associates.

21. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

A. Under authority of Section 551.071 (Consultation with Attorney):

1. Consultation with attorney under Government Code Section 551.071(1) (to seek or receive attorney's advice on pending or contemplated litigation).
2. Consultation with attorney under Government Code Section 551.071(2) (to seek or receive attorney's advice on legal matters that are not related to litigation).

B. Under authority of Section 551.087 (Economic Development Negotiations or Incentives):

1. To discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations.
2. To deliberate the offer of a financial or other incentive to a business prospect described by Subdivision (1).

C. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. The potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
2. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5, 7 and 8.
3. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 14, 19, 27, 34 and property on Quintana Island.

D. Under authority of Section 551.074 (Deliberation of Personnel Matters) for discussion regarding:

1. Deliberation regarding the appointment, employment, evaluation, reassignment, duties of a public officer or employee, including but not limited to: Executive Director/CEO, Chief Financial Officer, Director of Operations, Director of Engineering, Director of Protective Services, Director of Economic Development, Director of Business & Economic Development and Director of Information Technology.

22. RECONVENE OPEN SESSION to review and consider the following:

23. Discussion of and action on supporting the Texas Ports Association proposed bills for the current legislative session.

24. Discussion of and action on approval of legislative initiative of Port Freeport.

25. Discuss and consider action resulting from Executive Session for Director of Information Technology.

26. Adjourn.

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

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

A handwritten signature in black ink, reading "Phyllis Saathoff". The signature is written in a cursive style with a large initial "P".

Phyllis Saathoff, Executive Director/CEO

PORT FREEPORT

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

Annual Comprehensive Financial Report For the Fiscal Years Ended September 30, 2022 and 2021



PORT FREEPORTSM

1100 Cherry St., Freeport, TX 77541

979-233-2667

www.portfreeport.com



**Port Freeport
Freeport, Texas**

Annual Comprehensive Financial Report
For the Fiscal Years Ended
September 30, 2022 and 2021

Prepared by:

Rob Lowe
Chief Financial Officer

Mary Campus
Controller

PORT FREEPORT

Freeport, Texas

Annual Comprehensive Financial Report Fiscal Years Ended September 30, 2022 and 2021

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port Freeport
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



PORT FREEPORT

Strategic Initiatives

Port Freeport is fully committed to the advancement of four key strategic initiatives:

Freeport Harbor Channel Improvement Project

The Freeport Harbor Channel Improvement Project, a federally authorized project which received a “new start” designation in February 2020, will deepen the Channel from its current 46 feet to depths ranging from 51 to 56 feet mean lower low water, as well as additional widening features to enhance the safe and efficient navigation of the waterway.

Expansion of Velasco Container Terminal

The Velasco Container Terminal at full buildout will feature 2,400 feet of berth equipped with new post-Panamax gantry cranes.

Development of Rail-served Warehousing, Processing, and Distribution Facilities

The project at full buildout will include a 250-acre multi-modal industrial park with 40,000 feet of rail tracks, vehicle storage and processing areas, warehousing facilities, and distribution centers.

Supporting Development of Inland Transportation Infrastructure

Port Freeport supports the development of efficient transportation solutions to move commerce from Freeport to Texas markets and the heart of the United States.





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(979) 233-2667 • 1 (800) 362-5743 • FAX: (979) 373-0023
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STATE OF THE PORT

February 14, 2023

MEMBERS OF THE PORT COMMISSION PORT FREEPORT FREEPORT, TEXAS

Re: Port Freeport achieves remarkable successes and signs new tenant bringing investment and jobs to the community

Gentlemen,

The past few years have presented unique challenges, from the COVID-19 pandemic, winter storm Uri to the global supply chain crisis. This year, the concerns over possible rail strikes, the drought on the Mississippi River, and the incident at the Freeport LNG facility had commercial impacts. It is with immense pride to report that Port Freeport has continued to realize extraordinary achievements, from advancement of vital channel improvements and terminal expansion to signing a long-term contract with a new customer, all while upholding our dedication to the community we serve.

In its fiscal year ended September 30, 2022, Port Freeport reached several all-time highs including record operating revenue, but also saw an unexpected reduction in liquefied natural gas exports. Hosting 307 inner harbor vessel calls, 134 calls were by roll-on/roll-off ships. These ro/ro vessels moved 90,912 automobiles along with flourishing volumes of high-and-heavy equipment. Spearheaded by imports for Tenaris, a major supplier of pipe products for the energy industry, Port Freeport handled a record 735,991 tons of steel (up 73.8 percent from the record fiscal 2021) with unprecedented volumes moving by rail and barge from U.S. locations in addition to the normal vessel imports. The on-port liquefied natural gas facility of Freeport LNG was on a record-setting pace with 149 LNG vessels exporting 10.3 million tons of LNG through the first week of June. The Freeport LNG operations were ceased after the June 8, 2022 incident involving an over-pressurization causing a release of gas and damage to the system. Freeport LNG is working diligently to make all necessary and recommended repairs and obtain regulatory approvals to resume safe operations. Approvals are expected early 2023 for resumption of partial operations. All the while, the diverse port remains a leading hub for imports of green fruit and exports of Texas rice.

This steadfast activity has significantly boosted labor hours and wages paid to working families in our communities, a driving force behind Port Freeport's combined local, state and national economic impacts of \$157 billion annually and the 266,300 jobs supported nationally as reported in 2022 by the Texas A&M Transportation Institute. It should also be noted that employees directly employed by Port Freeport completed another year without a recordable injury, bringing the total hours without injury to 1,367.

The selection by Volkswagen Group of America to make Port Freeport its Gulf Coast hub to serve more than 300 dealerships delivers on Port Freeport's commitment to port expansion that bolsters labor hours and investment in our community. A new 125-acre vehicle importation and processing facility is being constructed by PRP KDC Freeport Development LLP on the Port's rail-served Parcel 14. This \$122 million investment will support the import of 140,000 vehicles annually by vessel and rail. Port Freeport will expand the Parcel 14 rail storage using a \$6.3 million U.S. Department of Transportation grant. Volkswagen Group of America operations are expected to commence in 2024.

Underscoring Port Freeport's regional, state and national significance, the latest report from U.S. Census Bureau ranks Port Freeport 11th among all U.S. ports in total foreign waterborne tonnage handled. Port Freeport's future looks even brighter as the Freeport Harbor Channel Improvement Project continues to move forward, promising to deepen the port's navigational channel to between 51 feet and 56 feet while widening it to facilitate safe passage for increasingly large vessels of today and tomorrow. In 2021, Port Freeport celebrated a milestone with a ceremonial groundbreaking for the \$295 million endeavor. A third federal allocation in 2022, for \$73.1 million, has brought it to \$117 million, the total federal funding to date. Subsequent to the fiscal year end, an additional \$90.6 federal allocation was made providing the remaining federal funds needed to complete the project. As a non-federal sponsor, Port Freeport is contributing \$130 million, funded by the 2018 voter-approved bond

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

package. To date, \$74.2 million in bonds have been issued. A planned final issuance of \$55.8 million will proceed in early 2023.

Completion of a second contract widening the Reach 2 portion of the channel is giving larger vessels unrestricted, 24-hour access to Port Freeport berths. A third contract initiated to excavate soil in the bend of Reach 2 will further enhance safe navigation in Reach 2. The expectation for a final contract award and commencement next year, deepening the remaining reaches of the Freeport Channel, is setting sights to a 2025 project completion.

Port Freeport's container terminal, which is undergoing substantial expansion, including the addition of 927 feet of further berthing plus an 85-foot ro/ro platform is set to be completed and placed into service in June 2023. The Port Freeport container terminal has a depth of 51 feet along-side with access for larger vessels via the already completed Reach 3 portion of the channel.

Furthermore, the Port Freeport Commission honored its longstanding commitment to taxpayers by reducing the navigation district tax rate by 12.5 percent, lowering it to below the "No New Revenue Tax Rate," while expanding exemptions for those who are 65 or older and/or disabled. The tax rate of \$0.035 is Port Freeport's lowest tax rate in decades.

Not surprisingly, Port Freeport continues to maintain and even improve its stellar financial ratings, with Standard & Poor's reaffirming its rating on the port's outstanding senior lien revenue bonds of "A+" with a stable outlook and Moody's retaining an Aa2 rating for the port's offerings of general obligation bonds supported by the 2018 referendum. Furthermore, our excellence in annual financial reporting was recognized for the 33rd consecutive year by the Government Finance Officers Association of the United States and Canada.

Two major events remain at the forefront for Port Freeport's community engagement. The 2022 Port Freeport Golf Tournament benefiting Texas Port Ministry brought in a record \$83,200 to help support the well-being of international seafarers who live and work on ships calling Port Freeport terminals, as well as truck drivers essential to delivering goods. Port Freeport also hosted the 22nd annual Take-A-Child Fishing Tournament, bringing together 301 local young anglers and their families for a delightful day that generated fun and prizes for participants plus a bounty of canned foods donated for our community.

Thanks to the foresightedness of our port commissioners, community leaders and navigation district voters and the unwavering commitments of scores of port partners and stakeholders, Port Freeport continues to fortify its strength as a present and future driver of prosperity for our community, our state, and our nation.

In sincerest appreciation of the opportunity to serve,

A handwritten signature in black ink, reading "Phyllis Saathoff". The signature is fluid and cursive, with the first name "Phyllis" written in a larger, more prominent script than the last name "Saathoff".

Phyllis Saathoff, CPA, PPM®
Executive Director/CEO

PORT FREEPORT

Directory of Officials

Port Commission



John Hoss
Chairman



Rudy Santos
Vice Chairman



Dan Croft
Secretary



Rob Giesecke
Assistant Secretary



Ravi K. Singhanian
Commissioner



Shane Pirtle
Commissioner

PORT FREEPORT

Directory of Officials Executive Staff



Phyllis Saathoff
Executive Director/CEO



Rob Lowe
Chief Financial Officer/
Director of Administration



Jason Miura
Director of Business/
Economic Development



Jason Hull
Director of Engineering



Al Durel
Director of Operations



Mary Campus
Controller



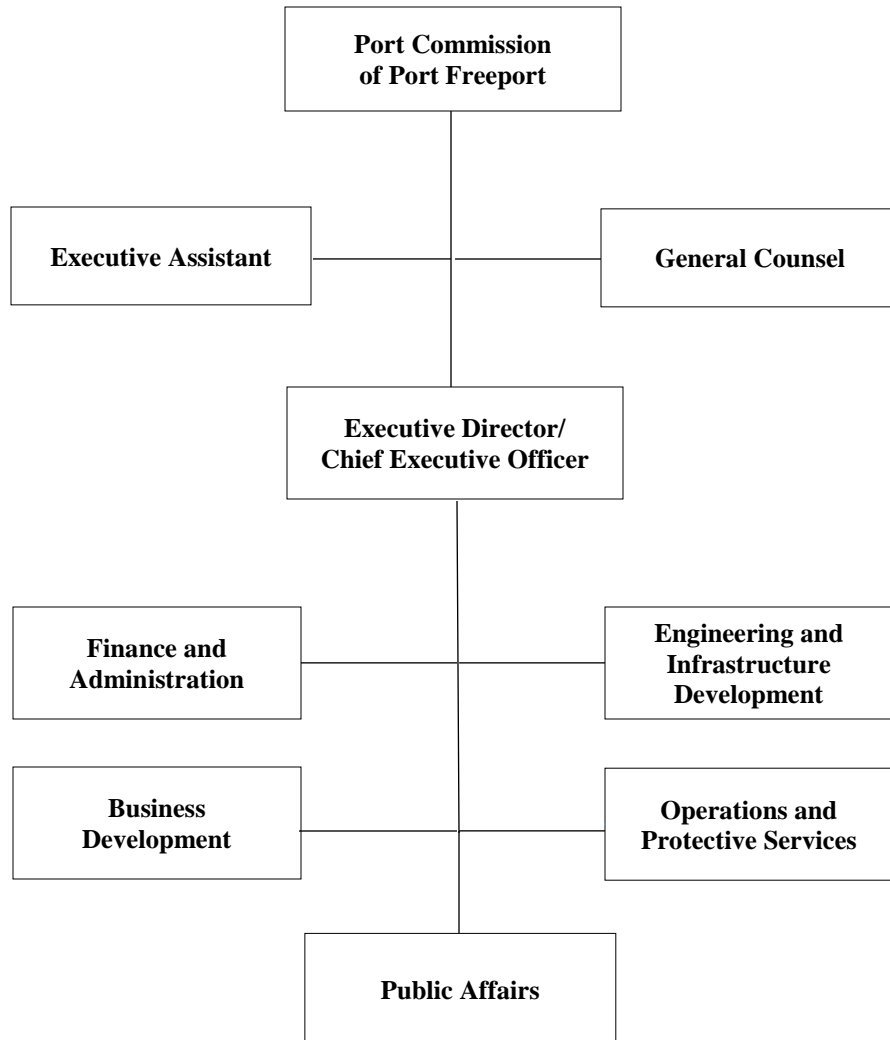
Mike Wilson
Director of Economic Development
and Freight Mobility



Chris Hogan
Director of Protective Services

PORT FREEPORT

Organizational Chart





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LETTER OF TRANSMITTAL

February 14, 2023

**MEMBERS OF THE PORT COMMISSION
PORT FREEPORT
FREEPORT, TEXAS**

Gentlemen:

The Annual Comprehensive Financial Report for Port Freeport (Port) for the year ended September 30, 2022, is hereby submitted for your review. Responsibility for both the accuracy of the information contained herein and the completeness and fairness of the presentation, including all disclosures, rests with the administration of the Port. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the Port. All disclosures necessary to enable the reader to gain an understanding of the Port's financial activities have been included.

The Port has prepared the Annual Comprehensive Financial Report following the guidelines recommended by the Government Accounting Standards Board (GASB).

GENERAL

Brazoria County is one of Texas' most fertile agricultural areas, one of the region's more prolific fuel and mineral areas, and in recent decades, the location of one of the world's largest chemical manufacturing complexes. The primary economic bases of the county include chemical manufacturing, petroleum and natural gas processing, offshore production maintenance services, diversified manufacturing, biochemical, electronic industries, and agriculture. In addition, the area's deep-water channel and port facilities, sport fishing services and tourism are major components of the county's economic base. Since 2004, the northern portion of the county has seen extensive residential, retail and healthcare development with no evidence of slowing in the near term. The southern and western portions of the county are currently experiencing substantial industrial expansion with \$ 3.438 billion of completed projects in the last five years of industrial plants and an estimated \$ 7.35 million currently under construction. In addition, there has been \$ 623 million in construction starts of solar energy farms and \$30-35 million in battery farms. The Brazoria County Index of Leading Economic indicators increased .54 percent from August 2021 to August 2022. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six-months, has been below the six-month moving average for the last three months. This indicates that the county is likely entering into or is currently experiencing a period of slower economic growth. (Brazosport College Economic Forecasting Center, 2022). The Port enters into property tax abatements with local businesses. The Port Commission approves the application after it is determined that the request meets the applicable guidelines and criteria adopted by the Port Commission, which will promote the development of industry within the Port boundaries, provide additional area employment, and strengthen the District's economy. Details of tax abatement agreements can be found in Note 15 on page 62.

Port Freeport is a political subdivision of the State of Texas encompassing approximately 85 percent of Brazoria County, Texas. The Port exists under the provisions of Article XVI, Section 59 of the Texas State Constitution and related sections of the Revised Civil Statutes of the State of Texas and all amendments thereto. In 2007, the State of Texas passed House Bill 542, which changed the legal name of the Brazos River Harbor Navigation District to "Port Freeport" and the name of the governing body of the Brazos River Harbor Navigation District to "Port Commission" and the name of each member of the Port Commission to "Port Commissioner." The Port, being a political subdivision of the State of Texas, is a separate and distinct entity and operates independently with its own Port Commission as its governing body.

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

The Port Commission is comprised of six members. Five positions represent a specific geographic area, and one position is at-large. Each Port Commissioner serves a term of six years. The six-year terms are staggered with an election for two commissioner positions held each uneven-numbered year. The Executive Director/CEO and staff manage the operations of the Port under the auspices of the Port's Commission.

FINANCIAL

The financial statements are prepared using the single enterprise fund model in accordance with GASB 34. The financial reporting entity includes the enterprise fund of the primary government, Port Freeport, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Brazos Harbor Industrial Development Corporation (IDC) is a component unit of the Port; however, it is discretely presented and has no assets, liabilities, equities, or financial transactions. Financial information for the IDC is limited to the disclosure of revenue bonds issued on behalf of others in the notes to the financial statements.

Discussion and analysis of the financial statements and the Port's financial performance may be found in Management Discussion and Analysis at the beginning of the Financial Section.

Internal Controls. The administration of the Port is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Port are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformance with generally accepted governmental accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by administration. The Port has adopted practices and procedures measures related to fraud prevention and reporting.

The Port Commission adopts an annual budget in September for the next fiscal year beginning October 1. Management periodically presents statements comparing actual with budget, explaining significant variances.

Other Financial information

The Port has financial policies designed to provide parameters for managing the financial performance of the Port. Two of the Port's more significant financial policies are the cash management and risk management policies.

Cash Management. The Port's investment policy complies with the Public Funds Investment Act and is designed to minimize any risk of loss of principal, while maintaining a competitive yield on the funds it has available for investment. Accordingly, Port cash temporarily idle during the year was invested in money market funds, certificates of deposit and guaranteed governmental securities as authorized by the policy. In addition, all deposits were and continue to be either insured by federal depository insurance or otherwise collateralized. All collateral on deposits in excess of federal depository insurance amounts are held by the Port or by the financial institution's trust department or a Federal Reserve Bank in the Port's name.

Risk Management. The Port's schedule of insurance provides for comprehensive coverage of all areas of risk. The Port has engaged a consultant to assist with risk management issues.

Independent Auditor. The state statutes require an annual audit by independent certified public accountants. KM&L, LLC, the independent certified public accountants selected by the Port Commission, audited the basic financial statements for the year ended September 30, 2022.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for excellence in financial reporting to the Port for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2021. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Port has received this prestigious award for the last thirty-three consecutive fiscal years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

MAJOR INITIATIVES

2022. As a continuation of master planning efforts, the Port has established four (4) critical strategic objectives. These objectives can be summarized as follows:

- The deepening of the Port's navigational channel to the Federal authorized depth of ranging from 51-56 feet as well as making certain identified navigational improvements to promote safe and efficient transit
- The expansion of the Port's container facilities located on Velasco Terminal
- Support the development of efficient transportation solutions to move commerce between Port Freeport Texas markets and the heart of the United States.
- Development of integrated, rail served warehousing, processing, and distribution facilities

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.

Efforts initiated or continued into 2022 include: ongoing construction of a 925-foot berth extension and Roll-On/Roll-Off ramp of the Velasco Terminal; further development of Velasco Terminal backland areas; and the continuation of land acquisition efforts supporting access and expanding operations of the Port's Velasco Terminal.

Future. With a favorable outcome for both the initial reconnaissance and subsequent feasibility studies, the United States Army Corps of Engineers (USCOE) issued its Chief's Report early in 2013 to the United States Congress recommending the deepening of the Freeport Harbor Channel. Acting on this recommendation, Congress included in the Water Resources Reform and Development Act (WRRDA) of 2014 authorization to move forward with the proposed project funding initial construction planning and design work. During 2014, it was determined additional improvements, beyond those proposed and authorized in WRRDA, were necessary in order to accommodate the safe navigation of the feasibility study's design vessel. The Port actively engaged with the USCOE to develop a process to adjust for these additional requirements, which include bend easing and channel width increases. The General Re-evaluation Report (GRR) approval was received in May 2018. The Federal Government's share of the total project cost must be appropriated by Congress with a project New Start designation and the first phase was appropriated and included in the USCOE 2020 workplan and construction began in April 2021. Additional Federal Government funding has been appropriated and bond issuances are in progress to allow completion of the project. Current estimated totally funded project costs are \$ 295 million, which will be shared between the Federal Government and the Port based on defined cost shares.

Construction of the 925' berth extension and associated Roll-On/Roll-Off ramp on Velasco Terminal are on track to be completed in FY2023. Master Planning efforts also recommend the purchase of additional ship to shore gantry cranes and continued development of backland to support berth operations. Costs associated with this phase of the build out is estimated at \$ 130 million over the next five years and will be funded through a combination of operating income and bond revenues. In addition to the activities associated with the Velasco Terminal, a 125 acre vehicle importation and processing facility is being developed along with Phase II of the port's rail expansion project. The cost associated with the 125 acre vehicle importation and processing facility will be borne by the developer while the rail expansion will be funded through a combination of port operating revenues and grant funds.

The continued strategy of maintaining long term contracts combined with strong operational growth plans and established financing options will support these projects and initiatives while also enabling continued infrastructure development beyond those specifically noted.

These initiatives as well as others are outlined further in Management's Discussion and Analysis in the Financial Section.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Report could not have been accomplished without the contributions of the Finance Department and other staff members. They have my sincere appreciation for their dedication and diligence in preparing this report. Thanks, and appreciation are extended to the Executive Director/CEO and Commissioners, as well, for their guidance, insight, and support throughout the year.

Respectfully Submitted,



Rob Lowe

PORT FREEPORT

Economic Impact

The results of the 2022 Economic Impact Analysis performed by Texas A&M Transportation Institute estimate the total economic impact that the Freeport Harbor Channel has on local, statewide, and national economies through the operation of and investment in leased and privately-owned terminals.

Statewide Annual Economic Impact

*109,800 jobs
\$1.8 billion state and local tax revenues
\$84.3 billion total economic output*

Nationwide Annual Economic Impact

*266,300 jobs
\$5.4 billion federal tax revenues
\$157.3 billion total economic output*

The impacts of the study are based upon 2021 data and are provided as direct, indirect and induced effects of the operations along the Freeport Harbor Channel and are reported in terms of employment, production, income, and tax revenues.





Independent Auditor's Report

To the Port Commissioners
Port Freeport
Freeport, Texas 77541

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Port Freeport ("the Port"), as of and for the year ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port, as of September 30, 2022 and 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, in 2022 the Port adopted new accounting guidance, *GASBS No. 87, Lease*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2023 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Port's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
February 14, 2023

PORT FREEPORT

Management Discussion and Analysis

The management of Port Freeport (Port) offers readers this narrative overview and analysis of the financial activities for the fiscal years ended September 30, 2022, 2021 and 2020. This section is intended to enhance the clarity and usefulness of the financial statements for citizens, oversight bodies, investors, and creditors. The Port's financial activities are being reported under the requirements of Governmental Accounting Standards Board (GASB) Statement 34 as a single enterprise fund.

Financial Highlights

September 30, 2022

- Total Net Position decreased by \$ 20.9 million.
- Total Assets increased by \$ 149.8 million primarily due to an increase in property, plant and equipment of \$ 40.3 million from purchases of land, Port improvements, and equipment, a decrease in cash and cash equivalents of \$ 45.1 million and in investments of \$ 29.2 million primarily driven from cost paid for non-federal share of Freeport Harbor Channel Improvement Project, and an increase in lease receivable of \$ 180.4 million due to the implementation of GASB No. 87.
- Total Liabilities decreased by \$ 4.8 million mainly due to scheduled payments on note and bonds outstanding.
- An increase in deferred inflow of resources of \$ 175.6 million was due to the implementation of GASB No. 87.
- Decrease in Net Position was primarily due to cost paid for non-federal share of Freeport Harbor Channel Improvement Project.

September 30, 2021

- Total Net Position increased by \$ 3.3 million.
- Total Assets increased by \$ 76.0 million primarily due to an increase in property, plant and equipment of \$ 66.1 million from purchases of land, Port improvements, and equipment, an increase in cash and cash equivalents of \$ 42.9 million, and a decrease in investments of \$ 34.9 million primarily driven from bond proceeds received in advance of associated Freeport Harbor Channel improvement project.
- Total Liabilities increased by \$ 72.7 million due to the net bond proceeds of \$ 67.0 million, bond premium of \$ 8.8 million, and scheduled payments on note and bonds outstanding.
- Change in Net Position was lower than the prior year primarily due to the increase of non-operating expenses.

September 30, 2020

- Total Net Position increased by \$ 8.3 million.
- Total Assets increased by \$ 86.3 million primarily due to an increase in property, plant, and equipment of \$ 44.7 million from purchases of land, Port improvements, and equipment, a decrease in cash and cash equivalents of \$ 12.5 million, and an increase in investments of \$ 53.1 million primarily driven from bond proceeds received in advance of associated capital improvement projects.
- Total Liabilities increased by \$ 78.0 million due to the net bond proceeds of \$ 74.7 million, bond premium of \$ 8.1 million, and scheduled payments on note and bonds outstanding.
- Change in Net Position was lower than the prior year primarily due to the increase of non-operating expenses.

Overview of Financial Statements

This discussion and analysis serves as an introduction to the Port's basic financial statements. These statements include a statement of net position that is a statement of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position; a statement of revenues, expenses and changes in net position that reports all revenues and expenses during the year and their net; a statement of cash flows that reports sources and uses of cash; and notes to the financial statements that explain some of the information in the financial statements and provide supporting detail. The basic financial statements are prepared on the accrual basis, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

PORT FREEPORT

Management Discussion and Analysis

Financial Analysis

Over time, increases or decreases in the Port's net position may serve as a useful indicator of whether the Port's financial position is improving or deteriorating. For the years ended September 30, 2022, 2021 and 2020, the Port's net position decreased by 9 percent, 1 percent, and 4 percent to \$ 224.0 million, \$ 245.0 million, and \$ 241.6 million, respectively.

Net investment in capital assets at September 30, 2022, 2021 and 2020, was \$ 219.4 million, \$ 190.7 million, and \$ 173.9 million, or 98 percent, 78 percent, and 72 percent of total net position, respectively. Net investment in capital assets includes land, buildings, machinery, and equipment less any related debt used to acquire these assets. These net capital assets are recorded at historical cost and are net of depreciation. The remaining net position, at September 30, 2022, 2021 and 2020, is divided into four categories: restricted for debt service, \$ 13.0 million, \$ 13.8 million, and \$ 12.5 million; contribution, \$ 6.6 million, \$ 52.5 million, and \$ 28.0 million; restricted for capital projects, \$ 12 thousand, \$ 13 thousand, and \$ 13 thousand; and unrestricted net position, deficit of \$ 15.0 million, deficit of \$ 12.0 million, and \$ 27.3 million, respectively. Restrictions do not significantly affect the availability of resources for future use. As the non-federal sponsor of the Freeport Harbor Channel, the Port is responsible to fund the non-federal share of the Freeport Harbor Channel Improvement Project. The non-federal sponsor share is funded by the issuance of General Obligation Bonds. As a result, the Port has recognized substantial liabilities in the financial statements for these bonds. As of September 30, 2022 and 2021, the Port had these project related outstanding bonds of \$ 73.2 million and \$ 74.1 million (included premium), which has caused the deficit balances in the unrestricted net position.

The Port's total net position decreased by \$ 21.0 million in 2022, increased by \$ 3.3 million in 2021 and \$ 8.3 million in 2020. These changes were provided by operating income (including depreciation) of \$ 27.2 million, \$ 20.3 million, and \$ 15.0 million; \$ (48.1) million, \$ (17.0) million and \$ (6.8) million in non-operating net revenues (expenses) including ad valorem taxes of \$ 6.4 million, \$ 6.2 million, and \$ 5.6 million and capital contributions of \$ 143 thousand, \$ 11 thousand, and \$ 140 thousand, respectively.

Condensed Statements of Net Position (in thousands)

	2022	2021	(Restated) 2020
Current assets	\$ 272,887	\$ 163,395	\$ 153,489
Capital assets, net of depreciation	<u>418,538</u>	<u>378,196</u>	<u>312,102</u>
Total assets	<u>691,425</u>	<u>541,591</u>	<u>465,591</u>
Deferred outflows of resources – refunding costs	<u>7</u>	<u>8</u>	<u>9</u>
Total deferred outflows of resources	<u>7</u>	<u>8</u>	<u>9</u>
Current liabilities	27,643	23,806	19,299
Non-current liabilities	<u>264,230</u>	<u>272,835</u>	<u>204,667</u>
Total liabilities	<u>291,873</u>	<u>296,641</u>	<u>223,966</u>
Deferred inflows of resources	<u>175,561</u>	-	-
Total deferred inflows of resources	<u>175,561</u>	-	-
Net investment in capital assets	219,425	190,667	173,877
Restricted for debt service	12,960	13,774	12,459
Restricted for contributions	6,581	52,492	28,010
Restricted for capital projects	12	13	13
Unrestricted	<u>(14,980)</u>	<u>(11,988)</u>	<u>27,275</u>
Total net position	<u>\$ 223,998</u>	<u>\$ 244,958</u>	<u>\$ 241,634</u>

PORT FREEPORT

Management Discussion and Analysis

Comparative Statement of Revenues, Expenses and Changes in Net Position (in thousands)

	2022	2021	(Restated) 2020
Operating revenues:			
Harbor operations	\$ 25,549	\$ 26,685	\$ 20,176
Lease income	17,211	12,970	13,388
Miscellaneous	4,524	8	9
Total operating revenues	<u>47,284</u>	<u>39,663</u>	<u>33,573</u>
Operating expenses:			
Payroll and related	4,946	5,110	5,068
Professional services	2,764	2,213	2,163
Supplies and other	2,678	2,215	2,111
Utilities, maintenance and repairs	1,829	1,648	1,611
Depreciation	7,914	8,193	7,593
Total operating expenses	<u>20,131</u>	<u>19,379</u>	<u>18,546</u>
Operating income	<u>27,153</u>	<u>20,284</u>	<u>15,027</u>
Non-operating revenues (expenses):			
Ad valorem tax, net of collection expenses	6,430	6,190	5,623
Investment income	153	88	2,096
Gain (loss) on sale of capital assets and other	272	461	-
Dredge material placement fees	-	246	-
Debt interest and fees	(9,300)	(8,795)	(7,862)
Other	(45,619)	(15,152)	(6,681)
Total non-operating revenues (expenses)	<u>(48,064)</u>	<u>(16,962)</u>	<u>(6,824)</u>
Income before capital contributions and extraordinary expenses	(20,911)	3,322	8,203
Capital contributions - grants	143	11	140
Extraordinary expenses - emergency recovery expenses	(192)	(9)	-
Change in net position	(20,960)	3,324	8,343
Total net position - beginning	<u>244,958</u>	<u>241,634</u>	<u>233,291</u>
Total net position - ending	<u>\$ 223,998</u>	<u>\$ 244,958</u>	<u>\$ 241,634</u>

Total revenues, including capital contributions, have increased in 2022 compared to 2021 and increased in 2021 compared to 2020. Total revenues for 2022, 2021, and 2020, were \$ 54.3 million, \$ 46.7 million, and \$ 41.4 million, respectively. Operating revenues increased by \$ 7.6 million in 2022 to \$ 47.3 million, \$ 6.1 million in 2021 to \$ 39.7 million, and \$ 5.6 million in 2020 to \$ 33.6 million. Harbor operating revenues are primarily driven by commodity tonnages and ship calls. Tonnage overall decreased 23.7 percent to 13 million tons in 2022 while ship calls decreased 14 percent and barge calls increased 112 percent. Tonnage overall increased 96 percent to 17 million tons in 2021 while ship calls increased 29 percent and barge calls decreased 17 percent. Tonnage overall increased 208 percent to 8.7 million tons in 2020 while ship calls increased 27 percent and barge calls increased 605 percent. Miscellaneous revenues increased by \$ 4.5 million in 2022 due to business interruption insurance claim proceeds, and remained steady for 2021 and 2020.

PORT FREEPORT

Management Discussion and Analysis

The following is the detailed tonnage comparison for the fiscal year 2022, 2021, and 2020:

Commodity	Fiscal Year 2022 Tonnage (In thousands)	Change from prior year	Fiscal Year 2021 Tonnage (In thousands)	Change from prior year	Fiscal Year 2020 Tonnage (In thousands)	Change from prior year
Rice	276	134%	118	-17%	143	11%
Bananas/Misc. Fruit	365	29%	283	7%	264	-18%
Misc./General Cargo	356	-24%	471	-29%	664	10%
Dry Bulk Material	448	2%	441	-32%	653	-32%
Liquid Bulk Material	10,331	-31%	14,878	135%	6,325	4385%
Project Cargo	68	518%	11	-80%	55	816%
Steel Products	736	74%	423	37%	309	-18%
RoRo Cargo	415	1%	411	42%	289	5%
Total	12,995	-24%	17,036	96%	8,702	208%

Total lease revenue increased 32.7 percent in 2022, decreased 3.1 percent in 2021, and decreased 7.2 percent in 2020. Ground lease revenue increased \$ 4.2 million in 2022, decreased \$ 321 thousand in 2021, and decreased \$ 947 thousand in 2020. Other leases increased \$ 99 thousand in 2022, decreased \$ 97 thousand in 2021, and decreased \$ 95 thousand in 2020. Lease revenue increases in 2022 are due to the implementation of GASB No. 87 which resulted in recognized interest income related to the leases. Lease revenue decreases in 2021 are due to the expiration of a lease termination agreement. Lease revenue decreases in 2020 are due to the expiration of a lease and termination of a lease agreement.

Ad valorem tax revenue was \$ 6.4 million, \$ 6.2 million, and \$ 5.6 million in 2022, 2021 and 2020, respectively. The tax rate was 4.01 cents per hundred-dollar valuation in 2021, 2020 and 2019. Investment income increased by \$ 66 thousand in 2022 as compared to 2021 due to a change in interest rate and market value, increased by \$ 2.0 million in 2021 as compared to 2020 due to a change in market value, increased by \$ 85 thousand in 2020 as compared to 2019 due to increases in funds available for investment. Grant revenues in 2022 increased to \$ 144 thousand, in 2021 decreased to \$ 11 thousand, in 2020 increased to \$ 140 thousand. Other non-operating expenses of \$ 54.5 million, \$ 15.2 million, and \$ 6.7 million in 2022, 2021, and 2020 were mainly related to contributions of non-federal share of Freeport Harbor Channel Improvement Project.



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Management Discussion and Analysis

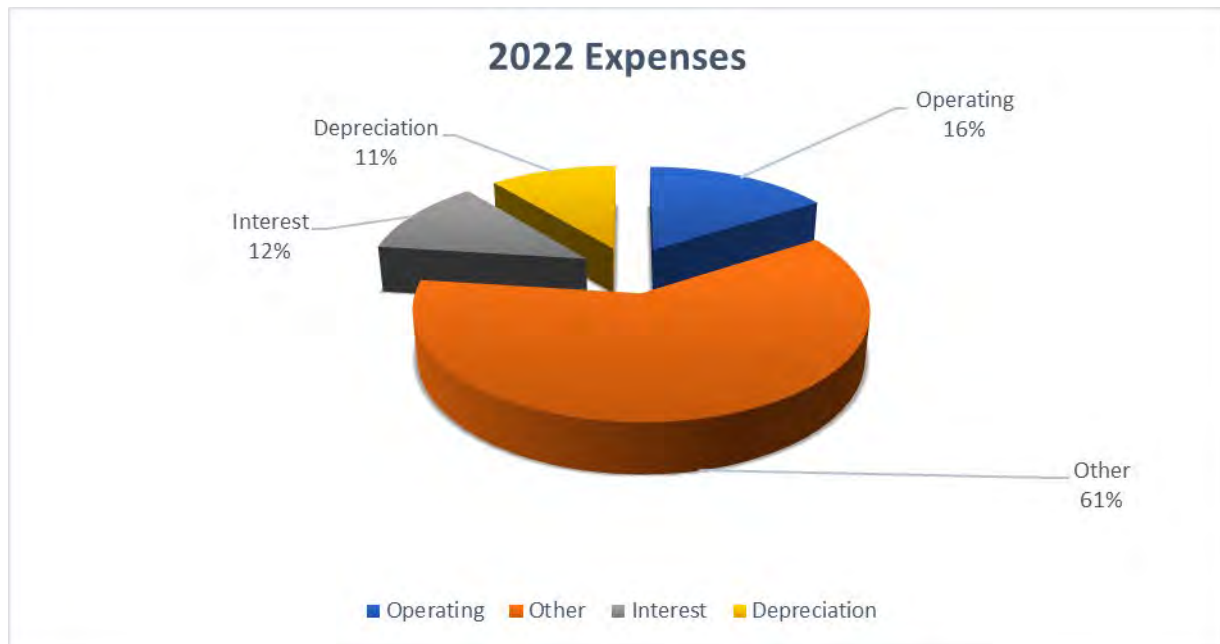


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Management Discussion and Analysis

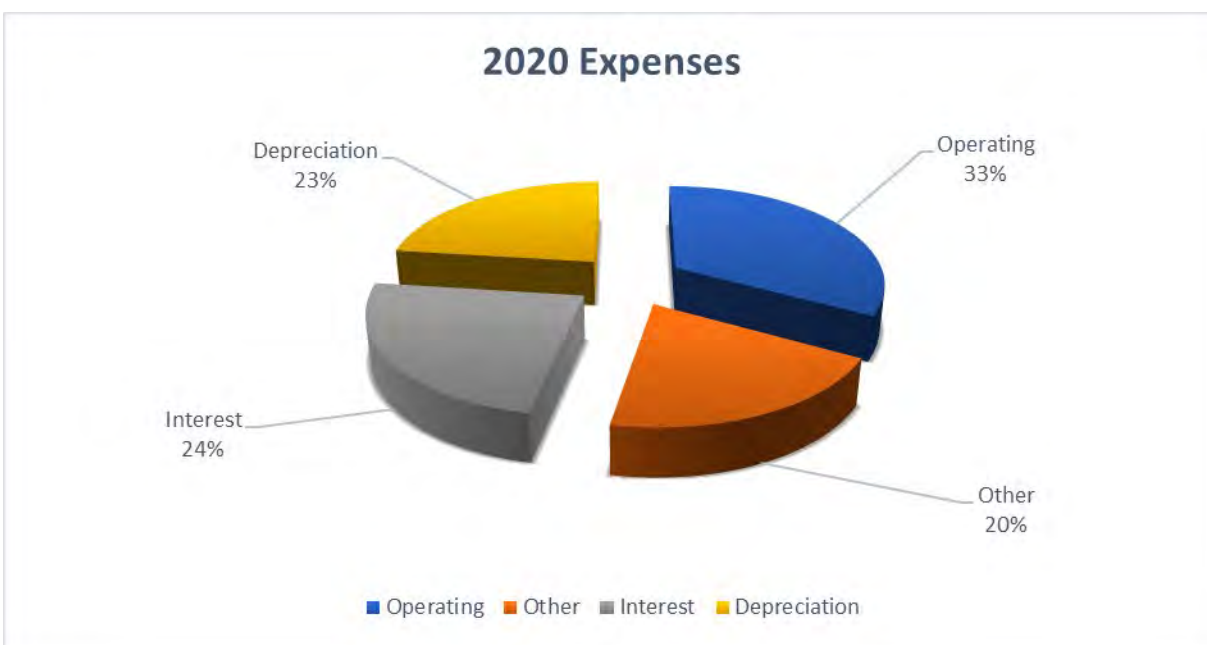
Total expenses increased 73.6 percent to 75.2 million from 43.3 million in 2022, increased 31.0 percent to 43.3 million from 33.1 million in 2021, and increased 43.4 percent to 33.1 million from 23.1 million in 2020. Operating expenses, including depreciation, were \$ 20.1 million in 2022 increasing \$ 752 thousand or 3.9 percent, \$ 19.4 million in 2021 increasing \$ 833 thousand or 4.5 percent, and \$ 18.5 million in 2020 increasing \$ 1.0 million or 5.5 percent. Payroll and related expenses in 2022 were consistent with 2020, in 2021 were consistent with 2020, and in 2020 increased by 6.1 percent primarily due to pay rate increase and open job positions which were filled. Professional services expenses in 2022 were increased \$ 551 thousand compared to 2021, in 2021 were consistent with 2020, and in 2020 were consistent with 2019. Supplies and other expenses in 2022 increased \$ 463 thousand or 20.9 percent compared to 2021, in 2021 increased \$ 104 thousand or 4.9 percent comparing with 2020, and in 2020 were consistent with 2019. Utilities and maintenance expenses increased \$ 181 thousand in 2022 compared to 2021, consistent in 2021 as compared to 2020, and were consistent in 2020 as compared to 2019. Depreciation expenses decreased \$ 279 thousand in 2022, increased \$ 600 thousand in 2021, and \$ 795 thousand in 2020.

Debt interest and fees were \$ 9.3 million in 2022, \$ 8.8 million in 2021, and \$ 7.9 million in 2020 on outstanding debt payments. Other expenses of \$ 45.6 million in 2022, \$ 15.2 million in 2021, \$ 6.7 million in 2020 were capital contribution made for the non-federal share of the Freeport Harbor Channel Improvement Project.



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Management Discussion and Analysis



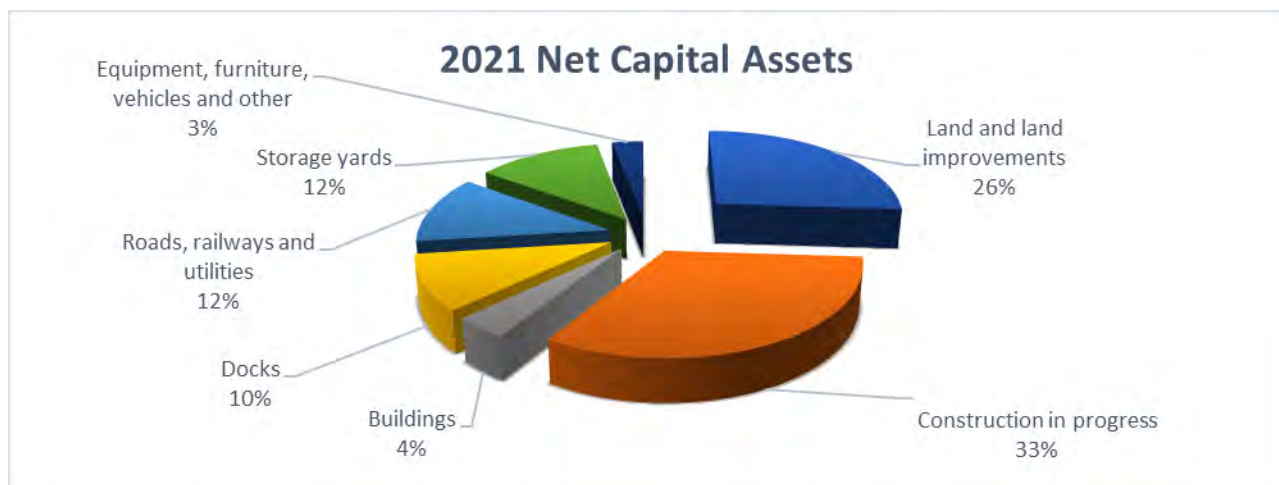
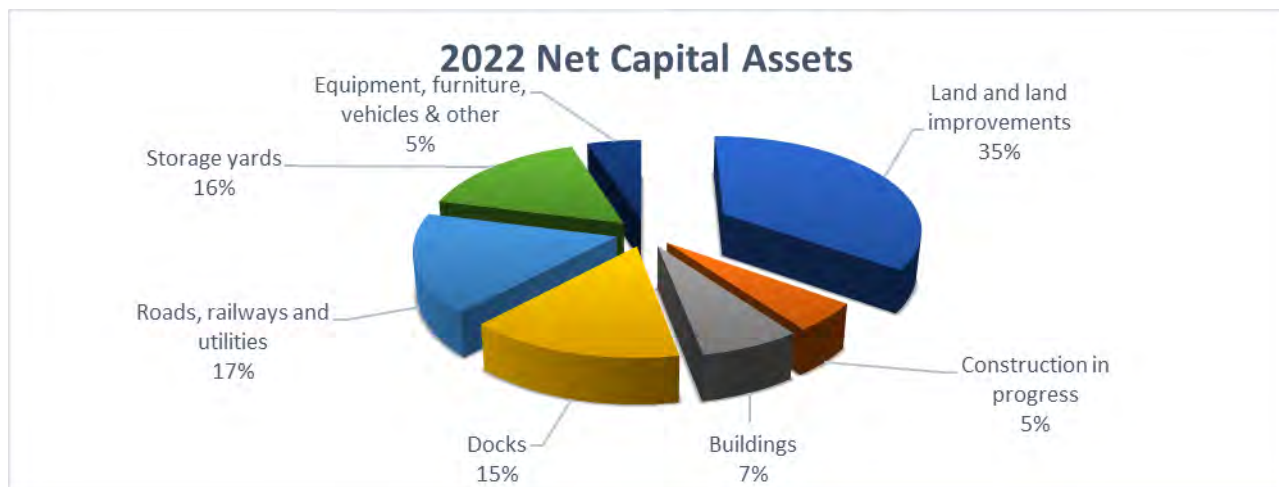
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Management Discussion and Analysis

Capital Assets

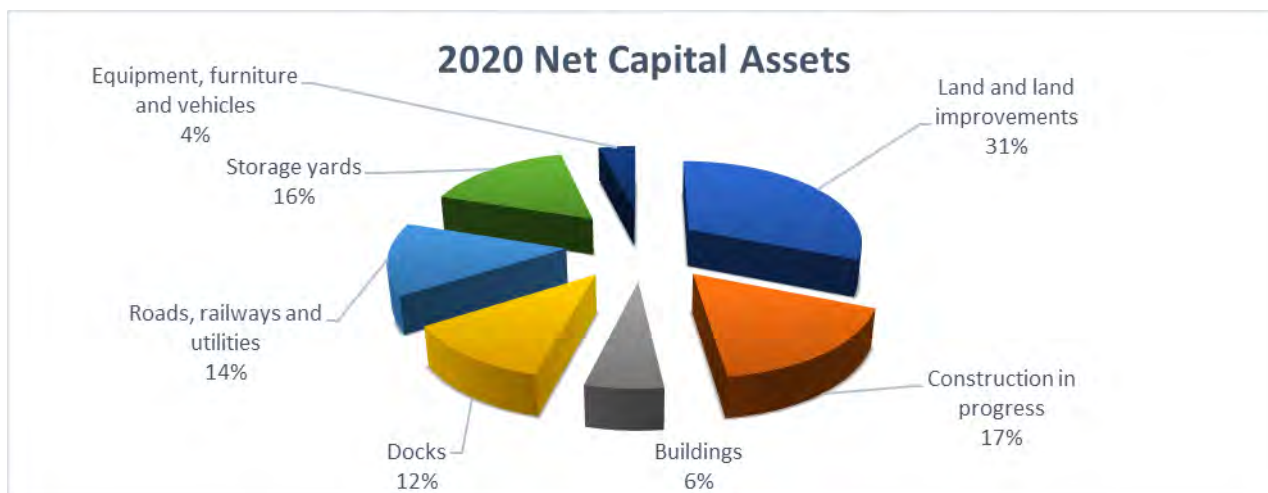
The Port's capital assets are \$ 418.5 million, \$ 378.2 million, and \$ 312.1 million, net of depreciation, as of September 30, 2022, 2021 and 2020, respectively. The capital assets include land and land improvements, docks and appurtenances, buildings, storage yards, equipment, roads and railways, utilities, and construction in progress. In 2022, 2021 and 2020 there were additions of \$ 48.4 million, \$ 74.3 million, and \$ 52.2 million (net of construction in progress placed in service) with depreciation of \$ 7.9 million, \$ 8.2 million, and \$ 7.6 million, respectively.

Regarding additions, land and improvements additions were \$ 5.3 million in 2022, \$ 3.5 million in 2021, and \$ 2.0 million in 2020, primarily related to land acquisitions of properties adjacent to the Port. Gross additions to construction in progress were \$ 42.1 million in 2022, \$ 70.5 million in 2021, and \$ 52.1 million in 2020, including Freeport Channel improvements and Velasco Terminal improvements. Construction in progress placed in service totaled \$ 31.5 million in 2022, \$ 2.1 million in 2021, and \$ 11.0 million in 2020, which included the completion of the levee stabilization project at a cost of \$ 31 million in 2022, Parcel 14 drainage and utilities at a cost of \$ 1.9 million in 2021, and the Parcel 14 twenty-acre open storage yard at a cost of \$ 8.1 million in 2020. Road repairs for 2020 totaled \$ 528 thousand. Storage yard additions were \$ 7.9 million in 2020. Equipment, furniture, vehicles, and other additions totaled \$ 592 thousand in 2022, \$ 771 thousand in 2021, and \$ 771 thousand in 2020 with the purchase of software, tools and equipment. Additional information on capital assets can be found in Note 4 on pages 50-52 of this report.



PORT FREEPORT

Management Discussion and Analysis



Long Term Debt

Total bonds payable are \$ 248.0 million at September 30, 2022, \$ 253.7 million at September 30, 2021, and \$ 191.7 million at September 30, 2020.

Senior Lien Revenue Bonds, Series 2013A were issued in June 2013. The 2013A series bonds were issued to refund the 2008 Series bonds, which were set to mature in 2028. Senior Lien Revenue and Refunding Bonds, Series 2015A, were issued in September 2015. The 2015A series bonds were issued to refund the Port's outstanding Senior Lien Revenue Notes, Series 2013B and to provide for financing to acquire, construct and develop repairs and improvements to and equip a container terminal complex and an automobile processing facility. Senior Lien Revenue Bonds, Series 2018 were issued in September 2018. The 2018 series bonds were issued to provide for use to finance all or a portion of (i) the costs of the design, construction, development, improvement and equipment of a storage yard and backland areas to be located at the Velasco Terminal development, (ii) the costs of the design, construction, development, improvement and equipment of a rail yard to be located on Parcel 14, and a rail line connecting the rail yard to the Union Pacific mainline, (iii) the costs of the design, construction, development, improvement and equipment of port facilities and infrastructure (iv) making a deposit to a bond reserve fund and (v) paying the costs of issuing the Bonds. Senior Lien Revenue Bonds Series 2019A and Series 2019 B were issued in December 2019. The proceeds of issuances of series 2019A bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port facilities, (ii) making a deposit to a debt service fund for the series 2019A bonds, and (iii) paying the costs of issuing the Bonds. The proceeds of issuances of series 2019B bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of facilities useful in the operation of the Port's waterways and in aid of navigation of such waterways, (ii) making a deposit to a debt service reserve fund for the series 2019B bonds, and (iii) paying the costs of issuing the Bonds. Senior Lien Revenue Bonds, Series 2021 were issued in July 2021. The Series 2021 bonds were issued to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port Facilities, including a 925-foot expansion of a berth at the Port's container handling facility, (ii) make a deposit to a debt service reserve account, and (iii) pay the costs of issuing the Bonds.

As of September 30, 2022, the amount outstanding on these revenue bonds was \$ 180.2 million, \$ 185.2 million at September 30, 2021 and \$ 160.1 million at September 30, 2020. The debt service for these bonds is paid from the Port's operating revenues.

PORT FREEPORT

Management Discussion and Analysis

In 2019, General Obligation Bonds, Series 2019 were issued to provide for use to finance the contribution of non-federal share for improving, constructing, or developing the Freeport Harbor Channel, the construction of related improvements to waterways and adjacent berthing areas and aids to navigation used for navigation-related commerce at the Port, and dredge material placement associated with such activities (Freeport Harbor Channel Improvement Project). In 2021, General Obligation Bonds, Series 2021, were issued for the next phase of the Freeport Harbor Channel Improvement Project. As of September 30, 2022, the Port had general obligation bonds payable of \$ 67.9 million, \$ 68.5 million at September 30, 2021 and \$ 31.7 million at September 30, 2020. The final maturity for these general obligation bonds is 2051. The debt service for these bonds is paid from ad valorem tax revenue.

On September 30, 2014, the Port entered into a purchase financing agreement (“Master Lease-Purchase Financing Agreement”) with Chase Bank in the amount of \$ 14.1 million with a balance at September 30, 2022 of \$ 3.1 million, at September 30, 2021 of \$ 4.6 million, and at September 30, 2020 of \$ 6.0 million. The agreement calls for annual principal and interest payments beginning on September 30, 2015 and ending on September 30, 2024. The purchase agreement represents a refinancing of the two cranes purchased during the year ended September 30, 2014 based on a Reimbursement Agreement (Resolution Expressing Intent to Finance Expenditures Incurred) adopted by the Board of Commissioners on August 8, 2013. Additional information on long-term debt activity can be found in Note 5 and Note 6 on pages 52-57 of this report.

Outlook

There are a number of significant developments known at this time, which will affect the future financial performance of the Port, both in the long- and mid-term time periods. With the opening of the first phase of the Velasco Container Terminal and improvements to existing Port facilities to establish an automobile and heavy equipment-processing terminal, Port Freeport is positioned to continue its growth, creating additional opportunities for existing clientele and offering opportunities for new lines of business.

With the completion of the initial reconnaissance and subsequent feasibility study, The U.S. Army Corps of Engineers (USCOE) issued a Chiefs report in January of 2013 indicating a Federal interest, supported by favorable project economics, to deepen the Port Freeport Navigational Channel to depths ranging from 51-56 feet from the current 46-foot depth. 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 USCOE to produce a General Reevaluation Report (GRR) outlining a process to adjust for these additional requirements, which include bend easing and channel width increases. The GRR approval was received in May 2018. A New Start designation was granted, and the first phase was appropriated by Congress and included in the USCOE 2020 workplan. The USCOE awarded a contract for dredging of the first phase of the project on September 2020 and construction began in April 2021. Federal funding through fiscal year end totaled \$117 million and an additional \$90.6 federal allocation was made subsequent to fiscal year end providing the remaining federal funding needed to complete the project. As non-federal sponsor, Port Freeport is contributing \$130 million, funded by the 2018 voter-approved bond package. To date, \$74.2 million in bonds have been issued. A planned final issuance of \$55.8 million will proceed in early 2023. Project construction will be completed over a five-year period at an estimated totally funded 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. These planned improvements will allow the Port and other harbor users to bring in larger vessels and a greater volume of ships, providing for a fuller utilization of existing and planned facilities.

Included in the Port’s developmental planning efforts is the build-out of Velasco Container Terminal. Designs for the construction of a 925-foot berth expansion as well as development of backland to support the berths has been completed and construction began in first quarter 2020. In 2021, the addition of a \$25 million Roll-On/Roll-Off ramp to the 925-foot berth expansion was approved. Estimated costs associated with the backland development are \$ 130 million, scheduled over the next five years and includes the acquisition of two (2) additional ship to shore gantry cranes as well as additional land acquisitions needed for access and operational support of the expanding container terminal. A combination of operating income and revenue debt issuance is anticipated to fund this project.

PORT FREEPORT

Management Discussion and Analysis

Future development plans include the stabilization of additional land for laydown areas for project cargo, automotive and heavy equipment, the construction of warehousing, processing, distribution, and rail facilities. The Port was awarded \$ 6.3 million from the FY 2018 Consolidated Rail Infrastructure and Safety Improvements Grant (CRISI) to fund Phase II of the rail development at a total estimated cost of \$ 10.5 million with construction slated to begin in 2023. A 125 acre vehicle importation and processing facility is being developed with the cost being borne by the developer.

In 2004 Freeport LNG Development, L.P. (FLNP) 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 plays in Texas and other regions of the United States, FLNG refocused its operations on the exportation of LNG and began the permitting process with FERC in 2010. Having received all the necessary permits and necessary funding, construction commenced on three (3) liquefaction train export facilities during 2016. Train 1 delivered its first commissioning shipment on August 30, 2019, and all three trains have since entered commercial operations. This operation has and will continue to provide significant increases to the Port's lease and cargo revenues as operations ramp up.

Lastly, with the expansion of domestic oil and gas production, the Freeport based polymer manufacturers and other petrochemical companies have expanded their production facilities. This creates opportunities for increased utilization of the Port's berths, warehouse spaces and cargo lay down areas and supports the ongoing development of the Port's infrastructure.

Requests for Information

This financial report is designed to provide a general overview of Port Freeport's finances and the Port's accountability for the money it receives. If you have questions about this report or need additional information, contact Rob Lowe, Chief Financial Officer/CFO, at Port Freeport, 1100 Cherry Street, Freeport, Texas 77541.



PORT FREEPORT

Statements of Net Position

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets:</u>		
Current Assets:		
Cash and cash equivalents	\$ 48,789,463	\$ 68,076,536
Investments	9,986,124	-
Receivables:		
Trade accounts (less allowance for uncollectible accounts - 2022, \$ 31,560; 2021, \$ 42,715)	3,475,052	5,042,395
Property taxes (less allowance for uncollectible accounts - 2022, \$ 35,582; 2021, \$ 42,707)	72,018	62,864
Lease	180,406,546	-
Other	4,927,330	40,029
Other governments	641,487	652,143
Accrued interest	626	-
Prepaid items	1,033,776	928,155
Inventory	<u>1,091,309</u>	<u>970,061</u>
Total unrestricted current assets	<u>250,423,731</u>	<u>75,772,183</u>
Restricted Current Assets:		
Cash and cash equivalents	15,694,844	41,462,455
Investments	6,706,873	45,901,722
Receivables:		
Property taxes (less allowance for uncollectible accounts - 2022, \$ 11,770; 2021, \$ 13,421)	38,709	25,995
Accrued interest receivable	22,473	232,719
Other	<u>683</u>	<u>501</u>
Total restricted current assets	<u>22,463,582</u>	<u>87,623,392</u>
Total current assets	<u>272,887,313</u>	<u>163,395,575</u>
Land and land improvement, and construction in progress	238,842,811	222,887,746
Property, plant and equipment (less accumulated depreciation - 2022, \$ 97,893,835; 2021, \$ 90,003,084)	<u>179,695,348</u>	<u>155,308,109</u>
Total non-current assets	<u>418,538,159</u>	<u>378,195,855</u>
Total assets	<u>691,425,472</u>	<u>541,591,430</u>
<u>Deferred Outflows of Resources:</u>		
Deferred outflows of resources – Refunding costs	<u>6,604</u>	<u>7,767</u>
Total deferred outflows of resources	<u>6,604</u>	<u>7,767</u>

(continued)

	<u>2022</u>	<u>2021</u>
<u>Liabilities:</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 12,250,775	\$ 9,357,196
Unearned lease income	4,236,646	4,015,079
Accrued compensated absences	<u>76,055</u>	<u>133,408</u>
Total current liabilities	<u>16,563,476</u>	<u>13,505,683</u>
Current Liabilities Payable from Restricted Assets:		
Accrued bond interest payable	2,910,569	2,695,658
Note payable	1,523,850	1,489,502
Bonds payable	<u>6,644,837</u>	<u>6,115,492</u>
Total current liabilities payable from restricted assets	<u>11,079,256</u>	<u>10,300,652</u>
Total current liabilities	<u>27,642,732</u>	<u>23,806,335</u>
Non-current Liabilities:		
Note payable	1,558,990	3,082,840
Bonds payable	262,612,517	269,551,750
Accrued compensated absences	<u>58,546</u>	<u>200,111</u>
Total non-current liabilities	<u>264,230,053</u>	<u>272,834,701</u>
Total liabilities	<u>291,872,785</u>	<u>296,641,036</u>
<u>Deferred Inflows of Resources:</u>		
Deferred inflows of resources	<u>175,560,971</u>	<u>-</u>
Total deferred inflows of resources	<u>175,560,971</u>	<u>-</u>
<u>Net Position:</u>		
Net investment in capital assets	219,424,654	190,667,139
Restricted:		
Debt service	12,959,784	13,774,098
Capital projects	12,346	12,799
Contributions	6,580,882	52,492,096
Unrestricted	<u>(14,979,346)</u>	<u>(11,987,971)</u>
Total net position	<u>\$ 223,998,320</u>	<u>\$ 244,958,161</u>

The notes to the financial statements are an integral part of this statement.



PORT FREEPORT

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Harbor Operations:		
Wharfage	\$ 11,642,336	\$ 13,526,823
Dockage	6,927,659	7,356,823
Service, facility use and other fees	6,978,611	5,800,876
Lease income	17,211,374	12,970,196
Business interruption claim	4,500,000	-
Miscellaneous	<u>24,289</u>	<u>8,303</u>
Total operating revenues	<u>47,284,269</u>	<u>39,663,021</u>
Operating Expenses:		
Payroll and related	4,945,664	5,109,892
Professional services	2,764,373	2,212,827
Supplies and other	2,678,568	2,214,841
Utilities	719,222	741,203
Maintenance and repairs	1,109,624	907,606
Depreciation	<u>7,914,177</u>	<u>8,192,602</u>
Total operating expenses	<u>20,131,628</u>	<u>19,378,971</u>
Operating income	<u>27,152,641</u>	<u>20,284,050</u>
Non-Operating Revenues (Expenses):		
Ad valorem tax, net of collection expenses	6,430,433	6,190,447
Investment income	153,341	87,667
Dredge material placement fees	-	246,000
Gain on sale of capital assets	271,813	460,696
Debt interest and fees	(9,300,161)	(8,794,637)
Other	<u>(45,619,399)</u>	<u>(15,152,065)</u>
Total non-operating revenues (expenses)	<u>(48,063,973)</u>	<u>(16,961,892)</u>
Income (loss) before capital contributions and extraordinary expenses	(20,911,332)	3,322,158
Capital contributions - grants	143,492	11,092
Extraordinary expenses - emergency recovery	<u>(192,001)</u>	<u>(8,860)</u>
Change in net position	(20,959,841)	3,324,390
Total net position - beginning	<u>244,958,161</u>	<u>241,633,771</u>
Total net position - ending	<u>\$ 223,998,320</u>	<u>\$ 244,958,161</u>

The notes to the financial statements are an integral part of this statement.

PORT FREEPORT

Statements of Cash Flows For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 39,550,367	\$ 37,642,417
Cash paid to suppliers for goods and services	(4,605,077)	(2,523,565)
Cash paid to employees for services and benefits	(5,144,582)	(5,107,945)
Emergency recovery expenses	(192,001)	(8,860)
Dredge Material placement fees	<u>-</u>	<u>246,000</u>
Net cash provided by operating activities	<u>29,608,707</u>	<u>30,248,047</u>
Cash Flows from Non-capital Financing Activities:		
Property tax receipts	6,478,181	6,277,883
Property tax collection expenses	(69,616)	(67,285)
Contribution to others	<u>(45,619,399)</u>	<u>(15,152,065)</u>
Net cash used by non-capital financing activities	<u>(39,210,834)</u>	<u>(8,941,467)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of bonds	-	75,841,584
Principal payments under bond obligations	(6,409,888)	(5,650,972)
Principal payments under capital note obligations	(1,489,502)	(1,455,930)
Interest and fees paid under debt obligations	(9,084,087)	(8,560,281)
Land & equipment purchases	(48,233,055)	(74,310,255)
Grants received	154,148	139,373
Proceeds from the sale of capital assets	<u>248,387</u>	<u>484,465</u>
Net cash used by capital and related financing activities	<u>(64,813,997)</u>	<u>(13,512,016)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(17,260,621)	(82,501,948)
Proceeds from sale and maturity of investments	45,380,000	117,038,000
Investment earnings	<u>1,242,061</u>	<u>541,426</u>
Net cash provided by investing activities	<u>29,361,440</u>	<u>35,077,478</u>
Change in cash and cash equivalents	(45,054,684)	42,872,042
Cash and cash equivalents, October 1,	<u>109,538,991</u>	<u>66,666,949</u>
Cash and cash equivalents, September 30,	<u>\$ 64,484,307</u>	<u>\$ 109,538,991</u>

(continued)

PORT FREEPORT

Statements of Cash Flows - Continued For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash Provided		
by Operating Activities:		
Operating income	\$ 27,152,641	\$ 20,284,050
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities:		
Depreciation	7,914,177	8,192,602
Emergency recovery expenses	(192,001)	(8,860)
Dredge Material placement fees	-	246,000
Change in assets and liabilities:		
Accounts receivable	1,567,343	(1,925,696)
Lease receivable	(180,406,546)	-
Other receivables	(4,677,237)	(92,188)
Inventory	(121,248)	45,418
Prepaid and other	(105,621)	(199,889)
Accounts payable and accrued expenses	2,893,579	3,707,383
Unearned lease income	221,567	(2,720)
Deferred inflow of resource	175,560,971	-
Accrued compensated absences	(198,918)	1,947
Net cash provided by operating activities	\$ <u>29,608,707</u>	\$ <u>30,248,047</u>
Non-cash Transactions Affecting Financial Position:		
Change in value of investments – from cost to fair value	\$ <u>1,089,346</u>	\$ <u>405,431</u>
Net effect of non-cash transactions	\$ <u>1,089,346</u>	\$ <u>405,431</u>

The notes to the financial statements are an integral part of this statement.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

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PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port Freeport (the “Port”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units for enterprise funds. Enterprise fund accounting follows all Governmental Accounting Standards Board (GASB) pronouncements, as well as Financial Accounting Standards Board (FASB) codification unless the codification conflicts with or contradicts GASB pronouncements, in which case, GASB prevails. The more significant of the Port’s accounting policies are described below.

A. REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Port’s reporting entity. Individual financial statements for each component unit can be obtained from the office of Port Freeport.

Included within the reporting entity:

Port Freeport: Port Freeport was created by action of the voters of Brazoria County, Texas, on December 4, 1925. The Port operates under an elected commissioner form of government. Currently six commissioners are authorized by the Texas Legislature.

Brazos Harbor Industrial Development Corporation: In November 1979, the Port authorized the filing of a petition to create the Brazos Harbor Industrial Development Corporation (IDC), a nonprofit corporation organized to issue industrial development bonds and pollution control revenue bonds. Vernon’s Annotated Texas Civil Statutes authorize the creation and administration of industrial development corporations by specified governmental entities for the use in the promotion and development of commercial, industrial, and manufacturing enterprises.

The Port Commission appoints a separate board of directors for the IDC. The IDC acts under the authorization and direction of the appointed Board. The IDC negotiates with the user entity to develop the necessary documents for issuing the bonded debt. The bonds are payable solely from the revenues derived from the project.

Additionally, the user entity indemnifies and agrees to hold harmless the IDC from any and all claims relating to the issuance of the bonded debt. None of the Port’s assets or future revenues are pledged to secure these bonds. The Port Commission has the right of refusal on the issuance of bonds by the IDC; therefore, this constitutes financial accountability. The IDC is included in the reporting entity even though the Port does not provide funding to the IDC or have the ability to elect their governing authority or designate their management, and the IDC was incorporated for the benefit of all commercial enterprises in the area. The IDC is a discretely presented component unit, although it has no assets, liabilities, equities, or financial transactions. Financial information is limited to the disclosure of revenue bonds issued on behalf of others (Note 14).

B. BASIS OF ACCOUNTING

The Port follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of all GASB pronouncements as well as the Financial Accounting Standards Board (“FASB”) pronouncements issued, unless those pronouncements conflict with or contradict GASB pronouncements.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF ACCOUNTING - Continued

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal revenues of the Port are charges to customers for sales and services. The Port also recognizes revenue in the form of rents. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. RECLASSIFICATIONS

Net position for 2021 has been reclassified.

D. NEW PRONOUNCEMENTS

GASB No. 87 “Leases” was issued in June 2017. The statement was implemented and had a material effect on the financial statements of the Port. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” was issued in June 2018. The statement was implemented and did not have a material effect on the financial statements of the Port.

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 “Omnibus 2020” was issued in January 2020. The statement was implemented and did not have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 “Replacement of Interbank Offered Rates” was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. NEW PRONOUNCEMENTS - Continued

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The statement was implemented and did not have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 98 "The Annual Comprehensive Financial Report" was issued in October 2021. The statement was implemented and did not have a material effect on the financial statements of the Port.

GASB No. 99 "Omnibus 2022" was issued in April 2022. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 100 "Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62" was issued in June 2022. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB No. 101 "Compensated Absences" was issued in June 2022. The management of the Port does not expect the implementation of this standard to have a material effect on the financial statements of the Port. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

E. CASH AND INVESTMENTS

Cash and temporary investments include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Port. For purposes of the cash flow statement, cash and temporary investments are considered cash equivalents. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value.

F. INVENTORIES AND PREPAID ITEMS

Inventories of supplies are valued at cost and inventories held for resale are valued at the lower of cost or market. There were no inventories held for resale as of September 30, 2022 and 2021.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

G. CAPITAL ASSETS

Capital assets are defined by the Port as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life of greater than one year. Property constructed or acquired by purchase is stated at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statements of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. Capital equipment leased assets are depreciated over the estimated useful lives of the assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. When property, plant and equipment is sold or otherwise disposed or becomes obsolete, the asset account and related accumulated depreciation account are relieved, and any gain or loss is charged against income.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. CAPITAL ASSETS - Continued

Capital assets of the Port are depreciated over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Docks & appurtenances	10-50
Utilities	10-50
Roads, lots & railways	40
Storage yards	20-40
Equipment, furniture & vehicles	5-20
Other	10-50

A significant portion of the Port's capital assets are the result of work performed to the Freeport Harbor Channel (the Channel) to increase depths to 45 feet (see Note 9). The maintenance of the Channel depths are the responsibility of the U.S. Army Corp of Engineers; thus, management has capitalized these costs as land and land improvements with an indefinite useful life; as such no depreciation has been recorded against these assets.

H. INTEREST CAPITALIZATION

Interest cost incurred before the end of a construction period are recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital assets.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCE

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. The Port has one item that qualify for reporting in this category. It is the deferred charge on refunding reported in the statement of net position.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Port has one item that qualifies for reporting in this category. It is the deferred amount related to leases as lessor.

J. NET POSITION

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. COMPENSATED ABSENCES

Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. The Port's vacation and sick leave policy provides that each employee may carry over unused vacation, not to exceed five days, to subsequent years. Further, unused sick leave may be converted to vacation on a five to one ratio. Benefits payable as of September 30, 2022 and 2021 were \$ 134,601 and \$ 333,519, respectively.

L. LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as expenses in the current period. Bonds payable are reported net of the applicable bond premium or discount.

M. LEASES

Lessor: The Port is a lessor for noncancellable leases of various types of property. The Port recognizes a lease receivable and a deferred inflow of resources in the financial statements.

The Port will not recognize a lease receivable and a deferred inflow of resources for leases with a non-cancellable term of less than 12 months, and income is recognized as earned in the period received.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Port determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Port uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

N. PROPERTY TAXES

Property taxes are levied by October 1 of each year in conformity with Subtitle E, Texas Property Tax Code. These taxes are due on receipt and are considered delinquent if not paid before February 1 of the year following the year in which imposed. Interest is charged on delinquent property taxes at a rate established by the state property tax code. Collections made on or after July 1 are subject to an additional fifteen percent collection fee. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes. The County Tax Collector bills and collects the property taxes for the Port. Collections made by the County Tax Collector are deposited into an account maintained by the Port.

PORT FREEPORT

Notes to Financial Statements For the Years Ended September 30, 2022 and 2021

N. PROPERTY TAXES - Continued

Property taxes are recognized as revenue in the year they are levied. Property tax receivables and related allowances for uncollectable taxes are split between unrestricted and restricted for debt service based on the percent of the levy available for maintenance and operations, and general obligation bond debt service.

The Commission may levy taxes at an unlimited rate for payment of debt service on the Port's General Obligation Bonds. The Commission may also levy taxes, subject to a \$ 0.10 per \$ 100 assessed valuation limit, for all operation and maintenance expenses of the Port. For the years ended September 30, 2022 and 2021, the Commission levied taxes at a rate of \$ 0.016606 and \$ 0.013443 for debt service and a rate of \$ 0.023394 and \$ 0.026657 for operation and maintenance, for a total tax rate of \$ 0.04 and \$ 0.0401 per \$ 100 assessed valuation for each year, respectively.

NOTE 2. DEPOSITS AND INVESTMENTS

The Port classifies deposits and investments for financial statement purposes as cash and temporary investments and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased had a maturity date of three months or less. Cash and temporary investments and investments, as reported on the statements of net position at September 30, 2022 and 2021, are as follows:

<u>September 30, 2022</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and temporary investments:			
Cash (petty cash accounts)	\$ 1,390	\$ -	\$ 1,390
Financial institution deposits	5,062,078	139,649	5,201,727
Local government investment pool	<u>43,725,995</u>	<u>15,555,195</u>	<u>59,281,190</u>
Total cash and temporary investments	<u>\$ 48,789,463</u>	<u>\$ 15,694,844</u>	<u>\$ 64,484,307</u>
Investments:			
Investments held by broker-dealers:			
U.S. agencies	<u>\$ 9,986,124</u>	<u>\$ 6,706,873</u>	<u>\$ 16,692,997</u>
Total investments	<u>\$ 9,986,124</u>	<u>\$ 6,706,873</u>	<u>\$ 16,692,997</u>
 <u>September 30, 2021</u>	 <u>Unrestricted</u>	 <u>Restricted</u>	 <u>Total</u>
Cash and temporary investments:			
Cash (petty cash accounts)	\$ 1,390	\$ -	\$ 1,390
Financial institution deposits	8,855,294	411,205	9,266,499
Local government investment pool	<u>59,219,852</u>	<u>41,051,250</u>	<u>100,271,102</u>
Total cash and temporary investments	<u>\$ 68,076,536</u>	<u>\$ 41,462,455</u>	<u>\$ 109,538,991</u>
Investments:			
Investments held by broker-dealers:			
U.S. agencies	<u>\$ -</u>	<u>\$ 45,901,722</u>	<u>\$ 45,901,722</u>
Total investments	<u>\$ -</u>	<u>\$ 45,901,722</u>	<u>\$ 45,901,722</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Deposits: Custodial Credit Risk – Custodial credit risk is the risk that in the event of a financial institution failure, the Port deposits may not be returned to them. The Port requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

At September 30, 2022, the carrying amount of the Port's deposits was \$ 5,201,727 while the financial institution balances totaled \$ 5,666,044. Of the financial institution balances, \$ 262,346 was covered by federal deposit insurance, \$ 132,759 was covered by the Securities Investor Protection Corporation insurance, and \$ 5,270,939 was covered by collateral held by the Port's agent in the Port's name. At September 30, 2021, the carrying amount of the Port's deposits was \$ 10,421,499 while the financial institution balances totaled \$ 18,045,201. Of the financial institution balances, \$ 262,799 was covered by federal deposit insurance, \$ 1,554,229 was covered by the Securities Investor Protection Corporation insurance, and \$ 16,228,173 was covered by collateral held by the Port's agent in the Port's name.

Investments: Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the Port to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity, and addresses the quality and capability of investment personnel. The Port's Investment Policy defines what constitutes the legal list of investments allowed under the policy.

The Port's deposits and investments are invested pursuant to the Investment Policy, which is approved by the Port Commission. The Investment Policy includes a list of authorized investment instruments and allowable stated maturity of individual investments. In addition, they include an "Investment Strategy Statement" that specifically addresses investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the Port will deposit funds is addressed. The Port's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The Port's management believes it complied with the requirements of the PFIA and the Port's investment policies.

The Port's Investment Officer submits an investment report each quarter to the Port Commission. The report details the investment positions of the Port and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The Port is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. U.S. Treasury securities.
2. Short-term obligations of the United States Government agencies and instrumentalities.
3. Texas State, City, County, School and Road District bonds with an investment grade bond rating from Moody's Investors Services (A and above) and Standard and Poor's Corporation (A- and above) or that is insured.
4. Fully insured or collateralized certificates of deposits issued by a state or national bank, savings bank or a federal credit union with a main office or bank in Texas.
5. Public funds investment pools as permitted by Texas Government Code 2256.016 – 2256.019.
6. Other securities or obligations as allowed by the Texas Public Funds Investment Act and approved by the Finance Committee and/or full Port Commission.
7. Money market mutual funds as permitted by Texas Government Code 2256.014 and approved by Commission resolution.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

The Port participates in TexPool, a Local Government Investment Pool (LGIP). The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller.

The Port invests in TexPool to provide its liquidity needs. TexPool was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days. At September 30, 2022 and 2021 TexPool had a weighted average maturity of 25 and 37, respectively. Although TexPool portfolios had a weighted average maturity of 25 and 37 days, respectively, the Port considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder unless there has been a significant change in value.

All of the Port's investments are insured, registered, or the Port's agent holds the securities in the Port's name; therefore, the Port is not exposed to custodial credit risk.

The following tables include the portfolio balances of all investment types of the Port at September 30, 2022 and 2021.

	<u>September 30, 2022</u>		
<u>Investment Type</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Local government investment pool	\$ 43,725,995	\$ 15,555,195	\$ 59,281,190
U.S. Treasuries	9,986,124	4,484,499	14,470,623
U.S. government bonds	-	2,222,374	2,222,374
Total investments	<u>\$ 53,712,119</u>	<u>\$ 22,262,068</u>	<u>\$ 75,974,187</u>

	<u>September 30, 2021</u>		
<u>Investment Type</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Local government investment pool	\$ 59,219,852	\$ 41,051,250	\$ 100,271,102
Certificates of deposit	-	1,155,000	1,155,000
U.S. Treasuries	-	42,390,857	42,390,857
U.S. government bonds	-	2,355,865	2,355,865
Total investments	<u>\$ 59,219,852</u>	<u>\$ 86,952,972</u>	<u>\$ 146,172,824</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Unrestricted Funds

As of September 30, 2022, the Port's unrestricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pool	\$ 43,725,995	25
U.S. Treasuries	<u>9,986,124</u>	164
	<u>\$ 53,712,119</u>	51

As of September 30, 2021, the Port's unrestricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pool	\$ <u>59,219,852</u>	37
	<u>\$ 59,219,852</u>	37

Credit Risk - As of September 30, 2022, the LGIP (which represent approximately 81% of the unrestricted portfolio) is rated AAAM by Standard and Poor's. The remaining portfolio is U.S. Treasuries (which represent approximately 19% of the unrestricted portfolio). As of September 30, 2021, the LGIP (which represent approximately 100% of the unrestricted portfolio) is rated AAAM by Standard and Poor's.

Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that individual investments not exceed six years and the overall portfolio maintain a weighted average of less than three years. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the Port's cash flow requirements.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Restricted Funds

As of September 30, 2022, the Port's restricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pool	\$ 15,555,195	25
U.S. Treasuries	4,484,499	924
U.S. government bonds	<u>2,222,374</u>	660
	<u>\$ 22,262,068</u>	269

As of September 30, 2021, the Port's restricted funds had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Local government investment pool	\$ 41,051,250	37
Certificates of deposit	1,155,000	83
U.S. Treasuries	42,390,857	349
U.S. government bonds	<u>2,355,865</u>	1,031
	<u>\$ 86,952,972</u>	217

Credit Risk - As of September 30, 2022, the LGIP (which represents approximately 70% of the restricted portfolio) is rated AAAm by Standard and Poor's. The remaining portfolio is made up of U.S. Treasuries (which represent approximately 20% of the restricted portfolio), and U.S. governmental bonds (which represent approximately 10% of the restricted portfolio). Of the total U.S. government bonds, 100% is rated AA+ by Standard and Poor's. As of September 30, 2021, the LGIP (which represents approximately 47% of the restricted portfolio) is rated AAAm by Standard and Poor's. The remaining portfolio is made up of certificates of deposits (which represent approximately 1% of the restricted portfolio), U.S. Treasuries (which represent approximately 49% of the restricted portfolio), and U.S. governmental bonds (which represent approximately 3% of the restricted portfolio). Of the total U.S. government bonds, 100% is rated AA+ by Standard and Poor's.

Interest Rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that individual investments not exceed six years and the overall portfolio maintain a weighted average of less than three years. Quality short-to-medium term securities should be purchased, which compliment each other in a structured manner that minimizes risk and meets the Port's cash flow requirements.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Calculation of the net increase (decrease) in fair value of investments as of September 30, 2022 and 2021 utilizing the aggregate method is as follows:

	<u>2022</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Fair value at September 30, 2022	\$ 9,986,124	\$ 6,706,873	\$ 16,692,997
Add: Proceeds of investments sold	6,030,000	39,350,000	45,380,000
Less: Cost of investments purchased	(16,028,381)	(1,232,240)	(17,260,621)
Less: Fair value at September 30, 2021	<u>-</u>	<u>(45,901,722)</u>	<u>(45,901,722)</u>
Changes in fair value of investments for the year ended September 30, 2022	<u>\$ (12,257)</u>	<u>\$ (1,077,089)</u>	<u>\$ (1,089,346)</u>
	<u>2021</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Fair value at September 30, 2021	\$ -	\$ 45,901,722	\$ 45,901,722
Add: Proceeds of investments sold	38,499,000	78,539,000	117,038,000
Less: Cost of investments purchased	(17,224,282)	(65,277,667)	(82,501,949)
Less: Fair value at September 30, 2020	<u>(21,304,088)</u>	<u>(59,539,117)</u>	<u>(80,843,205)</u>
Changes in fair value of investments for the year ended September 30, 2021	<u>\$ (29,370)</u>	<u>\$ (376,062)</u>	<u>\$ (405,432)</u>

These changes in fair value for the years ended September 30, 2022 and 2021 are reported as investment income.

Fair Value – The Port categorizes its fair value measurements within the fair value hierarchy established by GASB No 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Total fair values of investments of \$ 16,692,997 at September 30, 2022 and \$ 45,901,722 at September 30, 2021 were measured by level 1 measurement.

NOTE 3. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Taxes: Ad valorem taxes receivable are reserved based on historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The allowance for uncollectable taxes as of September 30, 2022 and 2021 was \$ 47,352 and \$ 56,128, respectively.

Trade Receivables: The allowance for uncollectable receivables related to Port services is determined based on historical experience and evaluation of collectivity in relation to the aging of customer accounts. The allowance for uncollectable receivables related to Port services at September 30, 2022 and 2021 was \$ 31,560 and \$ 42,715, respectively.

NOTE 4. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2022:

	Useful Life in Years	Balance 10-01-21	Additions	Adjustment/ Deletions	Balance 9-30-22
Capital assets, not being depreciated:					
Land & improvements		\$ 99,745,968	\$ 5,338,275	\$(94,907)	\$ 104,989,336
Construction in progress		<u>123,141,778</u>	<u>42,066,266</u>	<u>(31,354,569)</u>	<u>133,853,475</u>
Total capital assets, not being depreciated		<u>222,887,746</u>	<u>47,404,541</u>	<u>(31,449,476)</u>	<u>238,842,811</u>
Capital assets, being depreciated:					
Buildings	50	30,891,884	679,208	-	31,571,092
Docks & appurtenances	5-50	59,083,480	30,996,557	-	90,080,037
Utilities	20-50	25,336,177	12,237	-	25,348,414
Roads, lots & railways	50	37,729,480	-	-	37,729,480
Storage yards	50	65,100,279	-	-	65,100,279
Equipment, furniture & vehicles	5-50	25,722,011	592,379	(23,426)	26,290,964
Other	10-50	<u>1,447,882</u>	<u>21,035</u>	<u>-</u>	<u>1,468,917</u>
Total capital assets, being depreciated		<u>245,311,193</u>	<u>32,301,416</u>	<u>(23,426)</u>	<u>277,589,183</u>

(continued)

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 4. CAPITAL ASSETS – Continued

	Useful Life in Years	Balance 10-01-21	Additions	Adjustments/ Deletions	Balance 9-30-22
Accumulated depreciation:					
Buildings		\$ 14,087,884	\$ 740,564	\$ -	\$ 14,828,448
Docks & appurtenances		21,770,315	1,357,289	-	23,127,604
Utilities		12,367,439	1,118,513	-	13,485,952
Roads, lots & railways		6,759,122	1,064,957	-	7,824,079
Storage yards		18,079,277	2,459,332	-	20,538,609
Equipment, furniture & vehicles		15,589,956	1,109,311	(23,426)	16,675,841
Other		<u>1,349,091</u>	<u>64,211</u>	<u>-</u>	<u>1,413,302</u>
Total accumulated depreciation		<u>90,003,084</u>	<u>7,914,177</u>	<u>(23,426)</u>	<u>97,893,835</u>
Total capital assets, being depreciated, net		<u>155,308,109</u>	<u>24,387,239</u>	<u>-</u>	<u>179,695,348</u>
Total capital assets, net		<u>\$ 378,195,855</u>	<u>\$ 71,791,780</u>	<u>\$(31,449,476)</u>	<u>\$418,538,159</u>

The following is a summary of capital asset activity for the year ended September 30, 2021:

	Useful Life in Years	Balance 10-01-20	Additions	Adjustment/ Deletions	Balance 9-30-21
Capital assets, not being depreciated:					
Land & improvements		\$ 96,197,565	\$ 3,548,403	\$ -	\$ 99,745,968
Construction in progress		<u>54,710,306</u>	<u>70,515,527</u>	<u>(2,084,055)</u>	<u>123,141,778</u>
Total capital assets, not being depreciated		<u>150,907,871</u>	<u>74,063,930</u>	<u>(2,084,055)</u>	<u>222,887,746</u>
Capital assets, being depreciated:					
Buildings	50	30,777,353	114,531		30,891,884
Docks & appurtenances	5-50	59,047,605	35,875		59,083,480
Utilities	20-50	23,353,168	1,983,009		25,336,177
Roads, lots & railways	50	37,729,480			37,729,480
Storage yards	50	65,100,279			65,100,279
Equipment, furniture & vehicles	5-50	29,509,604	196,965	(3,984,558)	25,722,011
Other	10-50	<u>1,447,882</u>	<u>-</u>	<u>-</u>	<u>1,447,882</u>
Total capital assets, being depreciated		<u>246,965,371</u>	<u>2,330,380</u>	<u>(3,984,558)</u>	<u>245,311,193</u>

Accumulated depreciation:

Buildings	\$ 13,387,252	\$ 700,632	\$ -	\$ 14,087,884
Docks & appurtenances	20,411,632	1,358,683		21,770,315
Utilities	11,284,009	1,083,430		12,367,439
Roads, lots & railways	5,608,863	1,150,259		6,759,122
Storage yards	15,619,344	2,459,933		18,079,277
Equipment, furniture & vehicles	18,204,502	1,346,243	(3,960,789)	15,589,956
Other	<u>1,255,669</u>	<u>93,422</u>	<u>-</u>	<u>1,349,091</u>
Total accumulated depreciation	<u>85,771,271</u>	<u>8,192,602</u>	<u>(3,960,789)</u>	<u>90,003,084</u>
Total capital assets, being depreciated, net	<u>161,194,100</u>	<u>(5,862,222)</u>	<u>(23,769)</u>	<u>155,308,109</u>
Total capital assets, net	<u>\$ 312,101,971</u>	<u>\$ 68,201,708</u>	<u>\$(2,107,824)</u>	<u>\$378,195,855</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 4 CAPITAL ASSETS - Continued

The Port has entered into contracts for construction as of September 30, 2022 as follows:

	Project Authori- zation	Expended To Date	Remaining Commitment	Required Further Financing
Velasco Terminal Development	\$144,311,336	\$122,780,274	\$ 21,531,062	\$ -
Freeport Harbor Channel Improvement	7,386,107	7,100,580	285,527	-
Parcel 14 Rail Expansion	399,662	176,377	223,285	-
Other	<u>789,750</u>	<u>292,191</u>	<u>497,559</u>	<u>-</u>
Total	<u>\$152,886,855</u>	<u>\$130,349,422</u>	<u>\$ 22,537,433</u>	<u>\$ -</u>

The Port has entered into contracts for construction as of September 30, 2021 as follows:

	Project Authori- zation	Expended To Date	Remaining Commitment	Required Further Financing
Velasco Terminal Development	\$144,311,336	\$ 81,595,694	\$ 62,715,642	\$ -
Freeport Harbor Channel Improvement	42,288,174	34,991,392	7,296,782	-
East End Property Acquisition	99,066	73,150	25,916	-
Warehouse Improvement	395,466	218,176	177,290	-
Professional/Consulting	<u>17,990</u>	<u>8,005</u>	<u>9,985</u>	<u>-</u>
Total	<u>\$187,112,032</u>	<u>\$116,886,417</u>	<u>\$ 70,225,615</u>	<u>\$ -</u>

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES

Non-current liabilities activity for the year ended September 30, 2022 was as follows:

	Balance 10-01-21	Additions	Reductions	Balance 9-30-22	Due Within One Year
General obligation bonds	\$ 68,490,000	\$ -	\$(640,000)	\$ 67,850,000	\$ 670,000
Revenue bonds	185,175,000	-	(4,990,000)	180,185,000	5,195,000
Purchase financing note (Note 6)	4,572,342	-	(1,489,502)	3,082,840	1,523,850
Premium on bonds	22,002,242	-	(779,888)	21,222,354	779,837
Compensated absences	<u>333,519</u>	<u>195,296</u>	<u>(394,214)</u>	<u>134,601</u>	<u>76,055</u>
Total non-current liabilities	<u>\$280,573,103</u>	<u>\$ 195,296</u>	<u>\$(8,293,604)</u>	<u>\$272,474,795</u>	<u>\$ 8,244,742</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES - Continued

Non-current liabilities activity for the year ended September 30, 2021 was as follows:

	Balance 10-01-20	Additions	Reductions	Balance 9-30-21	Due Within One Year
General obligation bonds	\$ 31,665,000	\$ 37,135,000	\$(310,000)	\$ 68,490,000	\$ 640,000
Revenue bonds	160,075,000	29,885,000	(4,785,000)	185,175,000	4,990,000
Purchase financing note (Note 6)	6,028,272		(1,455,930)	4,572,342	1,489,502
Premium on bonds	13,736,630	8,821,584	(555,972)	22,002,242	485,492
Compensated absences	<u>331,572</u>	<u>150,796</u>	<u>(148,849)</u>	<u>333,519</u>	<u>133,408</u>
Total non-current liabilities	<u>\$211,836,474</u>	<u>\$ 75,992,380</u>	<u>\$(7,255,751)</u>	<u>\$280,573,103</u>	<u>\$ 7,738,402</u>

General Obligation Bonds Payable:

The General Obligation Bonds, Series 2019, were issued in 2019 in the amount of \$ 31,795,000 to finance the contribution of the non-federal share for the Freeport Harbor Channel Improvement Project. The Series 2019 bonds are dated June 15, 2019 with a final maturity of August 1, 2049 and bear interest ranging from 2.125% to 5.0% per annum, payable semi-annually on February 1 and August 1.

The General Obligation Bonds, Series 2021, were issued in 2021 in the amount of \$ 37,135,000 to finance the contribution of the non-federal share for the Freeport Harbor Channel Improvement Project with a final maturity of August 1, 2051 and bear interest ranging from 2.0% to 4.0% per annum, payable annually on August 1.

The bond resolution for general obligation bonds obligates the Port annually to assess and cause to be collected property taxes sufficient to pay current principal and interest due on the bonds.

For the years ended September 30, 2022 and 2021, the amount of ad valorem taxes collected for interest and sinking was \$ 2,591,178 and \$ 2,023,661, while the debt service requirements for principal and interest were \$ 2,803,397 and \$ 2,132,783 which utilized a portion of existing net position. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

Annual debt service requirements to maturity for General Obligations Bonds are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2023	\$ 670,000	\$ 2,136,012	\$ 2,806,012
2024	125,000	2,102,512	2,227,512
2025	710,000	2,096,262	2,806,262
2026	730,000	2,074,962	2,804,962
2027	1,810,000	2,038,462	3,848,462
2028-2032	10,255,000	8,971,136	19,226,136
2033-2037	12,225,000	6,987,400	19,212,400
2038-2042	14,090,000	5,130,500	19,220,500
2043-2047	16,280,000	2,936,300	19,216,300
2048-2051	<u>10,955,000</u>	<u>588,800</u>	<u>11,543,800</u>
Total	<u>\$ 67,850,000</u>	<u>\$ 35,062,346</u>	<u>\$ 102,912,346</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES – Continued

Revenue Bonds Payable:

On June 13, 2013, the Port issued \$ 33,065,000 of Senior Lien Revenue Refunding Bonds, Series 2013A, for the advance refunding of previously issued outstanding revenue bonds (Series 2008). The Port placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 17,516. The economic gain resulting from the transaction was \$ 4,372,600. The funds of the escrow account were used to purchase federal securities which will mature at such times and yield interest sufficient to pay the principal and interest on the Refunded Bonds when due. By this action, the Port has affected the defeasance of the Refunded Bonds. Accordingly, the Refunded Bonds are considered to be extinguished and do not appear as a liability in the statement of net position. The proceeds were used to pay \$ 33,398,166 into an escrow account and later utilized to pay off the refunded bonds.

On June 13, 2013, the Port also issued \$ 13,670,000 of Senior Lien Revenue Notes (Bonds), Series 2013B. The proceeds of the issuances were used to complete the construction of the new Velasco Terminal. The Series 2013B notes were refunded in 2015.

On September 23, 2015, the Port issued \$ 39,635,000 of Senior Lien Revenue and Refunding Bonds, Series 2015A. The proceeds of issuances were used to refund the Port's outstanding Senior Lien Revenue Notes, Series 2013B and to provide for financing to acquire, construct and develop repairs and improvements to and equip a container terminal complex. The Port placed the proceeds of \$ 6,444,282 in an escrow fund for the payment of principal and interest on the issue being refunded. The difference between the reacquisition price and the net carrying amount of the old debt was \$ 4,282 and reported as a deferred outflow of resources. The economic gain resulting from the transaction was not calculated since the transaction was not a refunding for savings. The Series 2015A bonds have a final maturity date of June 1, 2045 and bear interest yearly at 3.0% - 5.0%.

On September 27, 2018, the Port issued \$ 32,865,000 of Senior Lien Revenue Bonds, Series 2018. The proceeds of issuances were used to finance all or a portion of (i) the costs of the design, construction, development, improvement and equipment of a storage yard and backland areas to be located at the Velasco Terminal development, (ii) the costs of the design, construction, development, improvement and equipment of a rail yard to be located on Parcel 14, and a rail line connecting the rail yard to the Union Pacific mainline, (iii) the costs of the design, construction, development, improvement and equipment of port facilities and infrastructure, (iv) making a deposit to a bond reserve fund and (v) paying the costs of issuing the Bonds. The Series 2018 bonds have a final maturity date of June 1, 2048 and bear interest yearly at 4.0% - 5.0%.

On December 15, 2019, the Port issued \$ 45,200,000 of Senior Lien Revenue Bonds, Series 2019A and \$ 29,480,000 of Senior Lien Revenue Bonds, Series 2019B. The proceeds of issuances of Series 2019A bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port facilities, (ii) making a deposit to a debt service fund for the series 2019A bonds, and (iii) paying the costs of issuing the series 2019A bonds. The Series 2019A bonds have a final maturity date of June 1, 2049 and bear interest yearly at 4.0% - 5.0%. The proceeds of issuances of Series 2019B bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of facilities useful in the operation of the Port's waterways and in aid of navigation of such waterways, (ii) making a deposit to a debt service reserve fund for the series 2019B bonds, and (iii) paying the costs of issuing the series 2019B bonds. The Series 2019B bonds have a final maturity date of June 1, 2049 and bear interest yearly at 3.0% - 5.0%.

On July 26, 2021, the Port issued \$ 29,885,000 of Senior Lien Revenue Bonds, Series 2021. The proceeds of issuances of Series 2021 bonds were used to finance all or a portion of (i) the costs of the design, construction, development, improvement, and equipment of Port Facilities, including a 925-foot expansion of a berth at the Port's container handling facility, (ii) make a deposit to a debt service reserve account, and (iii) pay the costs of issuing the Bonds. The Series 2021 bonds have a final maturity date of June 1, 2051 and bear interest yearly at 3.79%.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES – Continued

Revenue Bonds Payable – Continued

Annual debt service requirements to maturity for the revenue bonds are as follows:

Series 2013A:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2023	\$ 2,320,000	\$ 463,232	\$ 2,783,232
2024	2,395,000	391,776	2,786,776
2025	2,465,000	318,010	2,783,010
2026	2,540,000	242,088	2,782,088
2027	2,620,000	163,856	2,783,856
2028	<u>2,700,000</u>	<u>83,160</u>	<u>2,783,160</u>
	<u>\$ 15,040,000</u>	<u>\$ 1,662,122</u>	<u>\$ 16,702,122</u>

Series 2015A:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2023	\$ 855,000	\$ 1,586,588	\$ 2,441,588
2024	895,000	1,543,838	2,438,838
2025	945,000	1,499,088	2,444,088
2026	990,000	1,451,838	2,441,838
2027	1,035,000	1,402,338	2,437,338
2028-2032	5,985,000	6,215,628	12,200,628
2033-2037	7,385,000	4,816,000	12,201,000
2038-2042	9,325,000	2,862,776	12,187,776
2043-2045	<u>6,710,000</u>	<u>612,676</u>	<u>7,322,676</u>
	<u>\$ 34,125,000</u>	<u>\$ 21,990,770</u>	<u>\$ 56,115,770</u>

Series 2018:

Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest
2023	\$ 615,000	\$ 1,372,950	\$ 1,987,950
2024	645,000	1,342,200	1,987,200
2025	680,000	1,309,950	1,989,950
2026	710,000	1,275,950	1,985,950
2027	750,000	1,240,450	1,990,450
2027-2031	4,340,000	5,602,000	9,942,000
2032-2036	5,535,000	4,403,750	9,938,750
2037-2041	6,985,000	2,958,800	9,943,800
2042-2046	8,515,000	1,430,800	9,945,800
2047-2048	<u>1,910,000</u>	<u>76,400</u>	<u>1,986,400</u>
	<u>\$ 30,685,000</u>	<u>\$ 21,013,250</u>	<u>\$ 51,698,250</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES – Continued

Revenue Bonds Payable - Continued

Series 2019A:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$ 820,000	\$ 1,957,350	\$ 2,777,350
2024	860,000	1,916,350	2,776,350
2025	900,000	1,873,350	2,773,350
2026	945,000	1,828,350	2,773,350
2027	995,000	1,781,100	2,776,100
2028-2032	5,770,000	8,108,000	13,878,000
2033-2037	7,320,000	6,559,450	13,879,450
2038-2042	8,950,000	4,926,150	13,876,150
2043-2047	10,955,000	2,919,600	13,874,600
2048-2049	<u>5,160,000</u>	<u>390,250</u>	<u>5,550,250</u>
	<u>\$ 42,675,000</u>	<u>\$ 32,259,950</u>	<u>\$ 74,934,950</u>

Series 2019B:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$ 585,000	\$ 962,550	\$ 1,547,550
2024	615,000	933,300	1,548,300
2025	645,000	902,550	1,547,550
2026	680,000	870,300	1,550,300
2027	715,000	836,300	1,551,300
2028-2032	4,135,000	3,609,250	7,744,250
2033-2037	4,975,000	2,770,500	7,745,500
2038-2042	5,770,000	1,977,900	7,747,900
2043-2047	6,690,000	1,058,700	7,748,700
2048-2049	<u>2,965,000</u>	<u>134,100</u>	<u>3,099,100</u>
	<u>\$ 27,775,000</u>	<u>\$ 14,055,450</u>	<u>\$ 43,830,450</u>

Series 2021:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$	\$ 1,326,850	\$ 1,326,850
2024	-	1,326,850	1,326,850
2025	-	1,326,850	1,326,850
2026	-	1,326,850	1,326,850
2027	-	1,326,850	1,326,850
2028-2032	3,175,000	6,406,000	9,581,000
2033-2037	5,025,000	5,359,500	10,384,500
2038-2042	6,340,000	3,981,500	10,321,500
2043-2047	7,855,000	2,465,000	10,320,000
2048-2051	<u>7,490,000</u>	<u>763,400</u>	<u>8,253,400</u>
	<u>\$ 29,885,000</u>	<u>\$ 25,609,650</u>	<u>\$ 55,494,650</u>

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 5. LONG-TERM DEBT AND NON-CURRENT LIABILITIES – Continued

Revenue Bonds Payable - Continued

Total Revenue Bonds:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$ 5,195,000	\$ 7,669,520	\$ 12,864,520
2024	5,410,000	7,454,314	12,864,314
2025	5,635,000	7,229,798	12,864,798
2026	5,865,000	6,995,376	12,860,376
2027	6,115,000	6,750,894	12,865,894
2028-2032	26,105,000	30,024,038	56,129,038
2033-2037	30,240,000	23,909,200	54,149,200
2038-2042	37,370,000	16,707,126	54,077,126
2043-2047	40,725,000	8,486,776	49,211,776
2048-2051	<u>17,525,000</u>	<u>1,364,150</u>	<u>18,889,150</u>
	<u>\$ 180,185,000</u>	<u>\$ 116,591,192</u>	<u>\$ 296,776,192</u>

NOTE 6. PURCHASE FINANCING NOTE

On September 30, 2014, the Port entered into a Master Purchase Financing Agreement with Chase Bank in the amount of \$ 14,100,000 for financing two cranes purchased. The interest rate related to the note is 2.306% and the maturity date is September 2024. During the year ended September 30, 2022, \$ 1,489,502 of principal and \$ 105,438 of interest expenses related to the note were paid. During the year ended September 30, 2021, \$ 1,455,930 of principal and \$ 139,012 of interest expenses related to the note were paid.

The following is a schedule showing the future minimum lease payments:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$ 1,523,850	\$ 71,090	\$ 1,594,940
2024	<u>1,558,990</u>	<u>35,950</u>	<u>1,594,940</u>
	<u>\$ 3,082,840</u>	<u>\$ 107,040</u>	<u>\$ 3,189,880</u>

NOTE 7. CONTINGENT LIABILITIES

The Port is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Port at September 30, 2022 or 2021.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 8. LITIGATION

The Port began acquiring lots through direct purchases from a 29 block area adjacent to Port property over 20 years ago. The Port has pursued approximately 50 residential lots plus one additional tract totaling 2.6 acres through the condemnation process. The Port is continuing to address appeals filed on 8 lots and the one additional tract.

A resident of Freeport, Texas filed a complaint on August 17, 2018, in the U.S. District Court for the Southern District of Texas. The matter against the Port was dismissed by the trial court on November 15, 2019. The plaintiff in that case appealed the decision to the 5th Circuit and on September 20, 2021, the 5th Circuit issued a judgement affirming the decision of the U.S. District Court.

NOTE 9. FREEPORT HARBOR IMPROVEMENT PROJECTS

Freeport Harbor, Texas Channel Widening and Deepening project

On November 17, 1986, President Reagan signed into law “The Waterway Development Act of 1986”. This Act authorized the funding of the Freeport Harbor, Texas Channel Widening and Deepening project, known as the “45-Foot Project”, at a project cost of \$ 87.6 million of which \$ 21.7 million is the Port’s non-federal share. The dredging was completed in the early 1990’s.

On July 15, 1997, the Port and the Department of the Army approved Modification No. 4 of the agreement referred to above. As part of this modification, the U.S. Army Corps of Engineers agreed to provide specific requirements relating to the modifications to the channel and associated dredged material disposal facilities required for the project, of which funds were advanced and the federal portion payable is due back to the non-federal sponsor. \$ 641,051 was reported as accounts receivable as of September 30, 2022 and 2021.

The Port submitted a request in 2013 for \$ 8,323,715 in Land Easements Relocations Right of Way Disposal Sites (LERRDS) credits that would apply toward the final amount owed to the project of \$ 8,141,903. It is expected that these credits will be accepted and applied to the project and the Port Freeport Harbor 45 ft. Project will be closed.

The Port maintains a money market account in an escrow account at a financial institution trust department, which is available for draws by the U.S. Army Corps of Engineers. Once the project is closed and the LERRDS credits are accepted, any funds remaining in the escrow account will be released for unrestricted use only upon the U.S. Army Corps of Engineer’s approval. The balances in the Escrow Funds for the year ended September 30, 2022 and 2021 were \$ 10,206 and \$ 10,659, respectively.

Freeport Harbor Channel Improvement Project

In early 2013, the U.S. Army Corps of Engineers issued a Chief’s Report to the U.S. Congress recommending the deepening of the Freeport Harbor Channel. Acting on this recommendation, Congress included the project in the Water Resources Reform and Development Act (WRRDA) of 2014 authorization to proceed with the project funding initial construction planning and design work. The Freeport Harbor Channel Improvement Project is a \$ 295 million federal cost-shared project that includes the deepening and partial widening of the Freeport Harbor Channel to depths ranging from 51 feet to 56 feet and related navigation improvements. Federal investment for project construction is expected to total \$ 165 million. Port Freeport’s non-federal share of this project is \$ 130 million, which will be funded by the issuance of General Obligation Bonds approved by the Port District voters on May 5th, 2018. Construction commenced in April 2021.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 10. LEASING OPERATIONS

Leases Receivable: The Port owns various types of property that are held for lease. There are four types of leases: ground leases, grazing leases, warehouse leases and office space leases. The terms of the leases expire in various years through 2055. The Port has not determined the cost of the specific tracts of land under lease. The cost of the lease facilities as of September 30, 2022 and 2021 was \$ 95,458,246 and \$ 95,458,246, respectively, and accumulated depreciation was \$ 40,852,652 and \$ 37,794,747, respectively.

As of September 30, 2022, the Port's receivable for lease payments was \$ 180,406,546 and the balance of the deferred inflow of resources associated with these leases was \$175,560,971. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease term. The Port recognized \$ 11,501,383 in lease revenue and \$ 5,399,952 in interest revenue during the fiscal year 2022 related to these leases. Lease revenue for the year ended September 30, 2021 was \$ 12,970,196.

Minimum future rentals to be received on noncancelable leases as of September 30, 2022 are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2023	\$ 7,224,622	\$ 5,199,623	\$ 12,424,245
2024	7,438,918	4,988,325	12,427,243
2025	7,005,482	4,771,267	11,776,749
2026	6,164,234	4,587,941	10,752,175
2027	6,591,070	4,404,706	10,995,776
2028-2032	36,040,742	18,967,005	55,007,747
2033-2037	43,394,049	13,326,654	56,720,703
2038-2042	56,566,348	6,191,581	62,757,929
2043-2047	6,797,952	659,140	7,457,092
2048-2052	1,994,754	330,273	2,325,027
2053-2055	<u>1,188,375</u>	<u>45,348</u>	<u>1,233,723</u>
	<u>\$ 180,406,546</u>	<u>\$ 63,471,863</u>	<u>\$ 243,878,409</u>

NOTE 11. GRANT REVENUE

The following is a schedule of port grant revenue for the years ended September 30, 2022 and 2021.

<u>Agency</u>	<u>Grant Number</u>	<u>Total Entitlement</u>	<u>Pre-2020 Revenues</u>	<u>Revenue 9-30-21</u>	<u>Revenue 9-30-22</u>	<u>Remaining Project 9-30-22</u>
US Department of Transportation: Consolidated Rail Infrastructure and Safety Improvements	FRCRS0070220100	\$ 6,312,634	\$ -	\$ -	\$ -	\$ 6,312,634
US Department of Homeland Security: Port Security	2020-PU-00466	202,395	-	11,092	22,810	168,493
Port Security	2021-PU-00533	148,000	-	-	109,068	38,932
Public Assistance	PW 4332 & 4646	<u>180,971</u>	<u>169,357</u>	<u>-</u>	<u>11,614</u>	<u>-</u>
Totals		<u>\$ 6,844,000</u>	<u>\$ 169,357</u>	<u>\$ 11,092</u>	<u>\$ 143,492</u>	<u>\$ 6,520,059</u>

Accounts receivable related to these grants as of September 30, 2022 and 2021 totaled \$ 436 and \$ 11,092, respectively and are included in the receivables from other governments line item in the accompanying Statements of Net Position.

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Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 12. RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Port maintains commercial insurance for these types of risks. There have been no significant changes in insurance coverage, and no settlements have significantly exceeded insurance coverage for the past three years, in respect of, the fiscal years ending September 30, 2022 and 2021, respectively. The Port provides a commercial medical insurance program for its employees.

NOTE 13. RETIREMENT PLANS

Profit Sharing Plan: The Port provides a flexible, nonstandardized safe harbor profit sharing plan (Plan), defined contribution type, for the benefit of its employees that is administered by MassMutual. The Plan covers all full-time employees, which have worked a twelve (12) consecutive month period. The Plan functions for the benefit of the employees and their beneficiaries. The Port's contribution to the Plan is to be determined from year to year and is limited to the amount allowable under the Internal Revenue Code. The Port's Commission appoints the Plan trustee. The Plan is not reported in the Port's basic financial statements.

The Port Freeport Retirement Plan ("Plan") became effective on December 1, 2000 and maintains a calendar year end. The Port contributed \$ 191,266 (\$ 52,632 calendar year 2021 and \$ 138,634 for calendar 2022) to the plan for the year ended September 30, 2022. The Port contributed \$ 196,550 (\$ 55,298 calendar year 2020 and \$ 141,252 for calendar 2021) to the plan for the year ended September 30, 2021. Participants do not contribute to the plan. The trustees of the plan distribute any benefits provided by the plan from net position available for plan benefits. The participants become fully vested in their account after five years of service (years 1 and 2 at 0%, year 3 at 50%, year 4 at 75%, and year 5 at 100%). All of an employee's years of vesting service with the Port are counted to determine the vesting percentage in the participant's individual account.

An employee must maintain 1,000 hours of service to constitute a year of vesting service, and 500 hours of service must be exceeded to avoid a break in vesting service. The contributions made by the Port are allocated to each participant's account based on the Commission approved percentage. Forfeited invested amounts are allocated first to the payment of the plan's administrative expenses and any excess applied to reduce the Port profit sharing contributions for any plan year subsequent to the plan year for which the forfeitures arise. The normal retirement age under the plan is sixty-five. When a participant retires, terminates employment, or becomes disabled, he/she are entitled to receive all amounts in which he/she has a vested interest in either a lump-sum payment, periodic installments, or an annual annuity contract. Participants are allowed to make hardship withdrawals and loans as defined by the plan. The Plan has met the ERISA minimum funding requirements.

Deferred Compensation Plan: The Port also offers its employees a deferred compensation plan (457 Plan) created in accordance with Internal Revenue Code Section 457. The 457 Plan is administered by MassMutual and is available to all full-time employees which have worked a twelve (12) consecutive month period. The 457 Plan functions for the benefit of the employees and their beneficiaries. 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's Commission appoints the Plan trustee. The 457 Plan is not reported in the Port's basic financial statements.

PORT FREEPORT

Notes to Financial Statements
For the Years Ended September 30, 2022 and 2021

NOTE 13. RETIREMENT PLANS - Continued

The 457 Plan became effective October 1, 2002 and maintains a calendar year-end. The Port contributed \$ 80,644 and \$ 80,148 to the 457 Plan for the years ended September 30, 2022 and 2021, respectively. Participant contributions for the years ended September 30, 2022 and 2021 totaled \$ 250,505 and \$ 252,633, respectively. The trustee of the plan distributes any benefits provided by the plan from net position available for plan benefits. Contributions made by participants vest immediately in their accounts; however, contributions made by the Port vest in the participants' accounts fully over five years of service (years 1 and 2 at 0%, year 3 at 50%, year 4 at 75% and year 5 at 100%). All of an employee's years of vesting service with the Port are counted to determine the vesting percentage in the participant's individual account. An employee must maintain 1,000 hours of service to constitute a year of vesting service, and 500 hours of service must be exceeded to avoid a break in vesting service. Forfeited invested amounts are allocated first to the payment of the plan's administrative expenses and any excess applied to reduce the Port's discretionary contributions for any plan year subsequent to the plan year for which the forfeitures arise. When a participant retires, terminates employment, or becomes disabled, he/she is entitled to receive all amounts in which he/she has a vested interest in either a lump-sum payment, periodic installments, or an annual annuity contract. Participants are allowed to make hardship withdrawals and loans as defined by the 457 Plan. The 457 Plan has met the ERISA minimum funding requirements

Fees and Forfeitures: The amount of plan fees and expenses were \$ 1,200, and the amount of forfeitures was \$ 31,969 as of September 30, 2022. The amount of plan fees and expenses were \$ 1,200, and the amount of forfeitures was \$ 0 as of September 30, 2021. There is no outstanding pension liability as of September 30, 2022 and 2021 since the Port made 100% of required contribution during the year.

NOTE 14. ECONOMIC DEPENDENCY

Operating revenues: During the year ended September 30, 2022, five customers represented approximately 41%, 13%, 6%, 5% and 5% of the Port's operating revenue. During the year ended September 30, 2021, four customers represented approximately 58%, 13%, 5% and 5% of the Port's operating revenue. The loss of these customers would have a significant impact on the Port's financial position.

Ad valorem taxes: During the years ended September 30, 2022 and 2021, one taxpayer represented approximately 15% and 17%, respectively, of the total assessed valuation.

PORT FREEPORT

Notes to Financial Statements For the Years Ended September 30, 2022 and 2021

NOTE 15. TAX ABATEMENTS

The Port enters into property tax abatements with local businesses under the Section 312.206(a) of Subchapter B of the Texas Property Redevelopment and Tax Abatement Act, V.A.T.S. Tax Code, Chapter 312, and other applicable sections of said statute, 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 Port Commission approves the application after it is determined that the request meets the applicable guidelines and criteria adopted by the Port Commission, which will promote the development of industry within the Port boundaries, provide additional employment, and strengthen the area economy.

Tax abatement agreements as of September 30, 2022 are as follows:

<u>Business Type</u>	<u>Purpose</u>	<u>Percentage of Taxes Abated During the Fiscal Year</u>	<u>Value of Abated Amount</u>	<u>Amount of Taxes Abated During Fiscal Year 2022</u>
Manufacturing	New Construction	100%	\$ <u>12,894,250,560</u>	\$ <u>5,157,700</u>
Total			\$ <u>12,894,250,560</u>	\$ <u>5,157,700</u>

NOTE 16. EVALUATION OF SUBSEQUENT EVENTS

The Port has evaluated subsequent events through February 14, 2023, the date which the financial statements were available to be issued. The Port has determined that there have been no events that have occurred that would require adjustments to our financial statement disclosures.

NOTE 17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

During the current fiscal year, the Port implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Port's financial statements and had no effect on the beginning net position. The Port recognized \$ 187,062,354 in leases receivable as lessor at October 1, 2021, due to the implementation of GASB Statement No. 87; however, the amounts were offset by deferred inflows of resources for related leases. The Port elected not to restate the comparative period of 2021 because it was not reasonably practical.

PORT FREEPORT

Key Facts

The Freeport Harbor Channel

The Freeport Harbor Channel is a 7.5-mile deep-draft waterway that serves private and public facilities including the Strategic Petroleum Reserve.

Vessel Activity

In FY 2022, the Freeport Harbor Channel received 1,189 vessel arrivals, transporting approximately 31.2 million tons.

Rankings

Port Freeport currently ranks 6th in chemicals, 11th in total foreign waterborne export tonnage, and 26th in containers among all U.S. ports.

Cargo

In addition to crude oil, natural gas liquids and chemicals, a variety of cargo is moved through Port Freeport including fresh fruit, steel products, bulk aggregate, rice, breakbulk, vehicles, and heavy machinery.

Foreign Trade Zone #149

Port Freeport is home to Foreign Trade Zone #149 offering duty management services to customers in the region.



PORT FREEPORT

Statistical Section For the Years Ended September 30, 2022 and 2021

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Ad Valorem Tax Information	74
<i>These schedules contain information to help the reader assess the Port's non-operating revenue source, the property tax.</i>	
Debt Capacity	80
<i>These schedules present information to help the reader assess the affordability of the Port's current levels of outstanding debt and the Port's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	98
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Port's financial activities take place.</i>	



PORT FREEPORT

Ten Year Cargo Quantities Analysis^①
for the Fiscal Years Ended September 30, 2013 through 2022

TABLE 1

	Cargo Quantities Short Tons	Percent Total Port Tonnage
Rice	1,918,163	3.38 %
Bananas/Misc. Fruit ②	3,379,763	5.96
Misc./General Cargo ③	4,906,261	8.65
Dry Bulk Material ④	8,877,987	15.65
Liquid Bulk Material ⑤	32,924,446	58.05
Project Cargo ⑥	318,710	0.56
Steel Products	2,313,888	4.08
RoRo ⑧	2,081,061	3.67
	56,720,279	100.00 %

① Source-Port Freeport

② Components: Containerized Fruit/Palletized Fruit

③ Misc./General Cargoes - Components: Roll Paper, Cotton, Empty Containers, Nickel Ore

④ Components: Aggregate

⑤ Components: Liquefied Natural Gas, Liquid Bulk Naptha

⑥ Components: Windpower Components, Industry Project Components

⑧ Components: Automobiles, Equipment

Container Traffic Statistics^①
Twenty-Foot Equivalent Units (T.E.U.)
for the Fiscal Years Ended September 30, 2013 through 2022

TABLE 2

Fiscal Year	Inbound T.E.U.	Outbound T.E.U.	Total	Percent Growth/(Reduction) From Prior Year
2013	50,140	50,676	100,816	42.83
2014	48,733	49,317	98,050	(2.74)
2015	48,456	50,448	98,904	0.87
2016	49,595	50,971	100,566	1.68
2017	48,878	51,065	99,943	(0.62)
2018	43,886	43,992	87,878	(12.07)
2019	55,809	55,793	111,602	26.99
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)

① Source-Port Freeport

PORT FREEPORT

Cargo Traffic Statistics^①
for the Fiscal Years Ended September 30, 2013 through 2022

	2022			2021			2020			2019		
1. Rice	275,988	2 %		117,648	1 %		143,450	2 %		128,993	5 %	
2. Bananas/Misc. Fruit ②	364,390	3		282,584	2		264,253	3		320,093	11	
3. Misc./General Cargo ③	355,983	3		471,072	3		664,259	8		606,247	22	
4. Dry Bulk Material ④	448,346	3		441,269	3		652,690	7		967,173	34	
5. Liquid Bulk Material ⑤	10,331,027	80		14,877,655	87		6,325,056	73		140,773	5	
6. Project Cargo ⑥	67,962	0		10,816	0		54,848	1		6,127	0	
7. Steel Products	735,992	6		423,443	2		308,787	3		378,782	13	
8. RoRo ⑧	415,073	3		411,442	2		288,857	3		274,224	10	
Annual Port Tonnage ⑨ -Short Tons	12,994,761	100 %		17,035,929	100 %		8,702,200	100 %		2,822,412	100 %	
Percent Export	83.87 %			41.87 %			81.98 %			31.53 %		
Percent Import	14.55			8.47			16.59			65.83		
Percent Domestic	1.59			0.73			1.44			2.65		

① Source-Port Freeport

② Components: Containerized Fruit/Palletized Fruit

③ Misc./General Cargoes - Components: Roll Paper, Cotton, Empty Containers, Nickel Ore

④ Components: Aggregate

⑤ Components: Liquefied Natural Gas, Liquid Bulk Naptha

⑥ Components: Windpower Components, Industry Project Components

⑧ Components: Automobiles, Equipment

⑨ TARE weight not included

TABLE 3

2018		2017		2016		2015		2014		2013	
150,410	7 %	213,005	10 %	210,565	8 %	222,055	8 %	170,431	7 %	285,618	14 %
335,275	14	305,573	14	344,494	11	340,021	11	371,458	14	451,622	22
395,046	18	485,095	23	497,968	16	462,244	15	495,255	19	473,092	23
866,163	37	806,915	38	1,405,692	46	1,638,790	55	1,195,603	45	455,346	23
7,815	0	0	0	320,478	10	215,451	7	370,130	14	336,061	17
33,420	1	39,641	2	16,157	1	41,301	1	33,995	1	14,443	1
305,143	13	95,741	4	41,656	1	24,344	1	0	0	0	0
233,675	10	182,505	9	223,735	7	51,550	2	0	0	0	0
2,326,947	100 %	2,128,475	100 %	3,060,745	100 %	2,995,756	100 %	2,636,872	100 %	2,016,182	100 %
24.44 %		32.59 %		27.67 %		26.84 %		28.79 %		34.69 %	
71.05		61.91		67.34		69.06		66.95		55.21	
4.51		5.50		5.00		4.10		4.26		10.09	

PORT FREEPORT

Net Position by Component For The Years 2013 Through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u> <u>(Restated)</u>	<u>2019</u>
Net Position:				
Net investment in capital assets	\$ 219,424,654	\$ 190,667,139	\$ 173,876,773	\$ 169,756,789
Restricted:				
Debt Service	12,959,784	13,774,098	12,458,787	6,500,048
Capital Projects	12,346	12,799	13,297	15,744,220
For contribution to others	6,580,882	52,492,096	28,010,264	
Unrestricted	<u>(14,979,346)</u>	<u>(11,987,971)</u>	<u>27,274,650</u>	<u>41,289,997</u>
Total net position	<u>\$ 223,998,320</u>	<u>\$ 244,958,161</u>	<u>\$ 241,633,771</u>	<u>\$ 233,291,054</u>

TABLE 4

2018	2017 (Restated)	2016	2015	2014	2013
\$ 182,374,412	\$ 165,384,639	\$ 160,808,124	\$ 146,478,032	\$ 149,413,568	\$ 132,423,882
5,267,264	3,758,737	997,405	9,133,081	2,762,928	2,767,814
11,125,416	7,091,771	3,456,647	15,202	15,700	16,199
22,141,241	32,959,629	37,235,517	44,585,445	42,713,203	53,881,956
<u>\$ 220,908,333</u>	<u>\$ 209,194,776</u>	<u>\$ 202,497,693</u>	<u>\$ 200,211,760</u>	<u>\$ 194,905,399</u>	<u>\$ 189,089,851</u>

PORT FREEPORT

Summary of Revenues, Expenses and Changes in Net Position For The Years 2013 Through 2022

	2022	2021	2020 (Restated)	2019
Operating Revenues:				
Harbor Operations:				
Wharfage	\$ 11,642,336	\$ 13,526,823	\$ 10,853,640	\$ 7,886,541
Dockage	6,927,659	7,356,823	4,181,863	1,958,714
Service, facility use and other fees	6,978,611	5,800,876	5,140,745	3,632,402
Lease income	17,211,374	12,970,196	13,388,187	14,430,007
Miscellaneous	4,524,289	8,303	8,880	37,478
Total operating revenues	47,284,269	39,663,021	33,573,315	27,945,142
Operating Expenses:				
Payroll and related	4,945,664	5,109,892	5,068,205	4,775,413
Professional services	2,764,373	2,212,827	2,163,290	2,094,856
Supplies and other	2,678,568	2,214,841	2,111,176	2,194,173
Utilities	719,222	741,203	636,683	554,231
Maintenance and repairs	1,109,624	907,606	973,834	1,165,766
Depreciation	7,914,177	8,192,602	7,592,533	6,797,897
Total operating expenses	20,131,628	19,378,971	18,545,721	17,582,336
Operating income (loss)	27,152,641	20,284,050	15,027,594	10,362,806
Non-Operating Revenues (Expenses):				
Ad valorem tax collections, net of collection expenses	6,430,433	6,190,447	5,623,026	5,400,964
Investment income	153,341	87,667	2,095,520	2,010,440
Gain (loss) on sale of capital assets	271,813	460,696		
Debt interest and fees	(9,300,161)	(8,794,637)	(7,862,024)	(4,640,871)
Other	(45,619,399)	(14,906,065)	(6,681,232)	(846,159)
Total non-operating revenues (expenses)	(48,063,973)	(16,961,892)	(6,824,710)	1,924,374
Income (loss) before capital contributions	(20,911,332)	3,322,158	8,202,884	12,287,180
Capital contributions -grants	143,492	11,092	139,833	95,541
Total capital contributions	143,492	11,092	139,833	95,541
Extraordinary Revenues (Expenses):				
Emergency Recovery	(192,001)	(8,860)		
Insurance and other proceeds - Berth 7				
Construction cost - Berth 7				
Legal and expert fees - Berth 7				
Total extraordinary revenues (expenses)	(192,001)	(8,860)	0	0
Change in net position	\$ (20,959,841)	\$ 3,324,390	\$ 8,342,717	\$ 12,382,721

TABLE 5

2018	2017 (Restated)	2016	2015	2014	2013
\$ 7,274,790	\$ 4,847,411	\$ 4,334,632	\$ 3,567,651	\$ 3,896,689	\$ 3,149,424
1,773,794	1,246,826	1,556,143	1,324,691	1,763,042	1,353,107
2,957,490	2,571,349	2,978,082	3,086,171	4,191,757	4,112,112
14,044,382	13,359,626	12,796,464	10,564,284	6,955,488	6,344,343
283,391	58,580	19,420	47,938	188,619	35,402
26,333,847	22,083,792	21,684,741	18,590,735	16,995,595	14,994,388
4,214,936	4,022,319	3,998,844	3,571,566	4,005,446	3,858,186
2,119,928	1,886,579	1,916,292	1,731,553	1,432,875	1,634,189
1,867,377	1,653,856	2,060,069	2,376,075	2,489,337	2,316,959
490,982	531,284	517,132	563,186	494,540	553,874
630,215	722,055	671,078	998,167	760,060	998,932
6,875,049	7,161,321	6,834,913	6,425,843	5,310,409	4,502,480
16,198,487	15,977,414	15,998,328	15,666,390	14,492,667	13,864,620
10,135,360	6,106,378	5,686,413	2,924,345	2,502,928	1,129,768
5,173,826	4,841,680	4,701,307	4,750,726	4,672,390	5,246,302
598,893	414,302	289,226	116,636	265,046	(59,682)
	(25,722)	(4,541,318)	3,500		17,965
(3,165,919)	(2,957,986)	(3,165,710)	(1,922,216)	(1,285,213)	(2,163,797)
(1,276,769)	(1,764,954)	(1,035,419)	(836,997)	(1,381,819)	(1,188,604)
1,330,031	507,320	(3,751,914)	2,111,649	2,270,404	1,852,184
11,465,391	6,613,698	1,934,499	5,035,994	4,773,332	2,981,952
248,166	83,385	351,434	270,367	1,042,216	4,682,926
248,166	83,385	351,434	270,367	1,042,216	4,682,926
					13,095,000
					(9,236,010)
					(2,106,388)
0	0	0	0	0	1,752,602
\$ 11,713,557	\$ 6,697,083	\$ 2,285,933	\$ 5,306,361	\$ 5,815,548	\$ 9,417,480

PORT FREEPORT

Property Tax Rates^③
Direct and Overlapping Governments
for the Levy Years 2012 through 2021^{①②}

	2021	2020	2019
Port Freeport	\$ 0.040000	\$ 0.040100	\$ 0.040100
<u>Overlapping Governments:</u>			
Alvin I.S.D.	1.397700	1.397700	1.397700
Alvin Community College	0.183211	0.183443	0.185862
Angleton, City of	0.633041	0.665144	0.697580
Angleton Drainage District	0.091153	0.109962	0.130352
Angleton I.S.D.	1.267000	1.331300	1.385200
Angleton-Danbury Hospital	0.192505	0.205909	0.242259
Brazoria, City of	0.680476	0.680476	0.680476
Brazoria County	0.336530	0.342017	0.365233
Brazoria County FWD #1	0.00	0.00	0.00
Brazoria County MUD #32	1.350000	1.350000	1.350000
Brazosport College	0.309341	0.297866	0.300177
Brazosport I.S.D.	1.178700	1.181700	1.185300
Clute, City of	0.625000	0.595392	0.625000
Columbia/Brazoria I.S.D.	1.072340	1.088140	1.170340
Commodore Cove I.D.	0.208800	0.201468	0.202349
Danbury, City of	0.659094	0.697258	0.773569
Brazoria County Drainage District #8 (Danbury)	0.209000	0.209378	0.232948
Danbury I.S.D.	1.291200	1.392720	1.468350
Freeport, City of	0.600000	0.615859	0.628005
Jones Creek, Village of	0.440000	0.440000	0.411289
Lake Jackson, City of	0.339000	0.328977	0.348200
Liverpool, City of	0.147730	0.164649	0.189288
Oak Manor U.D.	0.540000	0.540000	0.600000
Oyster Creek, City of	0.238518	0.238518	0.293346
Quintana, Town of	0.015423	0.013426	0.014898
Richwood, City of	0.652278	0.627470	0.670204
Surfside, Village of	0.334846	0.334846	0.353778
Sweeny, City of	0.747062	0.701553	0.747062
Sweeny Hospital District	0.537930	0.541299	0.541299
Sweeny I.S.D.	1.036400	1.036400	1.141700
Treasure Island M.U.D.	0.382272	0.423660	0.450318
Varner Creek Utility District	0.530000	0.570000	0.600000
Velasco Drainage District	0.083553	0.078150	0.084550
West Brazoria County Drainage District #11	0.019887	0.019695	0.020000
West Columbia, City of	0.770000	0.731770	0.820000

^①Source - Brazoria County Appraisal District

^②Property taxes are levied annually in October.

^③Property tax rates are per \$100 taxable valuation.

TABLE 6

2018	2017	2016	2015	2014	2013	2012
\$ 0.040100	\$ 0.040100	\$ 0.040100	\$ 0.041304	\$ 0.045000	\$ 0.045000	\$ 0.051500
1.450000	1.450000	1.450000	1.417000	1.417000	1.329100	1.329100
0.187775	0.180750	0.191744	0.204009	0.204009	0.199756	0.199756
0.697580	0.707598	0.707598	0.717598	0.723500	0.723500	0.723500
0.131182	0.146855	0.155164	0.166619	0.176597	0.175448	0.176563
1.455200	1.455200	1.455200	1.455200	1.455200	1.455200	1.455200
0.258328	0.273681	0.302817	0.321751	0.346854	0.362678	0.359592
0.721976	0.721976	0.790700	0.790700	0.770700	0.770700	0.762300
0.367914	0.380234	0.457405	0.426000	0.438500	0.432020	0.425900
0.00	0.00	0.00	0.00	0.00	0.00	0.250000
1.350000	0.00	0.00	0.00	0.00	0.00	0.00
0.298500	0.303249	0.285040	0.277510	0.280878	0.267309	0.259436
1.255300	1.255300	1.255300	1.255300	1.255300	1.255300	1.259500
0.625000	0.625000	0.643000	0.659000	0.672000	0.672000	0.672000
1.258059	1.269500	1.284700	1.284700	1.284700	1.296500	1.296500
0.208164	0.204235	0.205984	0.399327	0.439336	0.467538	0.461570
0.816924	0.765672	0.768701	0.799313	0.829169	0.829169	0.826940
0.252063	0.252063	0.276115	0.307812	0.325442	0.349474	0.366000
1.604700	1.250700	1.256600	1.255000	1.240000	1.141081	1.136445
0.628005	0.628005	0.628005	0.645642	0.675586	0.675586	0.700000
0.462691	0.410000	0.410000	0.410000	0.410000	0.410000	0.380000
0.335200	0.337500	0.337500	0.360000	0.387500	0.390000	0.390000
0.189288	0.189288	0.193770	0.215304	0.216473	0.230463	0.230463
0.700000	0.500000	0.500000	0.540000	0.510000	0.520000	0.505000
0.258976	0.303816	0.303816	0.332273	0.476394	0.476394	0.473161
0.014898	0.013830	0.012938	0.013046	0.013046	0.022882	0.023640
0.670204	0.634444	0.672580	0.735680	0.735680	0.735680	0.735680
0.359506	0.359506	0.359506	0.375204	0.397940	0.432601	0.432601
0.747062	0.747062	0.747062	0.842869	0.908000	0.887456	0.844034
0.548211	0.516523	0.527302	0.510351	0.483126	0.470003	0.429109
1.211700	1.211700	1.211700	1.211700	1.211700	1.211700	1.211700
0.535735	0.531270	0.503878	0.518997	0.553152	0.575262	0.551848
0.640000	0.650000	0.710000	0.760000	0.830000	0.890000	0.928000
0.084120	0.085000	0.091501	0.093878	0.098018	0.100226	0.094805
0.020000	0.020000	0.020000	0.020000	0.020000	0.020000	0.020000
0.820000	0.820000	0.830000	0.830000	0.831900	0.831900	0.831900

PORT FREEPORT

Valuation, Exemptions and General Obligation Debt
for Fiscal Year Ended September 30, 2022
(In Thousands)

TABLE 7

2021 Market Valuation: ^① (excluding totally exempt property)		
Land, Homesite	\$ 1,382,823	
Land, Non Homesite	1,481,680	
Land, Ag and Timber Market	1,542,464	
Improvement, Homesite	6,466,833	
Improvement, Non-Homesite	22,796,881	
Non Real, Personal Property	3,926,215	
Non Real, Mineral	28,983	
Total Market Value Before Exemptions		\$ 37,625,879
Less Exemptions/Reductions at 100% Market Value:		
Homestead Exemptions	\$ 1,176,727	
Over 65 Homesteads Exemptions	1,522,287	
Disabled Exemptions	207,890	
Abatements	13,259,997	
Freeport Loss	653,185	
Pollution Control	2,011,826	
Productivity Loss	1,504,110	
Tax Exempt	1,776,941	
Other	7,313	
Total Exemptions		\$ 22,120,276
Net 2021 Taxable Valuation		\$ 15,505,603

^①Source - Brazoria County Appraisal District. Valuations shown are certified taxable values reported 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 records.

PORT FREEPORT

Taxable and Estimated Valuation of Properties Located
Within the Port Taxing District ^① for the Fiscal Years 2013 through 2022
(In Thousands)

TABLE 8

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Taxable Valuation	Percent Growth (Reduction) From Prior Year	Total Direct Tax Rate ^②
	Real Property	Personal Property				
2013	\$ 12,063,258	\$ 2,886,275	\$ 5,377,878	\$ 9,571,655	2.86 %	\$ 0.053500
2014	12,381,744	2,842,272	4,719,891	10,504,125	9.74	0.045000
2015	12,843,780	2,923,286	5,403,575	10,363,491	(1.34)	0.045000
2016	14,362,925	2,826,243	6,113,078	11,076,090	6.88	0.041304
2017	16,996,743	2,609,001	7,843,409	11,762,335	6.20	0.040100
2018	20,489,956	2,724,994	10,645,525	12,569,425	6.86	0.040100
2019	25,063,315	3,220,040	14,708,104	13,575,251	8.00	0.040100
2020	27,275,022	3,742,847	17,042,383	13,975,486	2.95	0.040100
2021	32,561,006	4,056,672	21,679,903	14,937,775	6.89	0.040100
2022	33,670,681	3,955,198	22,120,276	15,505,603	3.80	0.040100
Taxable Valuation 2013-2022					62.00	

^①Source - Brazoria County Appraisal District

^②Property tax rates are per \$100 taxable valuation.

PORT FREEPORT

Property Tax Levies and Collections^① for the Fiscal Years 2013 through 2022

TABLE 9

Fiscal Year	Total ^② Levy Amount	Levy Adjustments	Adjusted Levy Amount	Total Current Year Collections	Percent of Current Year Collections	Delinquent Tax Collections	Total Gross Collections	Percent of Total Collections
2013	\$ 5,135,924	\$ 206,479	\$ 4,929,445	\$ 5,069,539	98.71 %	\$ 71,702	\$ 5,141,241	100.10 %
2014	4,679,020	118,085	4,560,935	4,632,114	99.00	51,431	4,683,545	100.10
2015	4,767,574	103,877	4,663,697	4,721,937	99.04	58,006	4,779,943	100.26
2016	4,701,834	126,869	4,574,965	4,659,846	99.11	50,929	4,710,775	100.19
2017	4,716,780	141,011	4,575,769	4,806,562	101.90	67,541	4,874,103	103.34
2018	5,040,346	144,429	4,895,917	5,129,495	101.77	72,093	5,201,588	103.20
2019	5,443,667	13,570	5,430,097	5,381,510	98.86	87,000	5,468,510	100.46
2020	5,604,169	37,700	5,641,869	5,590,018	99.75	72,243	5,662,261	101.04
2021	5,990,048	230,845	6,220,893	6,172,165	103.04	58,881	6,231,046	104.02
2022	6,202,346	243,024	6,445,370	6,386,489	102.97	-	6,386,489	102.97

^①Total Collections are reported on the cash receipt basis. The financial statements are presented using the accrual basis of accounting. Since there is an inherent difference between the two methods of reporting, the collections reported on this schedule will not necessarily represent the total revenue reported in the financial statements.

^②Amounts shown are original levy amounts and exclude any subsequent supplemental assessments, and therefore collections may exceed total levy amount.

PORT FREEPORT

Principal Taxpayers^① Current Year and Nine Years Ago

September 30, 2022
(In Thousands)

TABLE 10

Entity	2021 ^② Market Valuation	Percent of Total Market Valuation	2021 Taxable Valuation	Percent of Total Taxable Valuation
Dow Chemical Company	\$ 5,098,870	13.55 %	\$ 2,303,234	14.85 %
Phillips 66 Company	3,096,981	8.23	717,259	4.63
Olin Chlorine #7 LLC	646,247	1.72	646,247	4.17
Blue Cube Operations LLC	778,360	2.07	582,826	3.76
Chevron Phillips Chemical Company	1,888,445	5.02	396,124	2.55
Seaway Crude Pipeline	315,193	0.84	307,784	1.98
BASF Corp. Chemicals Div.	456,516	1.21	276,527	1.78
Freeport LNG	1,222,252	3.25	171,809	1.11
Centerpoint Energy Inc.	132,697	0.35	132,694	0.86
BG Woodward LLC	126,861	0.34	126,861	0.82
TOTAL	\$ 13,762,422	36.58 %	\$ 5,661,365	36.51 %

September 30, 2013
(In Thousands)

Entity	2012 ^③ Market Valuation	Percent of Total Market Valuation	2012 Taxable Valuation	Percent of Total Taxable Valuation
Dow Chemical Company	\$ 2,860,295	26.15 %	\$ 2,174,179	22.71 %
ConocoPhillips Company	1,358,858	12.42	657,258	6.87
BASF Corp. Chemicals Div.	754,300	6.90	385,762	4.03
Chevron Phillips Chemical Company	455,781	4.17	289,277	3.02
Freeport Energy Center	140,767	1.29	140,767	1.47
Shintech, Inc.	169,644	1.55	134,184	1.40
Sweeny Cogenerations Ltd	105,341	0.96	98,204	1.03
Centerpoint Energy Inc	81,275	0.74	81,271	0.85
Braskem America Inc.	100,340	0.92	76,788	0.80
Air Liquide Large Industries US LP	121,150	1.11	70,704	0.74
TOTAL	\$ 6,147,751	56.21 %	\$ 4,108,394	42.92 %

^①Source - Brazoria County Appraisal District

^②Property taxes levied for the 2022 fiscal year were based on 2021 market valuations.

^③Property taxes levied for the 2013 fiscal year were based on 2012 market valuations.

PORT FREEPORT

Computation of Direct and Overlapping Bonded Debt of General Obligation Bond Issues September 30, 2022

TABLE 11

Taxing Entity	Net Bonded Debt Amount	As of	Percent Overlapping	Amount Overlapping
Alvin I.S.D.	\$ 968,580,000	9-30-22	8.45 %	\$ 81,845,010
Alvin Community College	24,305,000	9-30-22	8.13	1,975,997
Alvin, City Of	32,780,000	9-30-22	0.40	131,120
Angleton, City of	38,420,000	9-30-22	100.00	38,420,000
Angleton I.S.D.	165,535,000	9-30-22	60.93	100,860,476
Angleton/Danbury Medical	1,425,000	9-30-22	100.00	1,425,000
Brazoria, City of	4,650,000	9-30-22	100.00	4,650,000
Brazoria County	213,253,313	9-30-22	59.08	125,990,057
Brazoria County MUD #32	29,305,000	9-30-22	75.70	22,183,885
Brazosport I.S.D.	373,700,000	9-30-22	100.00	373,700,000
Brazosport College	43,340,000	9-30-22	100.00	43,340,000
Clute, City of	13,690,000	9-30-22	100.00	13,690,000
Columbia/Brazoria I.S.D.	33,315,000	9-30-22	100.00	33,315,000
Danbury, City of	232,000	9-30-22	100.00	232,000
Danbury I.S.D.	17,705,000	9-30-22	100.00	17,705,000
Freeport, City of	12,190,000	9-30-22	100.00	12,190,000
Iowa Colony, City of	14,225,000	9-30-22	34.39	4,891,978
Lake Jackson, City of	37,905,000	9-30-22	100.00	37,905,000
Manvel, City of	20,015,000	9-30-22	1.86	372,279
Richwood, City of	9,215,000	9-30-22	100.00	9,215,000
Surfside Beach, Village of	1,484,000	9-30-22	100.00	1,484,000
Sweeny, City of	0	9-30-22	100.00	0
Sweeny I.S.D.	47,875,000	9-30-22	73.21	35,049,288
Varner Creek UD	7,545,000	9-30-22	100.00	7,545,000
Velasco Drainage District	4,400,000	9-30-22	100.00	4,400,000
West Columbia, City of	5,785,000	9-30-22	100.00	5,785,000
Sub-total Bonded Debt	\$ 2,120,874,313	Sub-total Overlapping Debt		\$ 978,301,090
Port Freeport	\$ 67,850,000	9-30-22	100.00 %	\$ 67,850,000
Total Direct & Overlapping General Obligation Issue Debt	\$ 2,188,724,313			\$ 1,046,151,090
Ratio of Overlapping Debt to Direct 2021 Taxable Valuation				0.067 %

^①Source: Municipal Advisory Council of Texas

PORT FREEPORT

Ratio of Outstanding Debt by Type
for the Fiscal Years Ended September 30, 2013 through 2022
(In Thousands)

TABLE 12

Fiscal Year Ending September 30	General Obligation Bonds	Revenue Bonds	Purchase Financing Note	Total	Estimated Personal Income ^①	Estimated County Population ^②	Percentage of Personal Income	Per Capita
2013	\$ 6,248	\$ 52,600	-	\$ 58,848	\$ 6,506,825	0	0.9044 %	\$ 181
2014	5,391	37,710	14,100	57,201	6,526,846	326	0.8764	175
2015	4,375	70,288	12,830	87,493	6,671,478	333	1.3115	263
2016	3,355	67,187	11,531	82,073	6,997,340	350	1.1729	235
2017	2,279	64,567	10,202	77,048	6,997,340	350	1.1011	220
2018	1,159	96,242	8,842	106,243	7,112,480	355	1.4938	299
2019	35,319	92,896	7,451	135,666	12,597,469	376	1.0769	361
2020	35,071	170,406	6,028	211,505	18,092,612	372	1.1690	569
2021	74,054	201,613	4,572	280,239	14,225,736	383	1.9699	732
2022	73,220	196,037	3,083	272,340	13,183,663	372	2.0657	732

^① Source United States Census Bureau

^② Source Texas State Data Center

PORT FREEPORT

Ratio of Net General Bonded Debt to Taxable Value
and to Net Bonded Debt Per Capita ^{①②}
(In Thousands)
For Fiscal Years 2013 through 2022

TABLE 13

Fiscal Year	Taxable Valuation	Gross General Bonded Debt	Debt Service Restricted Cash	Net General Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Estimated Population	Net Bonded Debt Per Capita
2013	\$ 9,571,655	\$ 6,248	\$ 59	\$ 6,189	0.0006	325	\$ 19
2014	10,504,125	5,391	235	5,156	0.0005	326	16
2015	10,363,491	4,375	219	4,156	0.0004	333	12
2016	11,076,090	3,355	201	3,154	0.0003	350	9
2017	11,762,335	2,279	108	2,171	0.0002	350	6
2018	12,569,425	1,159	115	1,044	0.0001	355	3
2019	13,575,251	35,319	129	35,190	0.0026	376	94
2020	13,975,486	35,071	132	34,939	0.0025	372	94
2021	14,937,775	74,054	249	73,805	0.0049	383	193
2022	15,505,603	73,220	74	73,146	0.0047	372	197

^① Source: Texas State Data Center

^② The computation of legal debt margin previously included in a separate table is no longer applicable. Port Freeport is now operating under Article XVI, Section 59 of the Texas Constitution.



PORT FREEPORT

Pledged Revenue Bond Indebtedness Coverage for Fiscal Years 2013 through 2022 (In Thousands)

	2022	2021	2020	2019
Operating Revenue	\$ 47,284	\$ 39,663	\$ 33,573	\$ 27,945
Operating Expenses (Net of Depreciation)	(12,217)	(11,186)	(10,953)	(10,784)
Ad Valorem Tax Collections ^③	3,779	4,167	4,129	4,236
Investment Income	344	36	601	1,020
Other Income ^②	144	257		
Net Revenues Available for Debt Service On Revenue Obligations	\$ <u>39,334</u>	\$ <u>32,937</u>	\$ <u>27,350</u>	\$ <u>22,417</u>
Annual Revenue Bonded Debt Service	\$ 12,864	\$ 12,578	\$ 11,531	\$ 7,204
Percent of Coverage	306%	262%	237%	311%
Maximum Revenue Bond Debt Service	\$ 12,866	\$ 12,866	\$ 11,539	\$ 7,217
Percent of Coverage ^①	306%	256%	237%	311%

^①Indicates the extent to which net revenues available for revenue debt service would provide coverage of maximum annual revenue debt service requirements in any future year. The maximum annual revenue debt service will occur in 2027.

^②Other income included in 2013 was ultimately used to payoff a large portion of the 2013 series bonds.

^③Net of collection expenses and debt service available for General Obligation bonds.

TABLE 14

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 26,334	\$ 22,084	\$ 21,685	\$ 18,591	\$ 16,996	\$ 14,994
(9,323)	(8,816)	(9,163)	(9,241)	(9,183)	(9,363)
3,992	3,675	3,519	3,533	3,320	4,065
596	409	287	117	265	(59)
		382			13,785
<u>\$ 21,599</u>	<u>\$ 17,352</u>	<u>\$ 16,710</u>	<u>\$ 13,000</u>	<u>\$ 11,398</u>	<u>\$ 23,422</u>
\$ 6,718	\$ 5,215	\$ 5,226	\$ 5,229	\$ 2,834	\$ 15,926
322%	333%	320%	249%	402%	147%
\$ 7,217	\$ 5,227	\$ 5,227	\$ 5,227	\$ 7,376	\$ 15,926
299%	332%	320%	249%	155%	147%

PORT FREEPORT

Summary of Annual Cash Requirements on Debt Outstanding September 30, 2022

TABLE 15

Fiscal Year Ending September 30	General Obligation Bonds Series 2019	General Obligation Bonds Series 2021	Senior Lien Revenue Refunding Bonds Series 2013A	Senior Lien Revenue and Refunding Bonds Series 2015A	Senior Lien Revenue Refunding Bonds Series 2018	Senior Lien Revenue Bonds, Series 2019A	Senior Lien Revenue Bonds, Series 2019B	Senior Lien Revenue Bonds, Series 2021	Purchase Financing Note	Total
2023	\$ 1,911,762	\$ 894,250	\$ 2,783,232	\$ 2,441,588	\$ 1,987,950	\$ 2,777,350	\$ 1,547,550	\$ 1,326,850	\$ 1,594,940	\$ 17,265,472
2024	1,333,262	894,250	2,786,776	2,438,838	1,987,200	2,776,350	1,548,300	1,326,850	1,594,940	16,686,766
2025	1,912,012	894,250	2,783,010	2,444,088	1,989,950	2,773,350	1,547,550	1,326,850		15,671,060
2026	1,910,712	894,250	2,782,088	2,441,838	1,985,950	2,773,350	1,550,300	1,326,850		15,665,338
2027	1,914,212	1,934,250	2,783,856	2,437,338	1,990,450	2,776,100	1,551,300	1,326,850		16,714,356
2028	1,910,712	1,932,650	2,783,160	2,440,588	1,987,950	2,776,350	1,550,550	1,326,850		16,708,810
2029	1,910,462	1,934,450		2,441,088	1,988,700	2,774,100	1,548,050	2,061,850		14,658,700
2030	1,913,212	1,929,450		2,438,838	1,987,450	2,774,350	1,548,800	2,065,100		14,657,200
2031	1,914,300	1,932,850		2,440,838	1,989,200	2,776,850	1,547,550	2,061,350		14,662,938
2032	1,913,800	1,934,250		2,439,276	1,988,700	2,776,350	1,549,300	2,065,850		14,667,526
2033	1,910,600	1,931,300		2,440,650	1,985,950	2,772,850	1,547,000	2,063,100		14,651,450
2034	1,911,000	1,932,300		2,438,062	1,985,950	2,776,350	1,548,950	2,123,350		14,715,962
2035	1,909,800	1,932,100		2,443,138	1,988,450	2,776,350	1,550,000	2,073,350		14,673,188
2036	1,912,000	1,929,500		2,440,450	1,988,200	2,777,550	1,550,150	2,063,350		14,661,200
2037	1,912,400	1,931,400		2,438,700	1,990,200	2,776,350	1,549,400	2,061,350		14,659,800
2038	1,912,600	1,932,700		2,438,200	1,989,200	2,772,750	1,547,750	2,061,850		14,655,050
2039	1,909,800	1,933,400		2,438,700	1,990,200	2,776,750	1,550,200	2,064,600		14,663,650
2040	1,910,200	1,933,500		2,434,950	1,986,400	2,772,950	1,551,600	2,064,350		14,653,950
2041	1,913,600	1,933,000		2,436,950	1,990,600	2,776,550	1,546,950	2,066,100		14,663,750
2042	1,909,800	1,931,900		2,438,976	1,987,400	2,777,150	1,551,400	2,064,600		14,661,226
2043	1,914,000	1,930,200		2,441,950	1,987,000	2,774,750	1,549,650	2,063,800		14,661,350
2044	1,910,800	1,932,900		2,440,650	1,989,200	2,774,350	1,551,850	2,065,800		14,665,550
2045	1,910,400	1,929,900		2,440,076	1,988,800	2,775,750	1,547,850	2,065,400		14,658,176
2046	1,912,600	1,931,300			1,990,800	2,777,000	1,547,800	2,062,600		12,222,100
2047	1,912,200	1,932,000			1,990,000	2,772,750	1,551,550	2,062,400		12,220,900
2048	1,909,200	1,932,000			1,986,400	2,773,000	1,548,950	2,064,600		12,214,150
2049	1,913,600	1,931,300				2,777,250	1,550,150	2,064,000		10,236,300
2050		1,929,900						2,065,600		3,995,500
2051		1,927,800						2,059,200		3,987,000
	\$ 51,039,046	\$ 51,873,300	\$ 16,702,122	\$ 56,115,770	\$ 51,698,250	\$ 74,934,950	\$ 41,830,450	\$ 55,494,650	\$ 3,189,880	\$ 402,878,418

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Summary of Annual Cash Requirements on General Obligation Debt Outstanding September 30, 2022

TABLE 16

Fiscal Year Ending September 30	General Obligation Bonds Series 2019	General Obligation Bonds Series 2021	Total
2023	\$ 1,911,762	\$ 894,250	\$ 2,806,012
2024	1,333,262	894,250	2,227,512
2025	1,912,012	894,250	2,806,262
2026	1,910,712	894,250	2,804,962
2027	1,914,212	1,934,250	3,848,462
2028	1,910,712	1,932,650	3,843,362
2029	1,910,462	1,934,450	3,844,912
2030	1,913,212	1,929,450	3,842,662
2031	1,914,300	1,932,850	3,847,150
2032	1,913,800	1,934,250	3,848,050
2033	1,910,600	1,931,300	3,841,900
2034	1,911,000	1,932,300	3,843,300
2035	1,909,800	1,932,100	3,841,900
2036	1,912,000	1,929,500	3,841,500
2037	1,912,400	1,931,400	3,843,800
2038	1,912,600	1,932,700	3,845,300
2039	1,909,800	1,933,400	3,843,200
2040	1,910,200	1,933,500	3,843,700
2041	1,913,600	1,933,000	3,846,600
2042	1,909,800	1,931,900	3,841,700
2043	1,914,000	1,930,200	3,844,200
2044	1,910,800	1,932,900	3,843,700
2045	1,910,400	1,929,900	3,840,300
2046	1,912,600	1,931,300	3,843,900
2047	1,912,200	1,932,000	3,844,200
2048	1,909,200	1,932,000	3,841,200
2049	1,913,600	1,931,300	3,844,900
2050		1,929,900	1,929,900
2051		1,927,800	1,927,800
	\$ 51,039,046	\$ 51,873,300	\$ 102,912,346

Authorized But Unissued General Obligation Debt September 30, 2022

TABLE 17

Election	Purpose	Voted Authority	Amount Previously Issued ①	Authorized But Unissued General Obligation Debt
May 5, 2018 (Proposition A)	Freeport Harbor Channel Improvement Project	\$ 130,000,000	\$ 74,200,000	\$ 55,800,000

① Includes premium counted against voted authorization

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General Obligation Bonds, Series 2019 (Non-AMT)
September 30, 2022

TABLE 18

Fiscal Year Ending September 30	Coupon	Interest Due February 1	Interest Due August 1	Principal Due August 1	Total Principal & Interest	Principal Balance
						\$ 30,715,000
2023	5.000 %	\$ 620,881	\$ 620,881	\$ 670,000	\$ 1,911,762	30,045,000
2024	5.000	604,131	604,131	125,000	1,333,262	29,920,000
2025	3.000	601,006	601,006	710,000	1,912,012	29,210,000
2026	5.000	590,356	590,356	730,000	1,910,712	28,480,000
2027	5.000	572,106	572,106	770,000	1,914,212	27,710,000
2028	5.000	552,856	552,856	805,000	1,910,712	26,905,000
2029	5.000	532,731	532,731	845,000	1,910,462	26,060,000
2030	2.125	511,606	511,606	890,000	1,913,212	25,170,000
2031	5.000	502,150	502,150	910,000	1,914,300	24,260,000
2032	4.000	479,400	479,400	955,000	1,913,800	23,305,000
2033	4.000	460,300	460,300	990,000	1,910,600	22,315,000
2034	4.000	440,500	440,500	1,030,000	1,911,000	21,285,000
2035	4.000	419,900	419,900	1,070,000	1,909,800	20,215,000
2036	4.000	398,500	398,500	1,115,000	1,912,000	19,100,000
2037	3.000	376,200	376,200	1,160,000	1,912,400	17,940,000
2038	4.000	358,800	358,800	1,195,000	1,912,600	16,745,000
2039	4.000	334,900	334,900	1,240,000	1,909,800	15,505,000
2040	4.000	310,100	310,100	1,290,000	1,910,200	14,215,000
2041	4.000	284,300	284,300	1,345,000	1,913,600	12,870,000
2042	4.000	257,400	257,400	1,395,000	1,909,800	11,475,000
2043	4.000	229,500	229,500	1,455,000	1,914,000	10,020,000
2044	4.000	200,400	200,400	1,510,000	1,910,800	8,510,000
2045	4.000	170,200	170,200	1,570,000	1,910,400	6,940,000
2046	4.000	138,800	138,800	1,635,000	1,912,600	5,305,000
2047	4.000	106,100	106,100	1,700,000	1,912,200	3,605,000
2048	4.000	72,100	72,100	1,765,000	1,909,200	1,840,000
2049	4.000	36,800	36,800	1,840,000	1,913,600	0
		\$ 10,162,023	\$ 10,162,023	\$ 30,715,000	\$ 51,039,046	

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General Obligation Bonds, Series 2021 (Non-AMT)
September 30, 2022

TABLE 19

Fiscal Year Ending September 30	Coupon	Interest Due February 1	Interest Due August 1	Principal Due August 1	Total Principal & Interest	Principal Balance
						\$ 37,135,000
2023		\$ 447,125	\$ 447,125	\$ -	\$ 894,250	37,135,000
2024		447,125	447,125	-	894,250	37,135,000
2025		447,125	447,125	-	894,250	37,135,000
2026		447,125	447,125	-	894,250	37,135,000
2027	4.000 %	447,125	447,125	1,040,000	1,934,250	36,095,000
2028	4.000	426,325	426,325	1,080,000	1,932,650	35,015,000
2029	4.000	404,725	404,725	1,125,000	1,934,450	33,890,000
2030	4.000	382,225	382,225	1,165,000	1,929,450	32,725,000
2031	4.000	358,925	358,925	1,215,000	1,932,850	31,510,000
2032	3.000	334,625	334,625	1,265,000	1,934,250	30,245,000
2033	3.000	315,650	315,650	1,300,000	1,931,300	28,945,000
2034	3.000	296,150	296,150	1,340,000	1,932,300	27,605,000
2035	2.000	276,050	276,050	1,380,000	1,932,100	26,225,000
2036	2.000	262,250	262,250	1,405,000	1,929,500	24,820,000
2037	2.000	248,200	248,200	1,435,000	1,931,400	23,385,000
2038	2.000	233,850	233,850	1,465,000	1,932,700	21,920,000
2039	2.000	219,200	219,200	1,495,000	1,933,400	20,425,000
2040	2.000	204,250	204,250	1,525,000	1,933,500	18,900,000
2041	2.000	189,000	189,000	1,555,000	1,933,000	17,345,000
2042	2.000	173,450	173,450	1,585,000	1,931,900	15,760,000
2043	2.000	157,600	157,600	1,615,000	1,930,200	14,145,000
2044	2.000	141,450	141,450	1,650,000	1,932,900	12,495,000
2045	2.000	124,950	124,950	1,680,000	1,929,900	10,815,000
2046	2.000	108,150	108,150	1,715,000	1,931,300	9,100,000
2047	2.000	91,000	91,000	1,750,000	1,932,000	7,350,000
2048	2.000	73,500	73,500	1,785,000	1,932,000	5,565,000
2049	2.000	55,650	55,650	1,820,000	1,931,300	3,745,000
2050	2.000	37,450	37,450	1,855,000	1,929,900	1,890,000
2051	2.000	18,900	18,900	1,890,000	1,927,800	0
		\$ 7,369,150	\$ 7,369,150	\$ 37,135,000	\$ 51,873,300	

PORT FREEPORT

Summary of Annual Cash Requirements on Revenue Debt Outstanding September 30, 2022

TABLE 20

Fiscal Year Ending September 30	Senior Lien Revenue Refunding Bonds Series 2013A	Senior Lien Revenue and Refunding Bonds Series 2015A	Senior Lien Revenue Refunding Bonds Series 2018	Senior Lien Revenue Bonds, Series 2019A	Senior Lien Revenue Bonds, Series 2019B	Senior Lien Revenue Bonds, Series 2021	Total
2023	\$ 2,783,232	\$ 2,441,588	\$ 1,987,950	\$ 2,777,350	\$ 1,547,550	\$ 1,326,850	\$ 12,864,520
2024	2,786,776	2,438,838	1,987,200	2,776,350	1,548,300	1,326,850	12,864,314
2025	2,783,010	2,444,088	1,989,950	2,773,350	1,547,550	1,326,850	12,864,798
2026	2,782,088	2,441,838	1,985,950	2,773,350	1,550,300	1,326,850	12,860,376
2027	2,783,856	2,437,338	1,990,450	2,776,100	1,551,300	1,326,850	12,865,894
2028	2,783,160	2,440,588	1,987,950	2,776,350	1,550,550	1,326,850	12,865,448
2029		2,441,088	1,988,700	2,774,100	1,548,050	2,061,850	10,813,788
2030		2,438,838	1,987,450	2,774,350	1,548,800	2,065,100	10,814,538
2031		2,440,838	1,989,200	2,776,850	1,547,550	2,061,350	10,815,788
2032		2,439,276	1,988,700	2,776,350	1,549,300	2,065,850	10,819,476
2033		2,440,650	1,985,950	2,772,850	1,547,000	2,063,100	10,809,550
2034		2,438,062	1,985,950	2,776,350	1,548,950	2,123,350	10,872,662
2035		2,443,138	1,988,450	2,776,350	1,550,000	2,073,350	10,831,288
2036		2,440,450	1,988,200	2,777,550	1,550,150	2,063,350	10,819,700
2037		2,438,700	1,990,200	2,776,350	1,549,400	2,061,350	10,816,000
2038		2,438,200	1,989,200	2,772,750	1,547,750	2,061,850	10,809,750
2039		2,438,700	1,990,200	2,776,750	1,550,200	2,064,600	10,820,450
2040		2,434,950	1,986,400	2,772,950	1,551,600	2,064,350	10,810,250
2041		2,436,950	1,990,600	2,776,550	1,546,950	2,066,100	10,817,150
2042		2,438,976	1,987,400	2,777,150	1,551,400	2,064,600	10,819,526
2043		2,441,950	1,987,000	2,774,750	1,549,650	2,063,800	10,817,150
2044		2,440,650	1,989,200	2,774,350	1,551,850	2,065,800	10,821,850
2045		2,440,076	1,988,800	2,775,750	1,547,850	2,065,400	10,817,876
2046			1,990,800	2,777,000	1,547,800	2,062,600	8,378,200
2047			1,990,000	2,772,750	1,551,550	2,062,400	8,376,700
2048			1,986,400	2,773,000	1,548,950	2,064,600	8,372,950
2049				2,777,250	1,550,150	2,064,000	6,391,400
2050						2,065,600	2,065,600
2051						2,059,200	2,059,200
	\$ 16,702,122	\$ 56,115,770	\$ 51,698,250	\$ 74,934,950	\$ 41,830,450	\$ 55,494,650	\$ 296,776,192

PORT FREEPORT

Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)
September 30, 2022

TABLE 21

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						\$ 15,040,000
2023	3.08 %	\$ 231,616	\$ 231,616	\$ 2,320,000	\$ 2,783,232	12,720,000
2024	3.08	195,888	195,888	2,395,000	2,786,776	10,325,000
2025	3.08	159,005	159,005	2,465,000	2,783,010	7,860,000
2026	3.08	121,044	121,044	2,540,000	2,782,088	5,320,000
2027	3.08	81,928	81,928	2,620,000	2,783,856	2,700,000
2028	3.08	41,580	41,580	2,700,000	2,783,160	0
		\$ 831,061	\$ 831,061	\$ 15,040,000	\$ 16,702,122	

PORT FREEPORT

Senior Lien Revenue and Refunding Bonds, Series 2015A (AMT)
September 30, 2022

TABLE 22

Fiscal Year		Interest	Interest	Principal	Total	
Ending		Due	Due	Due	Principal &	Principal
September 30	Coupon	December 1	June 1	June 1	Interest	Balance
						\$ 34,125,000
2023	5.00 %	\$ 793,294	\$ 793,294	\$ 855,000	\$ 2,441,588	33,270,000
2024	5.00	771,919	771,919	895,000	2,438,838	32,375,000
2025	5.00	749,544	749,544	945,000	2,444,088	31,430,000
2026	5.00	725,919	725,919	990,000	2,441,838	30,440,000
2027	5.00	701,169	701,169	1,035,000	2,437,338	29,405,000
2028	5.00	675,294	675,294	1,090,000	2,440,588	28,315,000
2029	5.00	648,044	648,044	1,145,000	2,441,088	27,170,000
2030	4.00	619,419	619,419	1,200,000	2,438,838	25,970,000
2031	4.13	595,419	595,419	1,250,000	2,440,838	24,720,000
2032	4.13	569,638	569,638	1,300,000	2,439,276	23,420,000
2033	4.25	542,825	542,825	1,355,000	2,440,650	22,065,000
2034	4.25	514,031	514,031	1,410,000	2,438,062	20,655,000
2035	4.25	484,069	484,069	1,475,000	2,443,138	19,180,000
2036	5.00	452,725	452,725	1,535,000	2,440,450	17,645,000
2037	5.00	414,350	414,350	1,610,000	2,438,700	16,035,000
2038	5.00	374,100	374,100	1,690,000	2,438,200	14,345,000
2039	5.00	331,850	331,850	1,775,000	2,438,700	12,570,000
2040	5.00	287,475	287,475	1,860,000	2,434,950	10,710,000
2041	4.50	240,975	240,975	1,955,000	2,436,950	8,755,000
2042	4.50	196,988	196,988	2,045,000	2,438,976	6,710,000
2043	4.50	150,975	150,975	2,140,000	2,441,950	4,570,000
2044	4.50	102,825	102,825	2,235,000	2,440,650	2,335,000
2045	4.50	52,538	52,538	2,335,000	2,440,076	0
		\$ 10,995,385	\$ 10,995,385	\$ 34,125,000	\$ 56,115,770	

PORT FREEPORT

Senior Lien Revenue Refunding Bonds, Series 2018 (AMT)
September 30, 2022

TABLE 23

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						\$ 30,685,000
2023	5.00 %	\$ 686,475	\$ 686,475	\$ 615,000	\$ 1,987,950	30,070,000
2024	5.00	671,100	671,100	645,000	1,987,200	29,425,000
2025	5.00	654,975	654,975	680,000	1,989,950	28,745,000
2026	5.00	637,975	637,975	710,000	1,985,950	28,035,000
2027	5.00	620,225	620,225	750,000	1,990,450	27,285,000
2028	5.00	601,475	601,475	785,000	1,987,950	26,500,000
2029	5.00	581,850	581,850	825,000	1,988,700	25,675,000
2030	5.00	561,225	561,225	865,000	1,987,450	24,810,000
2031	5.00	539,600	539,600	910,000	1,989,200	23,900,000
2032	5.00	516,850	516,850	955,000	1,988,700	22,945,000
2033	5.00	492,975	492,975	1,000,000	1,985,950	21,945,000
2034	5.00	467,975	467,975	1,050,000	1,985,950	20,895,000
2035	5.00	441,725	441,725	1,105,000	1,988,450	19,790,000
2036	5.00	414,100	414,100	1,160,000	1,988,200	18,630,000
2037	5.00	385,100	385,100	1,220,000	1,990,200	17,410,000
2038	5.00	354,600	354,600	1,280,000	1,989,200	16,130,000
2039	4.00	322,600	322,600	1,345,000	1,990,200	14,785,000
2040	4.00	295,700	295,700	1,395,000	1,986,400	13,390,000
2041	4.00	267,800	267,800	1,455,000	1,990,600	11,935,000
2042	4.00	238,700	238,700	1,510,000	1,987,400	10,425,000
2043	4.00	208,500	208,500	1,570,000	1,987,000	8,855,000
2044	4.00	177,100	177,100	1,635,000	1,989,200	7,220,000
2045	4.00	144,400	144,400	1,700,000	1,988,800	5,520,000
2046	4.00	110,400	110,400	1,770,000	1,990,800	3,750,000
2047	4.00	75,000	75,000	1,840,000	1,990,000	1,910,000
2048	4.00	38,200	38,200	1,910,000	1,986,400	0
		\$ 10,506,625	\$ 10,506,625	\$ 30,685,000	\$ 51,698,250	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2019A (AMT)
September 30, 2022

TABLE 24

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						\$ 42,675,000
2023	5.000 %	\$ 978,675	\$ 978,675	\$ 820,000	\$ 2,777,350	41,855,000
2024	5.000	958,175	958,175	860,000	2,776,350	40,995,000
2025	5.000	936,675	936,675	900,000	2,773,350	40,095,000
2026	5.000	914,175	914,175	945,000	2,773,350	39,150,000
2027	5.000	890,550	890,550	995,000	2,776,100	38,155,000
2028	5.000	865,675	865,675	1,045,000	2,776,350	37,110,000
2029	5.000	839,550	839,550	1,095,000	2,774,100	36,015,000
2030	5.000	812,175	812,175	1,150,000	2,774,350	34,865,000
2031	5.000	783,425	783,425	1,210,000	2,776,850	33,655,000
2032	5.000	753,175	753,175	1,270,000	2,776,350	32,385,000
2033	5.000	721,425	721,425	1,330,000	2,772,850	31,055,000
2034	5.000	688,175	688,175	1,400,000	2,776,350	29,655,000
2035	4.000	653,175	653,175	1,470,000	2,776,350	28,185,000
2036	4.000	623,775	623,775	1,530,000	2,777,550	26,655,000
2037	4.000	593,175	593,175	1,590,000	2,776,350	25,065,000
2038	4.000	561,375	561,375	1,650,000	2,772,750	23,415,000
2039	4.000	528,375	528,375	1,720,000	2,776,750	21,695,000
2040	4.000	493,975	493,975	1,785,000	2,772,950	19,910,000
2041	4.000	458,275	458,275	1,860,000	2,776,550	18,050,000
2042	4.000	421,075	421,075	1,935,000	2,777,150	16,115,000
2043	4.000	382,375	382,375	2,010,000	2,774,750	14,105,000
2044	4.000	342,175	342,175	2,090,000	2,774,350	12,015,000
2045	5.000	300,375	300,375	2,175,000	2,775,750	9,840,000
2046	5.000	246,000	246,000	2,285,000	2,777,000	7,555,000
2047	5.000	188,875	188,875	2,395,000	2,772,750	5,160,000
2048	5.000	129,000	129,000	2,515,000	2,773,000	2,645,000
2049	5.000	66,125	66,125	2,645,000	2,777,250	0
		\$ 16,129,975	\$ 16,129,975	\$ 42,675,000	\$ 74,934,950	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2019B (NON-AMT)
September 30, 2022

TABLE 25

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						\$ 27,775,000
2023	5.000 %	\$ 481,275	\$ 481,275	\$ 585,000	\$ 1,547,550	27,190,000
2024	5.000	466,650	466,650	615,000	1,548,300	26,575,000
2025	5.000	451,275	451,275	645,000	1,547,550	25,930,000
2026	5.000	435,150	435,150	680,000	1,550,300	25,250,000
2027	5.000	418,150	418,150	715,000	1,551,300	24,535,000
2028	5.000	400,275	400,275	750,000	1,550,550	23,785,000
2029	5.000	381,525	381,525	785,000	1,548,050	23,000,000
2030	5.000	361,900	361,900	825,000	1,548,800	22,175,000
2031	5.000	341,275	341,275	865,000	1,547,550	21,310,000
2032	3.000	319,650	319,650	910,000	1,549,300	20,400,000
2033	3.000	306,000	306,000	935,000	1,547,000	19,465,000
2034	3.000	291,975	291,975	965,000	1,548,950	18,500,000
2035	3.000	277,500	277,500	995,000	1,550,000	17,505,000
2036	3.000	262,575	262,575	1,025,000	1,550,150	16,480,000
2037	3.000	247,200	247,200	1,055,000	1,549,400	15,425,000
2038	3.000	231,375	231,375	1,085,000	1,547,750	14,340,000
2039	3.000	215,100	215,100	1,120,000	1,550,200	13,220,000
2040	3.000	198,300	198,300	1,155,000	1,551,600	12,065,000
2041	3.000	180,975	180,975	1,185,000	1,546,950	10,880,000
2042	3.000	163,200	163,200	1,225,000	1,551,400	9,655,000
2043	3.000	144,825	144,825	1,260,000	1,549,650	8,395,000
2044	3.000	125,925	125,925	1,300,000	1,551,850	7,095,000
2045	3.000	106,425	106,425	1,335,000	1,547,850	5,760,000
2046	3.000	86,400	86,400	1,375,000	1,547,800	4,385,000
2047	3.000	65,775	65,775	1,420,000	1,551,550	2,965,000
2048	3.000	44,475	44,475	1,460,000	1,548,950	1,505,000
2049	3.000	22,575	22,575	1,505,000	1,550,150	0
		\$ 7,027,725	\$ 7,027,725	\$ 27,775,000	\$ 41,830,450	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2021 (AMT)
September 30, 2022

TABLE 26

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						\$ 29,885,000
2023	5.000 %	\$ 663,425	\$ 663,425	\$ -	\$ 1,326,850	29,885,000
2024	5.000	663,425	663,425	-	1,326,850	29,885,000
2025	5.000	663,425	663,425	-	1,326,850	29,885,000
2026	5.000	663,425	663,425	-	1,326,850	29,885,000
2027	5.000	663,425	663,425	-	1,326,850	29,885,000
2028	5.000	663,425	663,425	-	1,326,850	29,885,000
2029	5.000	663,425	663,425	735,000	2,061,850	29,150,000
2030	5.000	645,050	645,050	775,000	2,065,100	28,375,000
2031	5.000	625,675	625,675	810,000	2,061,350	27,565,000
2032	5.000	605,425	605,425	855,000	2,065,850	26,710,000
2033	5.000	584,050	584,050	895,000	2,063,100	25,815,000
2034	5.000	561,675	561,675	1,000,000	2,123,350	24,815,000
2035	5.000	536,675	536,675	1,000,000	2,073,350	23,815,000
2036	5.000	511,675	511,675	1,040,000	2,063,350	22,775,000
2037	5.000	485,675	485,675	1,090,000	2,061,350	21,685,000
2038	5.000	458,425	458,425	1,145,000	2,061,850	20,540,000
2039	5.000	429,800	429,800	1,205,000	2,064,600	19,335,000
2040	5.000	399,675	399,675	1,265,000	2,064,350	18,070,000
2041	5.000	368,050	368,050	1,330,000	2,066,100	16,740,000
2042	4.000	334,800	334,800	1,395,000	2,064,600	15,345,000
2043	4.000	306,900	306,900	1,450,000	2,063,800	13,895,000
2044	4.000	277,900	277,900	1,510,000	2,065,800	12,385,000
2045	4.000	247,700	247,700	1,570,000	2,065,400	10,815,000
2046	4.000	216,300	216,300	1,630,000	2,062,600	9,185,000
2047	4.000	183,700	183,700	1,695,000	2,062,400	7,490,000
2048	4.000	149,800	149,800	1,765,000	2,064,600	5,725,000
2049	4.000	114,500	114,500	1,835,000	2,064,000	3,890,000
2050	4.000	77,800	77,800	1,910,000	2,065,600	1,980,000
2051	4.000	39,600	39,600	1,980,000	2,059,200	0
		\$ 12,804,825	\$ 12,804,825	\$ 29,885,000	\$ 55,494,650	

PORT FREEPORT

Purchase Financing Note
September 30, 2022

TABLE 27

Fiscal Year Ending September 30	Coupon	Interest Due Sept. 30	Principal Due Sept. 30	Total Principal & Interest	Principal Balance
					\$ 3,082,840
2023	2.31 %	\$ 71,090	\$ 1,523,850	\$ 1,594,940	1,558,990
2024	2.31	35,950	1,558,990	1,594,940	0
		\$ 107,040	\$ 3,082,840	\$ 3,189,880	

PORT FREEPORT

Table 28, Miscellaneous Statistical Data

Located in Texas's Central Gulf Coast, Port Freeport currently encompasses approximately 85 percent of Brazoria County. Occupying the only frontal mainland coastline in Brazoria County, it also offers one of Texas's most fertile agricultural areas. The primary economic bases of the county include chemical manufacturing, petroleum processing, offshore oil and gas production and maintenance services, diversified manufacturing, biochemical, electronics, and agriculture. In addition, the area's deepwater transportation waterway, port facilities, sport fishing services, and tourism are major components of the county's economic base.

Date of Incorporation	1925
Form of Government	A political subdivision of the state of Texas
Number of Employees	38
Geographical Location	Southeast Coast of Texas on the Gulf of Mexico
	Approximately 60 miles South of Houston
Port Owned Property	Approximately 770 acres developed
	Approximately 262 acres environmentally mitigated
	1,800 acres identified for industrial development
	Approximately 8,000 acres undeveloped
Elevation	3-12 feet above sea level
Tidal Range-Inner Harbor	Plus (minus) 2.5 feet
Aerial Clearance	No restriction
Climate Type	Sub-tropical
Temperature - Annual Average	71.6 degrees F.
Precipitation - Annual Average	57.24
Number of Public Docks	7 (not including 4 public private partnership docks)
Covered Dry Warehouse Space	434,400 square feet
Port Freeport's Total Foreign Tonnage Ranking	
Among U.S. Ports ①	11 th highest
Port Freeport's Total Foreign Waterborne Tonnage①	34.6 million
(public and private facilities)	
Port Freeport's Container Handling Ranking	
Among U.S. Ports ②	26 th highest
Total Containers	87,774 TEU
Central America, South America, Middle East, Africa, EU, and Asia	
Liquefied Natural Gas, liquefied petroleum gas, crude oil, bulk petrochemicals, natural gas liquids, containerized cargo, refrigerated fresh fruit, rice, new and used automobiles, high and heavy construction equipment, limestone aggregate, project cargo, plastic resins, steel products	
Number of Truck Lines Serving Port Freeport	12
Number of Barge Lines Serving Port Freeport	3
Number of Railroad Lines Serving Port Freeport	1
Number of Shipping Lines Calling Port Freeport	19
Foreign Trade Zone (FTZ) No. 149	Established in 1988
FTZ 149 service area	Brazoria and Ft. Bend County, Texas
Area of County	1,386.4 square miles
Brazoria County's Total Assessed Valuation	
Among Texas Counties ④	11 th highest without exemptions
Brazoria County's Total Population Ranking	
Among All Texas Counties ③	14 th highest
Brazoria County's Total Area Ranking	
Among All Texas Counties ③	27 th highest
Economic Impact to Region and State	\$98.8 billion total annually / \$9.0 billion personal income, 150,651 jobs economy-wide directly or indirectly supported by operations
Economic Impact to Nation	\$149 billion total annually / \$5.4 billion in federal tax revenues, 279,780 jobs economy-wide directly or indirectly supported by operations

①Source - Port Freeport analysis of U.S. Census Bureau trade data for calendar year 2020.

②Source - Port Freeport analysis of U.S. Census Bureau trade data for calendar year 2020.

③Source - Texas Demographic Center

④ Source - Brazoria County Appraisal District

PORT FREEPORT

History of the Port[®]

The history of navigation in the Brazos River area can be traced to as early as 1528 when the Spanish explorer Cabeza de Vaca first arrived in the “New Land”. In 1821, Stephen F. Austin chose the mouth of the Brazos River as the location of a colony and deepwater port to be developed. Throughout the nineteenth century and beyond, the area’s importance as a trade and shipping area became more viable. A brief chronological history of the development of Port Freeport:

In 1889, Congress authorized the Brazos River and Dock Company to construct, own and operate sufficient jetties as might be necessary to create a navigable channel between the mouth of the Brazos River and the Gulf of Mexico. Granite jetties were constructed by the Brazos River and Dock Company at a cost of \$ 1,449,025.

The Brazos River Harbor Navigation District was created by an action of the voters on the 4th day of December 1925. In 1960, the size of the elected number of Commissioners was increased from three to six positions by an act of the Texas Legislature.

On December 4, 1925, the voters approved the issuance of \$ 989,000 of ad valorem tax bonds to be utilized for the elimination of the river jetty siltation - shoaling problems by diversion of the “live” Brazos River to another course for its final flow to the Gulf of Mexico.

In January 1951, the voters approved the issuance of \$ 2,600,000 of ad valorem tax bonds to be utilized for the purchase of additional land for the construction of the Harbor and District’s first dock and terminal facilities. In June 1957, the voters approved the issuance of \$ 1,500,000 of Port Revenue Bonds for construction of a second transit shed and dock facility.

In 1961, the harbor and channel were first dredged to the original project depth of 36 - feet by the Federal Government. In June 1963, the Interstate Commerce Commission granted the District an all-inclusive equalization of rail rates, placing the Ports of Houston, Galveston, and Freeport on an equal rail rate basis. In January 1964, Transit Shed No. 5 was opened for business. This 36,000-square foot cargo storage facility was constructed with retained Port revenues; no bonds were issued for its construction.

In May 1969, the Board of Navigation and Canal Commissioners authorized the issuance of \$ 865,000

of Port Revenue Bonds for the construction of a 60,000-square foot, warehouse, known as Warehouse 53, and modifications and improvements to other District warehouses, transit sheds and dock facilities.

On October 5, 1980, the voters approved the issuance of \$ 20,000,000 of ad valorem tax bonds for the acquisition of 8,700 acres of land for future industrial development and for expenses related to the District’s waterway and jetty system widening and deepening project, construction of additional office and warehouse space and improvements to existing Port facilities.

In 1983, the Board of Navigation and Canal Commissioners entered into a lease agreement with Dole Fresh Fruit Company to construct a trailer marshaling yard and maintenance facility to handle Dole’s weekly-containerized fruit import and commodity export trade. In 1985, the Board of Navigation and Canal Commissioners entered into a lease agreement with American Rice, Inc. to construct the largest state-of-the-art rice milling facility in the United States on a site leased to it by the Port and authorized the issuance of \$ 10,500,000 of Port Revenue Bonds for the construction of an additional berth, 180,000 square feet of transit sheds, a barge unloading facility along with numerous major infrastructure improvements.

On June 2, 1985, then Texas Governor Mark White signed a bill authorizing the Brazos River Harbor Navigation District to apply for and to accept, operate and maintain a Foreign-Trade Zone within its boundaries. The Foreign-Trade Zones Board on June 28, 1988, issued Order No. 385 approving the establishment of Foreign-Trade Zone No. 149 at specific sites located within the jurisdiction of the Brazos River Harbor Navigation District. On July 18, 1988, authorization to “activate” sites of Foreign-Trade Zone No. 149 were issued by the District Director of the U. S. Customs Service and on July 19, 1988, the first goods were received into Foreign-Trade Zone No. 149.

In 1962, the District requested the U. S. Army Corps of Engineers to study the widening and deepening of the Freeport jetty system, channels, and harbor to improve navigation and to accommodate the larger ships that were first appearing at this time and were forecasted to be standard fleet size soon. Twenty-four years later, on November 17, 1986, President Ronald Reagan signed “The Water Resources Development

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Act of 1986” which authorized the first new waterway construction starts since 1976. The authorization included the Freeport Harbor, Texas, 45-Foot Project, at an estimated total project cost of \$ 88,600,000 of which \$ 29,200,000 was non-federal/local expense. To satisfy the recreational requirements of the project, the District completed the \$ 1,000,000 Surfside Jetty Park Complex in 1994, and through an Interlocal Cooperation Agreement with Brazoria County, turned the park over to the Brazoria County Parks Department for operation and maintenance.

In 1989, the Board of Navigation and Canal Commissioners authorized the purchase of the Canadian Millworks, Inc. leasehold improvements, now known as Warehouse 51, for \$ 350,000. The facility has undergone major upgrades and is presently being utilized for warehousing of domestic cargoes.

On January 1, 1993, the Board of Navigation and Canal Commissioners entered into an Industrial Lease and Docking Agreement with McDermott, Inc. for the pre-and post-mating hook-up and commissioning site for Shell Offshore, Inc.’s “Auger” Tension Leg Platform Project. In conjunction with the lease, the District realized over \$ 580,000 in permanent site improvements to District lands fronting on the Brazos River channel. Additionally, the District contracted for the dredging of a 60-foot-deep berthing area in the Upper Turning Basin. In January 1994, the Board of Navigation and Canal Commissioners entered into a lease agreement with Western Towing, Inc. for the construction of a barge fleeting facility located on the Old Brazos River upstream from the Upper Turning Basin.

In June 1995, the Board of Navigation and Canal Commissioners adopted a long-term master plan developed with the assistance from the firm, Vickerman, Zachary, and Miller. With input from the Board of Navigation and Canal Commissioners, staff, community leaders and local industry, the District’s Mission Statement and Goals were developed. An update to the Master Plan was adopted in 1999.

In September 1995, the Board of Navigation and Canal Commissioners entered into a lease agreement with Chiquita Brands, Inc. for the construction of a Green Fruit Terminal on leased Port lands. The terminal includes space for up to 200 containers on chassis, interchange, and maintenance facilities, as well as modular office units at a total cost of \$ 2.5 million. Terminal operations commenced in March 1996. \$

3,265,000 of Port Revenue Bonds were issued to finance the Green Fruit Terminal as well as renovations to Berth No. 1.

In December 1998, the voters approved the issuance of \$ 16,000,000 of ad valorem tax bonds to be utilized for the purchase and commissioning of a \$ 3.1 million mobile harbor crane and 500-foot extension of Berth No. 5 and berthing area improvements at Parcel 39. To facilitate the more efficient handling of containerized and project cargoes and to handle the additional loads from container handling equipment, the dock aprons of Berths No. 1 and No. 2 were widened from 45 – feet to 100 – feet in 1998-1999 by demolition of a portion of the transit sheds. These projects were funded by a combination of Port revenue bonds and retained earnings. In 1998, Warehouse 52, a 36,000-square foot facility, was constructed and is currently being used for domestic warehousing and cargo storage. This project was funded with Port retained earnings.

In 1999, the District acquired two tracts of land adjacent to the Port for future development and expansion. The first is a 2.5-acre tract, formerly occupied by Freeport Welding and Fabrication. The second is a 45-acre tract, formerly owned by Marathon Oil Company, with deep-water frontage on the Old Brazos River.

In 1999, the main Port entrance was rebuilt and widened, the 30-plus year-old pavement west of the rail crossing on Pete Schaff Blvd. was replaced, and the final phase of a 5-acre open storage yard was completed. In 2000, the Deep Berthing Area was dredged to a depth of 70 feet, making it one of only two 70-foot-deep berthing areas in the Upper Gulf Coast. The first phase of Berthing Area Improvements, Parcel 39, was completed in 2000, which included dredging a berthing area to 40-foot depth, the installation of monopile breasting/mooring dolphins and extending the Port’s water distribution system. These projects were funded with proceeds from the 1998 bond issuance.

In March 2000, the Board of Navigation and Canal Commissioners entered into a lease agreement with Transit Mix Concrete and Materials, a division of Trinity Industries (now Vulcan Materials), to import limestone for the construction industry. In October, the first self-unloading vessel carrying over 60,000 tons of limestone discharged at their facility located on the Upper Turning Basin.

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In 2000-2001 the Port completed the Berth 5 Extension Project, increasing the number of public deepwater berths from three to four. A harbor tug berthing facility was constructed to provide a home base for harbor tugs serving vessels in Port Freeport. A portion of Transit Shed No. 5 was demolished, and the balance renovated to provide for a 100-foot-wide dock apron and more efficient handling of cargo. These projects were funded with proceeds from the 1998 bond issuance.

In 2001, the Board of Navigation and Canal Commissioners signed a lease agreement with Parker/Cabett Subsea Products Inc. to construct a state-of-the-art umbilical cable manufacturing facility to serve the offshore oil and gas industry. The facility is located adjacent to the recently completed Berth 5 and manufactured its first cable in early 2002.

In 2002, the Port contracted for the development of a Conceptual Master Plan that provides for the organized expansion of the Port over the next 20 years to serve the marine industry. Also, in 2002, the Port started the process of widening and deepening the Freeport Harbor Channel to serve larger vessels and the anticipated increase in vessel traffic. The U. S. Army Corps of Engineers issued the Section 216 Reconnaissance Phase Report that identified a federal interest in the project. In 2003, the Board of Navigation and Canal Commissioners entered into a \$ 6.5 million Feasibility Cost Sharing Agreement with the U.S. Army Corps of Engineers for the Freeport Harbor Improvement Project. The Feasibility Phase of the project was completed and the USACE issued a Chief's Report to the U.S. Congress recommending the deepening of the Freeport Harbor Channel in 2013.

In 2004, the Port undertook three major projects in its efforts to diversify its cargo base. Construction of a 38,000-square foot Cool Storage Facility to handle palletized fruit as well as other temperature-sensitive commodities was completed in 2005. Design of the Velasco Terminal project was started in late 2004 and construction started in early 2007. The new 800-foot-long berth is designed to handle the next generation of gantry cranes and accommodate vessels up to 48-foot draft. The signing of a land lease agreement with Freeport LNG was the first step in the construction of a liquefied natural gas receiving facility. Construction began in early 2005 and was completed in 2008. The first vessel of liquefied natural gas was received in April 2008.

In 2007, the State of Texas passed House Bill 542, which legally changed the name of the Brazos River Harbor Navigation District to "Port Freeport" and the name of the governing body of the Brazos River Harbor Navigation District to "Port Commission" and the name of each member of the Port Commission to be changed to "Port Commissioner." Development on Parcel 25 began, and wind energy units began moving through Port Freeport via Suzlon Wind Energy Corp. and other manufacturers.

The Port completed construction of a 60-acre project cargo area that is being leased for storage of wind power production components in 2009 at Parcel 25. In addition, the first 5-acres of an additional project cargo area at Parcel 19 were completed and the design for the next 10-acres was completed in 2009.

In 2010, Freeport LNG filed an application with the Federal Energy and Regulatory Commission to expand their facility to include re-liquefaction capabilities.

In 2011, the State of Texas passed House Bill 1305, which granted authority to Port Freeport to issue permits for the movement of oversize or overweight vehicles carrying cargo on highways located within a ten-mile radius of Port Freeport.

In 2013, Velasco Terminal Phase 1, Berth 7 was completed and operational. The permit system for the movement of oversize or overweight vehicles carrying cargo on highways located within a ten-mile radius of Port Freeport was implemented.

In 2014, the Port purchased two Post Panamax ship to shore container cranes for Velasco Terminal. Mediterranean Shipping Company, S.A. began servicing the Port in a vessel sharing agreement with Chiquita Brands International. In preparation of its new export facility, Freeport LNG signed an agreement with Port Freeport to widen the Freeport Harbor entrance channel.

In 2015 Hoegh Autoliners joined the Port's family of partners in June of 2015 and has now created the first major OEM Ro/Ro facility at the Port offering all services to ocean carriers moving of all kinds of rolling stock. Port Freeport also signed leases with Zachry for construction staging areas for the construction of Freeport LNGs three new "trains."

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Congress approved the Water Resource Development Act designating the Port as an “authorized project” which placed the GRR and 56-foot channel deepening project as one of the top federal projects considered for funding.

In 2016, the chiller was demolished, making additional open storage area alongside Berth 2 and to facilitate and expedite ro/ro ship discharge and loading operations. Port Freeport also welcomed the first Post-Panamax vessel to call the Port. The MV HOEGH TARGET is the largest Pure Car Pure Truck Carrier in the world with the capacity to carry about 8,500 Car Equivalent Units (CEUs).

Freeport LNG (FLNG) commenced construction of three new export LNG trains and announced plans for an additional fourth train.

In 2016, Port Freeport reached a milestone in its history, surpassing three million tons of cargo handled at the public berths.

2017 was another banner year that saw the Port and the USACE partnering again on significant projects. The Port and the USACE approved the Freeport Placement 1 Containment Dike Raising, which will create significant new capacity for dredge material placement. The USACE and Port also approved a new study as part of the GRR (General Re-evaluation Review) that would look at navigation enhancements as they relate to widening the current channel.

One of the Port’s newest tenants, Tenaris, opened their new seamless pipe manufacturing facility in Bay City, Texas. This \$ 1.7 billion-dollar facility’s feedstock began arriving by vessel weekly in August 2017. Approximately 330,000 tons of steel billets and/or steel pipes are expected each year.

The Port also received approval for its first M-69 Marine Highway Designation and route from MARAD. The marine highway offers service routes for container on barge operations and lowers truck emissions by offering alternative barge services to and from Port Houston and Port Freeport.

The State Legislature, in 2017, authorized the extension of the Port’s HLC (Heavy-lift Truck Corridor) by adding a route from Sweeny, Texas to Bay City, Texas to its list of routes offered to local industry. This route helps facilitate the delivery of steel products by truck to and from Bay City and Port

Freeport, reducing the number of transits by 40 percent.

Port Freeport reached a major milestone in 2017 by approving its first major rail project, adding 3 x 5,500’ rail lines on Parcel 14, which is a 242-acre site designed for multi-modal operations. The Port and service partner UPRR will offer manifest rail services options to our Ro/Ro and petrochemical clients.

In addition to the new rail, the Port will offer new warehousing for plastic bagging, container stuffing, and more rail storage/service options for high and heavy cargo such as construction equipment, cranes, and heavy lift project cargo.

In December 2018, Port Freeport was named to the Top 10 List of Fastest Growing US Ports for Exports by Forbes Magazine.

In 2018, the Port continued with its growth and expansion plans. New service lines were added with Sallam Lines as well as Hoegh Autoliner offered a new service to Australia and New Zealand. CMA\CGM, a global service carrier also started calling Port Freeport with their weekly Brazex service.

The Port celebrated the 30th anniversary of the Foreign Trade Zone 149 which continues to provide economic benefits for users.

On May 5, 2018, the voters approved the issuance of \$ 130 million General Obligation Bonds for the Port’s non-federal sponsor contribution to the Freeport Harbor Channel Improvement Project. The total project is estimated to be \$ 295 million and is expected to start construction in 2019.

2019 delivered continued growth to Port Freeport. The Brazos Pilots Association reported 1,034 total deep draft ship calls in 2019, an approximate 9% increase over 2018.

During 2019, Port Freeport executed 2nd Lease Agreements with two of its existing customers, namely Horizon Terminal Services (now renamed Horizon Auto Liners) and Vulcan Construction Materials. The Port also signed a new Lease Agreement with G&H Towing Company to ensure that technologically advanced, first-class towing vessels can service ships arriving to and departing from Port Freeport.

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2019 was highlighted with a historic ribbon-cutting event. The earlier mentioned \$ 26.5M Phase 1 Rail Infrastructure Project that constructed over 21,000 linear feet of a railroad track on the Port's 262-acre Parcel 14 was completed.

2020 was a year of great change. In February 2020, the U.S. Army Corps of Engineers announced \$ 19 million in funding was included for the Freeport Harbor Channel Improvement Project in the USACE FY 2020 Work Plan and named Port Freeport as one of two seaports nationwide to receive a "new start" designation for commencement of construction. A Project Partnership Agreement was signed between Port Freeport and the USACE on June 25, 2020. On September 14, 2020, the USACE awarded the first dredging contract to Great Lakes Dredge and Dock Corporation in the amount of \$ 15.4 million.

Port Freeport's Ro/Ro services grew with the arrival of two new services: ACL Grimaldi and Wallenius Wilhelmsen. The Port's investment in landside multimodal infrastructure, which includes 20 acres of OEM storage and processing that was placed into service in August 2020, brought the total number of vehicle spaces on Port property to 10,000.

Freeport LNG began commercial operations and the exporting of natural gas to three liquefaction trains. The first rail cars were delivered to Parcel 14 and, CEMEX, a new partner, established a CO2 transfer facility on Parcel 25 which transports CO2 to Mexico.

In 2021, Liberty Global Logistics joined our family of tenants, adding new RO/RO cargo and sailings to our portfolio. Freeport LNG's exports arrived and added 192 sailings of LNG to our cargo mix. Vulcan Materials opened their new facility on Parcel 14 and this new facility has added one unit train of limestone a week to rail traffic.

In December of 2021, Port Freeport achieved another major milestone with the arrival of the M/V ZHONG GU FU a Trans far Shipping PTE. LTD., arriving from Singapore, making it the first direct all-water sailing from Asia to Port Freeport.

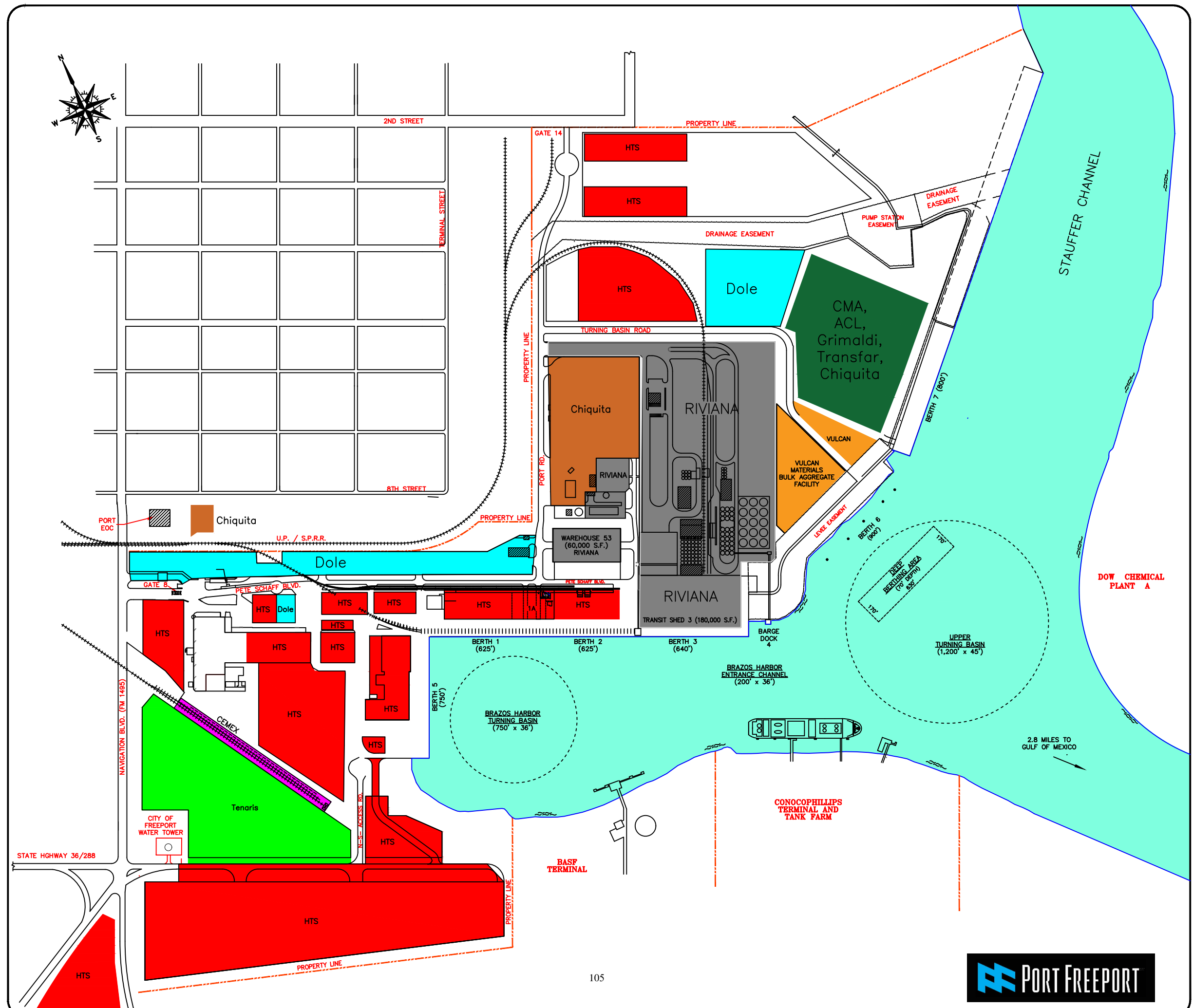
The Freeport Harbor Channel Improvement Project, which will deepen and widen the channel, started in 2021. The first two phases have been completed and the project is scheduled for completion in 2025.

In 2022 NYK Line, the largest RORO carrier in the world joined the Port Freeport family of carriers with the arrival of the M/V Opal Leader. The new monthly service will call Mexico, Panama, Colombia, and Brazil.

Port Freeport's history documents the prior and current commitment of the Brazoria County residents, its industries, the Port Commission, administration, and staff members to ensure the continued successful economic impact of the Port.

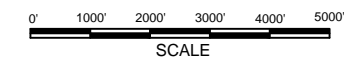
^①Historical data summarized from the previous research of Glenn Heath and Nat Hickey



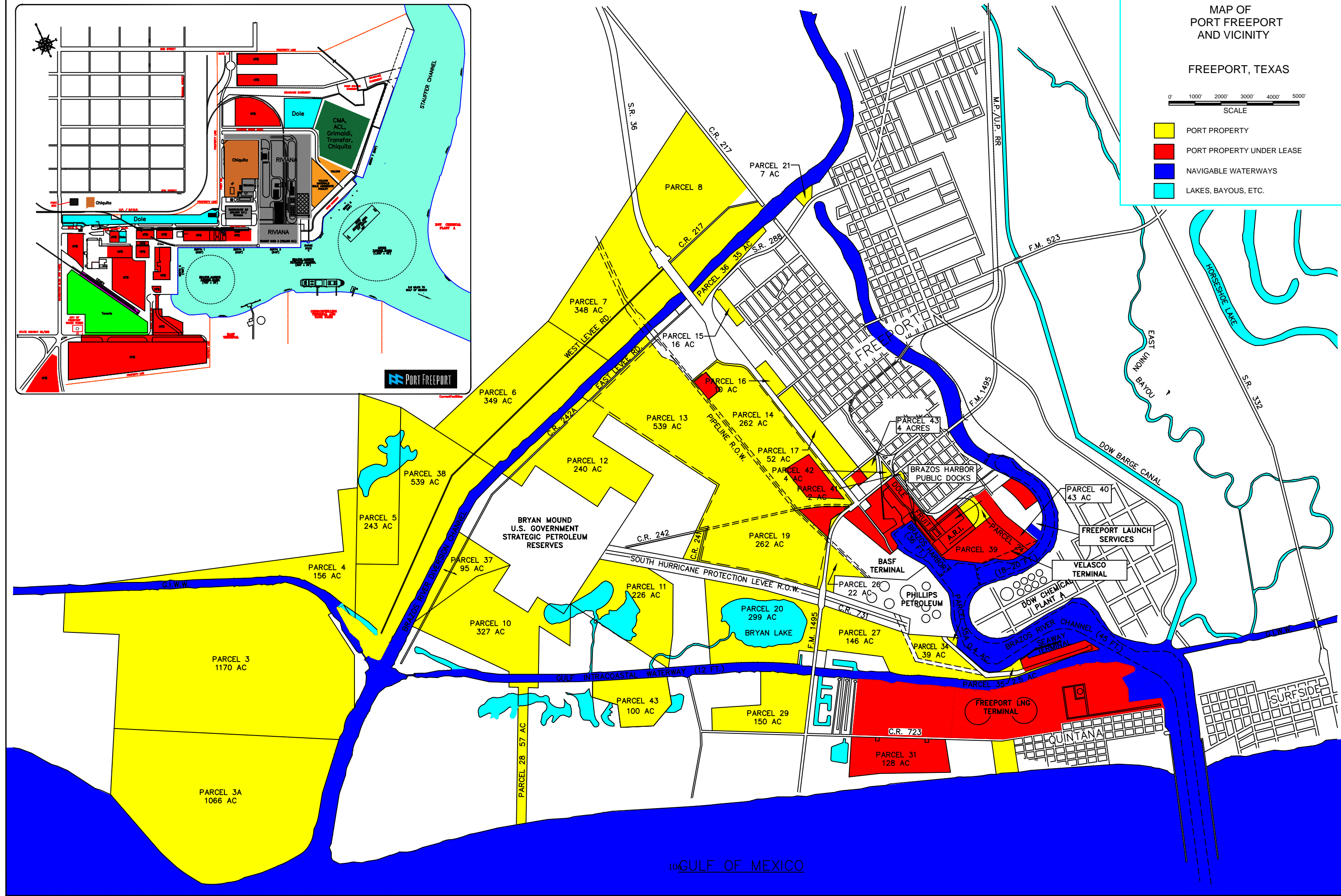


MAP OF
PORT FREEPORT
AND VICINITY

FREEPORT, TEXAS



- PORT PROPERTY
- PORT PROPERTY UNDER LEASE
- NAVIGABLE WATERWAYS
- LAKES, BAYOUS, ETC.





1100 Cherry St., Freeport, TX 77541
979-233-2667
www.portfreeport.com





Executive Summary

March 1, 2023-2024

Port Freeport

1100 Cherry Street
Freeport, TX 77541

Arthur J Gallagher Risk Management Services, Inc.

David Thomas Garcia, CPA | Broker Consultant
david_garcia@ajg.com | 713.540.1960
Stephen Whalley | Area Senior Vice President
stephen_whalley@ajg.com | 713.358.5744

Date of Meeting: February 15, 2023



Gallagher

Insurance | Risk Management | Consulting

ajg.com

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CORE360® Executive Summary Scorecard

2023 Total Program Cost for Property, Boiler & Machinery, and Terrorism Coverage - \$2,168,860; an increase of 65% in year over year, of which Property is the largest component.



- The key metrics behind the Property increase are exposure and rate:
 - ✓ Exposures increased 16.51% from \$304M to \$355M in insurable values.
 - ✓ Rate increased 42.1% from \$0.41 to \$0.58 per 100.
 - ✓ Current market rates are up 25% to 150% dependent on loss history.
 - ✓ With the recent Freeport LNG Business Interruption loss, Port Freeport's rate increase of 42.1% is at the bottom of the range for "non-catastrophe" loss insureds.
- Current state of the market rates are up anywhere from 25% to 150% dependent on loss history.
- Below are the reinsurance rate increases as of 1/1/2023:
 - ✓ "Catastrophe" loss free % change: +25% to +50%
 - ✓ "Catastrophe" loss hit % change: +45% to 100%
 - ✓ "Non Catastrophe" loss free % change: +15% to +25%
 - ✓ "Non Catastrophe" loss hit % change: +35% to 150%
 - ❖ *Port Freeport fell in the bottom range at 42.1%.*
- Four main drivers associated with the current "hard" insurance property market:
 - ✓ Property & Business Income Valuation
 - ✓ Increased Rates due Significant Property Losses
 - ✓ Deductible Structures Changes
 - ✓ Capital Deployment on Renewals



- Two major program changes:
 - ✓ Removal of \$4M capped maximum "Named Storm" deductible.
 - ✓ With the removal of the maximum, the largest deductible possible for 1.5% "Named Storm" deductible is \$4,926,707 based on a TIV of \$328,447,129.
 - ✓ 10% Continuity Credit "paused" until 2025, but not formally removed.
- Gallagher London is still exploring increased "Named Storm" deductible options.



- Gallagher negotiated to keep the "Contingent Business Interruption" coverage language that was triggered with the Freeport LNG claim.
- This is a very nice WIN, as this coverage is not sub-limited and provides full business interruption limits for losses that occur at your customer's locations.
- Originally, London underwriters wanted to remove this language due to the recent Freeport LNG loss, however, we were able to press the long term relationship to maintain this important cover.



- Freeport LNG "Contingent Business Interruption" Claim
 - ✓ \$8.42M to loss to date
 - ✓ \$4.5M paid
 - ✓ \$3.92M outstanding
- London Ports/Terminal Underwriting Meetings – Friday, April 28th 2023 at Port Freeport.
 - ✓ Over 11 London carriers will be in attendance to tour Port Freeport's facilities.

Strategic Results/State of the Market

While Hurricanes Harvey, Irma and Maria in 2017 created a hardened property insurance market following \$60bn-\$70bn of Insured losses, capacity in the sector had been relatively steady. Reinsurance capacity for catastrophe exposed property had been kept flexible in part due to low interest rates and low returns in other business sectors, but earnings had been eroded significantly. To correct their books from being loss making, insurers have been quoting rate increases on Property insurance year-on-year, and applied a broad-brush approach. The amount of reinsurance capacity had been relatively steady, meaning the availability of risk transfer on insurers' own balance sheets had been maintained. In January 2018, the first signs of capacity change began to surface in the Reinsurance markets.

In 2022, Hurricane Ian represented a much more significant event (estimated Insured losses pegged at \$100bn+). This combined with a macroeconomic environment inclusive of higher interest rates than before, the available capacity from Reinsurers and retro providers reduced. Reinsurance becomes a commodity play with Supply and Demand driving available capacity. By November 2022, the impact of Hurricane Ian in Florida caused Underwriters to retrench in the face of mounting losses, and the coming reinsurance renewal negotiations were looming with a backdrop of the largest single loss insured event in history. In January 2023, reinsurers imposed restrictive terms, increased retentions, increased rates, and reduced capacity for Gulf Coast states with windstorm exposures.

In January 2023, RIMS published their 2023 Property Insurance Rate forecast in their "Hindsight" publication, which is forecast at up to 50% for CAT property with minimal loss history. Given market pressures and less available reinsurance capacity than before, Insurers are being more selective when utilizing their company's aggregate capacity for Gulf Coast accounts, and are passing some of the higher costs on to Insureds.

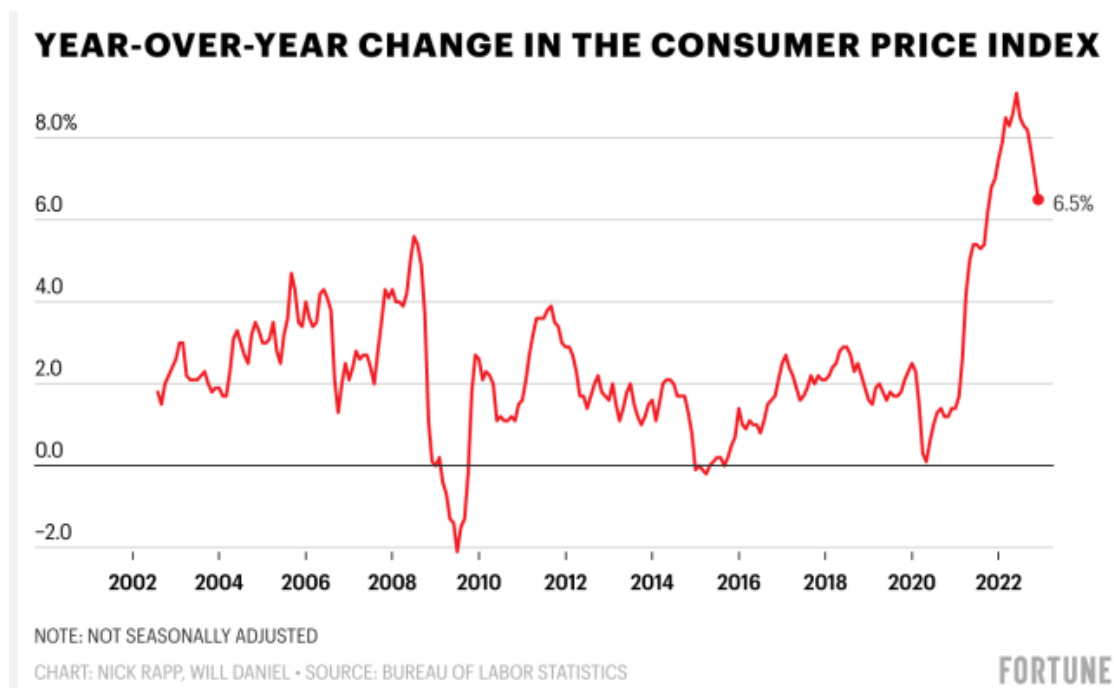
The following chart from Gallagher Re shows the property rate movements on reinsurance renewals effective 1/1/2023. *Note the last line related to the US which shows the impact to the insurers' portfolio on a Risk (Non-Catastrophe) book vs. Catastrophe book of business:*

Territory	Pro rata commission	Risk loss-free % change	Risk loss-hit % change	Catastrophe loss-free % change	Catastrophe loss-hit % change
Australia	-5.0% to -2.5%	+5% to +15%	+15% to +30%	+10% to +20%	+25% to +45%
Canada	-4% to -2%	+10% to +20%	+20% to +35%	+12% to +25%	+20% to +40%
Central & Eastern Europe	-1.5% to 0.0%	+5% to +20%	+20% to +35%	+10% to +30%	+20% to +50%
China	-4% to -1%	+15% to +30%	n/a	+20% to +30%	n/a
Europe	n/a	+20% to +30%	n/a	+25% to +40%	n/a
France, Belgium	n/a	+10% to +20%	+20% to +30%	n/a	+25 to +60%
Germany, Switzerland, and Austria	n/a	+25% to +60%	n/a	+25% to +60%	n/a
Italy	n/a	n/a	+5% to +25%	+7.5% to +20%	+10% to +35%
Indonesia	-2.5% to 0%	+5% to +20%	+30% to +40%	+5% to +20%	+30% to +40%
Korea	-10% to -5%	n/a	+50% to +100%	+15% to +20%	+50% to +100%
Latin America	-7% to 0%	0% to +12%	+10% to +25%	+7% to +35%	+10% to +45%
MENA, South Africa	-3% to 0%	+5% to +10%	+10% to +25%	+15% to +30%	+30% to +50%
Malaysia	-9%	+20% to +25%	+25% to +100%	+20% to +25%	+25% to +100%
Netherlands	-2% to 0%	+2.5% to +17.5%	+7.5% to +25%	+5% to +32.5%	+15% to +45%
Nordic Countries	n/a	+10% to +30%	+15% to +50%	+15% to +30%	+25% to +35%
Turkey	-5%	+20% to +50%	n/a	+20% to +50%	n/a
United Kingdom	n/a	+20 to +25%	+30% to +40%	+20 to +27.5%	n/a
United States	-6% to -3%	+15% to +25%	+35% to +150%	+25% to +50%	+45% to +100%

Note: Movements are risk-adjusted.
Source: Gallagher Re

In addition to the changes in the property insurance sector, the higher inflationary environment, driven largely by the cost of energy following the outbreak of war between the Ukraine and Russia, is contributing to higher construction costs.

Kroll (formerly Duff & Phelps) shared with Gallagher their latest Construction Cost Index, which has figures supplied from FM Global, RS Means, and Marshall & Swift - of note was that FM Global are seeing an average trend of +24.1% increase in construction costs in Texas. While just average indicators of change, such figures do reflect the need for Insureds to accurately review their valuations. This has been a key element for underwriters, focusing on valuations, which in turn have driven premium increases compared with previous years.



Port Freeport's situation on the Gulf Coast puts them firmly within the windstorm exposed insurance market. Given the changes in the property insurance market explained above, Gallagher estimate underwriters would have applied a rate increase of +25%, with a clean Loss Record. Your Team at Gallagher are confident that given the longstanding relationships we would have achieved +20%. This would have equated a gross premium at renewal of USD 1,728,610, which considers that overall insured values have been increased from last year by +16.5% to account for inflation on construction.

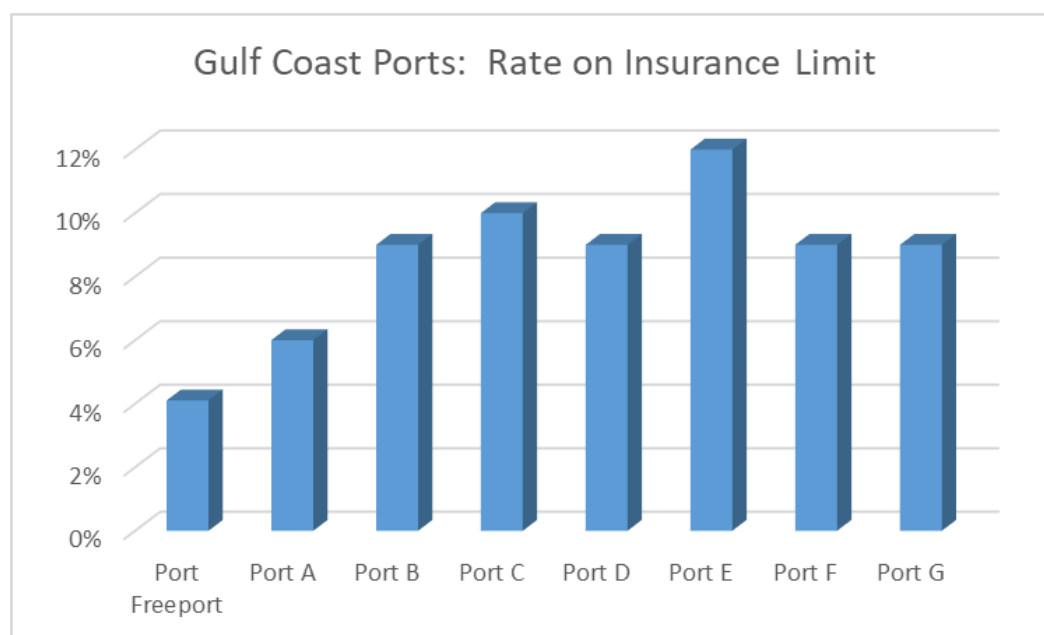
Port Freeport	TIV	Gross Premium
2022	304,991,358	1,236,350
2023 without 2022 BI loss*	355,354,525	1,728,610
2023 with 2022 BI loss	355,354,525	2,046,935
% Change	+16.5%	+18.4%
Difference	50,363,167	318,325

*Gallagher estimate that a +25% rate increase would have been applied in lieu of the \$8.42m Freeport LNG business interruption loss

Underwriters have quoted Port Freeport's 2023 renewal at USD 2,046,935, which represents a difference of USD 318,325 compared with the estimate based on NIL claims. This is a result of the Freeport LNG business interruption loss, which the latest adjuster report states is totaling an insurance claim of USD 8,420,000. Of this amount, insurers have paid USD 4,500,000 so far. **The difference of \$318,325 in isolation represents a payback period of over +25 years against the quantum of the Insurance claim.** Insurers have agreed at this payback period given the uniqueness of the fire loss at the LNG terminal.

How Port Freeport Compare to Other Gulf Coast Ports in 2023

Gulf Coast Port	Total Insured Values (incl. approximates)	Insurance Limit	Rate on Insurance Limit	Rate on Total Insured Values
Port Freeport	355,354,525	50,000,000	4.1%	0.576%
Port A	400,000,000 – 450,000,000	50,000,000	5%-6%	0.70% - 0.75%
Port B	500,000,000 - 550,000,000	50,000,000	8%-9%	0.75% - 0.80%
Port C	50,000,000 - 60,000,000	10,000,000	9%-10%	1.50% - 1.60%
Port D	600,000,000 – 800,000,000	25,000,000	8%-9%	0.30% - 0.40%
Port E	1,000,000,000 - 1,400,000,000	70,000,000	11%-12%	0.55% - 0.575%
Port F	500,000,000 – 600,000,000	100,000,000	8%-9%	1.60% - 1.75%
Port G	100,000,000 – 130,000,000	10,000,000	8%-9%	0.675% - 0.75%



Compared with similar Ports in the Gulf of Mexico, the “Rate on Insurance Limit” paid by Port Freeport, being the premium divided by the Policy Limit, remains competitive. Insurers are aware of this, but consider Port Freeport unique given the characteristics of its Insured Assets and the long-term relationship with them.

Competitor Market Outlook for 2023

USI - 2023 PROPERTY OUTLOOK

Key areas the market is focusing on for all clients include the following:

- **Property and Business Income**

Valuation: The cost to rebuild has gone up significantly year over year, and carriers are closely scrutinizing submitted replacement cost valuations.

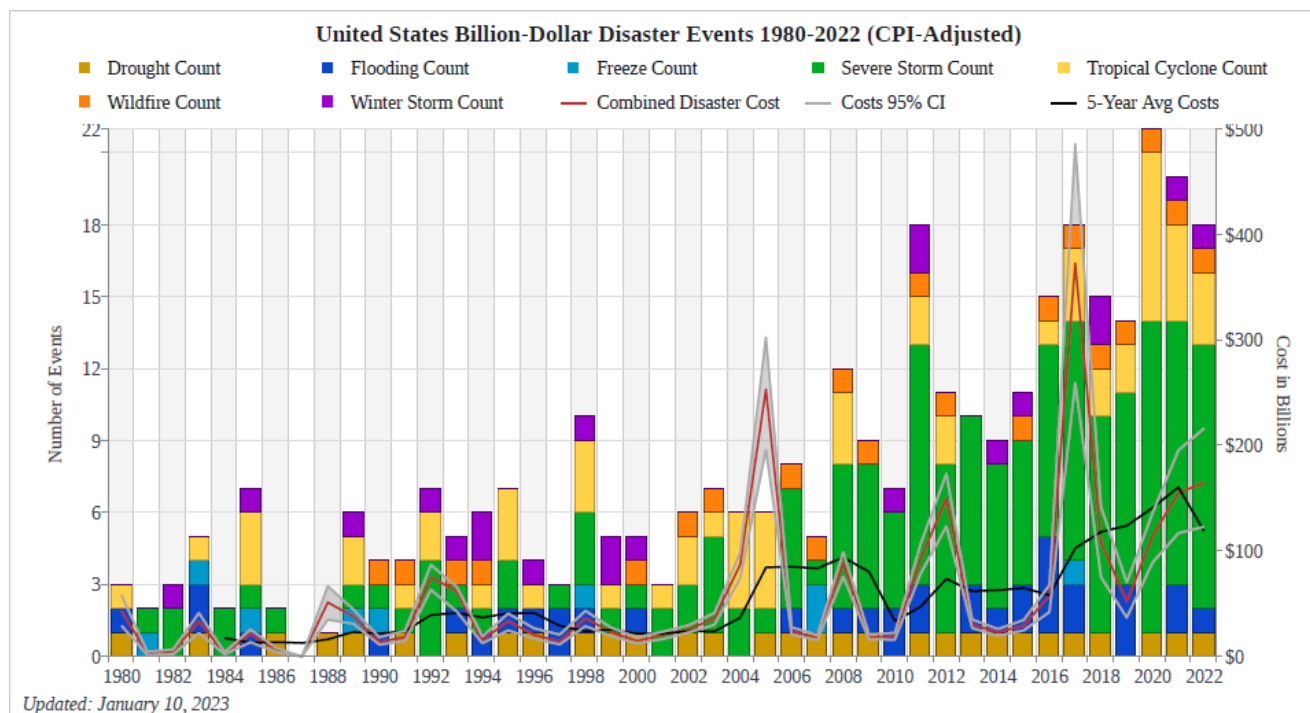
- **Increased Rates:** For assets located in high risk areas (earthquake, wildfire and wind), the property market has hardened further and these asset classes are seeing higher rate increases.

- **Deductible Structures:** Carriers are increasing their deductible structures to include percentage-based wind/hail deductibles and water damage deductibles of \$100,000 or more.

- **Capital Deployment on Renewals:** Reinsurers are facing significant losses from Ian and many have reduced capacity.

Product Line	Year-End 2022	Forecast 2023 (First Half)
Non-CAT Property w/ Minimal Loss History and Good Risk Quality	Up 5% to 10%	Up 5% to 10%
CAT Property w/Minimal Loss History and Good Risk Quality	Up 15% to 50%	Up 15% to 50%
CAT or Non-CAT Property w/Poor Loss History or Poor Risk Quality	Up 25% to 150%	Up 25% to 150%

1980 to 2022 - Billion Dollar Disaster Events





2023 Insurance Premiums

Option 1: 1.5% Catastrophic Deductible			
Property	2022	2023	Change
Premium	\$1,236,350	\$2,046,935	65.56%
Taxes & Fees	\$60,890	\$100,914	65.73%
Property Values including Piers, Wharves and BI	\$304,991,358	\$355,354,525	16.51%
Policy Limit	\$50,000,000	\$50,000,000	0.00%
Rate per Hundred	\$0.41	\$0.58	42.10%
All Other Peril Deductible	\$100,000	\$100,000.00	0.00%
Business Interruption - Waiting Period	10 days	10 days	0.00%
Named Storm Deductible - Waiting Period	21 days	21 days	0.00%
Named Storm Deductible - Percentage	1.50%	1.50%	0.00%
Named Storm Deductible - Maximum	\$4,000,000	\$4,926,707	23.17%
Boiler and Machinery	2022	2023	Change
Premium	\$6,780	\$8,420	24.19%
Total Insurable Values	\$148,348,038	\$178,010,774	20.00%
Policy Limit	\$150,000,000	\$150,000,000	0.00%
Rate per Thousand	\$0.05	\$0.05	3.49%
Stand Alone Terrorism	2022	2023	Change
Premium	\$10,000	\$12,000	20.00%
Taxes and Fees	\$493	\$592	20.12%
Limit	\$50,000,000	\$50,000,000	0.00%
Rate per Million	\$200	\$240	20.00%
Total Cost	2022	2023	Change
Total Premium including Taxes and Fees	\$1,314,513	\$2,168,860	64.99%
	Change	\$854,348	



2023 Underwriting Meetings

PORTS AND TERMINAL UNDERWRITING VISTS TO THE UNITED STATES

Gallagher UK – Ports & Terminal division has scheduled a U.S. tour with various carriers in late April. There will be 8 different clients visited with Port Freeport being the last scheduled stop with over 11 different underwriters from London.

Port Freeport Visit Dates - Friday, April 28th

Gallagher Team:

- David Garcia, CPA, Broker Consultant – Houston, TX
- Stephen Whalley, AC II, Area Senior Vice President – Houston, TX
- James Richardson BA (hons), ACII, Executive Director, Ports and Terminals – Gallagher U.K.
- Peter Blyth Dip CII, Divisional Director, Ports and Terminals – Gallagher U.K.

Carriers in Attendance:

- QBE (Lead Carrier)
- Liberty
- Markel
- NAVIUM
- Beazley
- Munich RE
- Inigo
- AIG
- TT Club
- Axis
- Allianz

Your Team

Your Gallagher team is a true partner. We have the expertise to understand your business and we're here to service and stay alongside you, every step of the way.

Name/Title	Phone	Email	Role
Primary Service Team			
Stephen Whalley	713.358.5744 office 832.419.005 mobile	stephen_whalley@ajg.com	Area Senior Vice President
David Garcia, CPA	713.722.1615 office 713.540.1960 cell	david_garcia@ajg.com	Broker Consultant
James Richardson, BA, ACII	44 (0) 7887 775 427 cell	James_Richardson1@ajg.com	London Executive Director – Ports & Terminals
Peter Blyth	44 (0) 7729 071040 cell	Peter_Blyth@ajg.com	Divisional Director – Ports & Terminals
Leannette Serna	713. 722.1651 office 931.378.2233 mobile	leannette_serna@ajg.com	Senior Client Manager
Claims & Loss Control			
Calvin Carroll	972.663.6180 office	calvin_carroll@ajg.com	Claims Advocate Senior
Patrick Mikel	972.663.6118 office	patrick_mikel@ajg.com	Property Claim Specialist
Troy Guidry	281.655.6770 mobile	troy_guidry@ajg.com	Loss Control Specialist
Ed Zabinski	630.694.5486 mobile	ed_zabinski@ajg.com	Loss Control Managing Director

Thank You for Your Business

We have enjoyed our partnership and appreciate the continued time, support and confidence you have placed in us as your risk management team. This past year has been successful as evidenced by your scorecard. Your total cost of risk is being impacted favorably and our strategy for this upcoming renewal continues to focus on ways to improve this positive impact on your profitability. Thank you.



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MEMORANDUM

TO: Phyllis Saathoff, Executive Director/CEO
FROM: Darlene Winkler, Communications Specialist
DATE: February 23, 2023
SUBJECT: Public Affairs – February 2023

PUBLIC AFFAIRS

Communications and Media

Staff continues to post on social media port facts, press releases, safety awareness, hurricane preparedness, and other information pertinent to our community.

COVID-19 – The website and various social media channels are being maintained as a resource to the public for information on COVID-19 as it relates to Port Freeport and the community.

Freeport Harbor Channel Marine Traffic – The website is being maintained as a resource to the Freeport Harbor Channel community for information on marine traffic related to FHCIP dredging. Orion is currently performing dry excavation work in the bend east of P66. No impact to vessel traffic. Channel dredging is expected to resume by 2nd quarter 2023. Updates will be posted accordingly.

Freeport Harbor Channel Improvement Project – Staff continues to respond to inquiries from the public regarding Port Freeport and the Freeport Harbor Channel Improvement Project, as well as maintain updated information on both www.portfreeport.com and www.portfreeportbondelection.com.

Print and Social Media Monitoring – Staff continues to monitor publications, newspapers, agendas, and social media for matters pertaining to Port Freeport, Port Freeport's partners, and the harbor community.

Press Releases and News Postings — The following press release was distributed in late January.

PORT FREEPORT RECEIVES 33rd CONSECUTIVE CERTIFICATE OF ACHIEVEMENT IN FINANCIAL REPORTING on January 31, 2023.

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

Port Events

Community Advisory Panel (C.A.P.) – Proposed dates for future C.A.P. meetings are listed below.

Tuesday, March 21st

Tuesday, June 6th

Tuesday, September 12th

Tuesday, December 5th

Port Freeport Take-A-Child Fishing Tournament (TACFT) – The 23rd Annual Port Freeport Take-A-Child Fishing Tournament will be held ***Saturday, May 6, 2023***, at the Freeport Municipal Park. The Captain's Dinner will be held on ***Thursday, May 4, 2023***, at the River Place in Freeport.

The annual logo drawing contest entries are due by February 17th. The logo contest entry forms were distributed to school districts within the navigation district along with a marketing effort through a social media campaign, advertisement in local publications, and other youth organizations.

This year's weigh masters will be Kevin Burns, Brazoria County Parks Department, Constable David Thacker, Pct. 1, and Alisha Lewis. Weighing Technologies, Inc. located in Richwood will donate the rental of the weighing scale as it has over the past several years. We are seeking additional fishing monitors to assist with the tournament. Freeport Fire Department will assist with the first aid station.

Twenty-one sponsors have committed to \$22,750. We continue to seek sponsorships in the form of monetary donations, door prizes, and discounted services. You may forward any contacts from businesses or individuals that have an interest in becoming a sponsor to Darlene Winkler.

Port Freeport Golf Tournament – Monday, October 16, 2023, is the tentative date for the 12th Annual Golf Tournament at The Wilderness.

Port Presentations, Tours, and Meetings

February 2 - Mid-Coast Region Joint ACIT & ABC Membership Luncheon (Jason Miura)

February 7 - Fort Bend County Commissioners Court (Phyllis guest speaker)

February 23- Angleton Chamber of Commerce Transportation Luncheon (Phyllis speaking)

March 8 - Angleton Leadership Transportation Day (Mike Wilson presenting)

March 22 - WGMA Membership Meeting (Phyllis guest speaker)

April 26 - Brazoria County Realtors Luncheon (Phyllis guest speaker)

Community Events

VOW22 - Veteran Suicide Prevention Hike and Career Resource Fair held on February 11, 2023, at the Doris Williams Civic Center formerly The Lake Jackson Civic Center. Port Freeport and Sun States Security co-hosted a booth promoting the port and career opportunities.

Texas A&M University at Galveston - Spring Career Day will be held on March 23rd at the TAMUG campus in Galveston. Port Freeport will have a booth at this event.

Community Events and Meetings

Weekly – Business Roundtable Virtual Meetings (speakers vary)

February 2 – The Alliance State of the County Luncheon

February 2 – Brazoria County Hispanic Chamber of Commerce Annual Gala

February 14 - Open House 'American Legion' Matson Ringgold Post 503

Upcoming Community Events and Meetings

February 23 – Angleton Rotary Annual Awards and Dinner

February 23 – Angleton Chamber of Commerce Luncheon

February 25 – BACH 50th Year Banquet

February 28 – Brazoria County Day

March 1 - ABC HR Seminar & Luncheon “Walking Among HR Landmines.” with Mark Jodon

March 2 – Junior Achievement Celebrity Waiter Banquet

March 4 – Brazoria Heritage Foundation Heritage Celebration

March 8 - Brazosport Chamber of Commerce Awards Luncheon

March 22 - Lower Brazos River Coalition - Carlos Rubinstein, Texas Water Policy

March 24-25 Alvin Sunrise Rotary Music Festival & Cook-off

March 28 - Brazoria County Hispanic Chamber of Commerce - International Women's Day Luncheon

March 31 - Salvation Army Annual Bunny Hop Fundraiser

April 20 - Texas Port Ministry Annual Banquet

April 22 - Brazosport Rotary Annual Shrimp Boil

April 22 – West Columbia Annual Shrimp Boil

April 22 - Annual LBX Fly-In

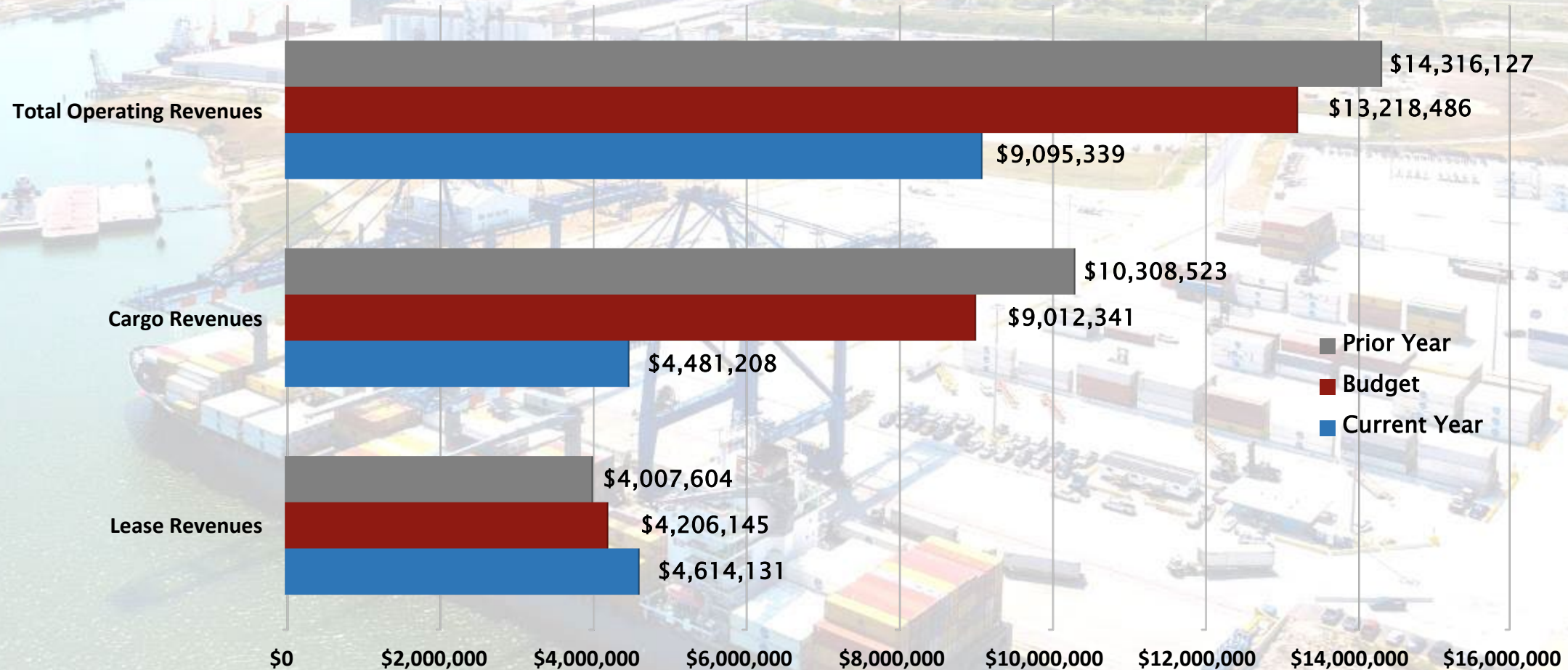


Financial Report for January 31, 2023

February 23, 2023

Rob Lowe | Chief Financial Officer

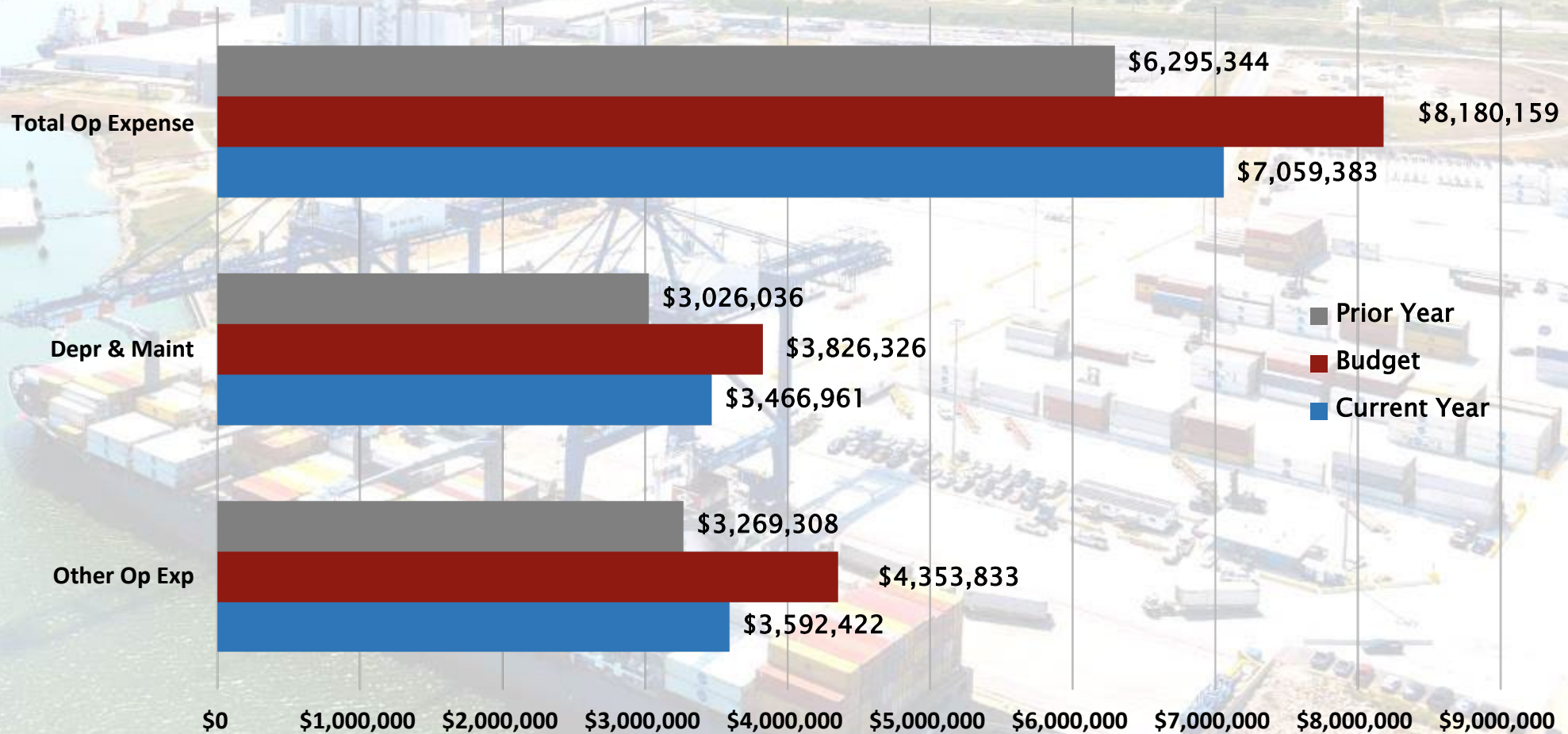
FY 2023 YTD OPERATING REVENUES



COMPARISON:

- Operating revenues are down over PY 36% and budget 31%
- Cargo revenues below PY by 57%; budget by 50%
- As compared to budget, cargo volumes are up in agriculture products, containerized cargo , ro-ro and project cargo
- Lease revenues are above PY 15% and are 10% above budget

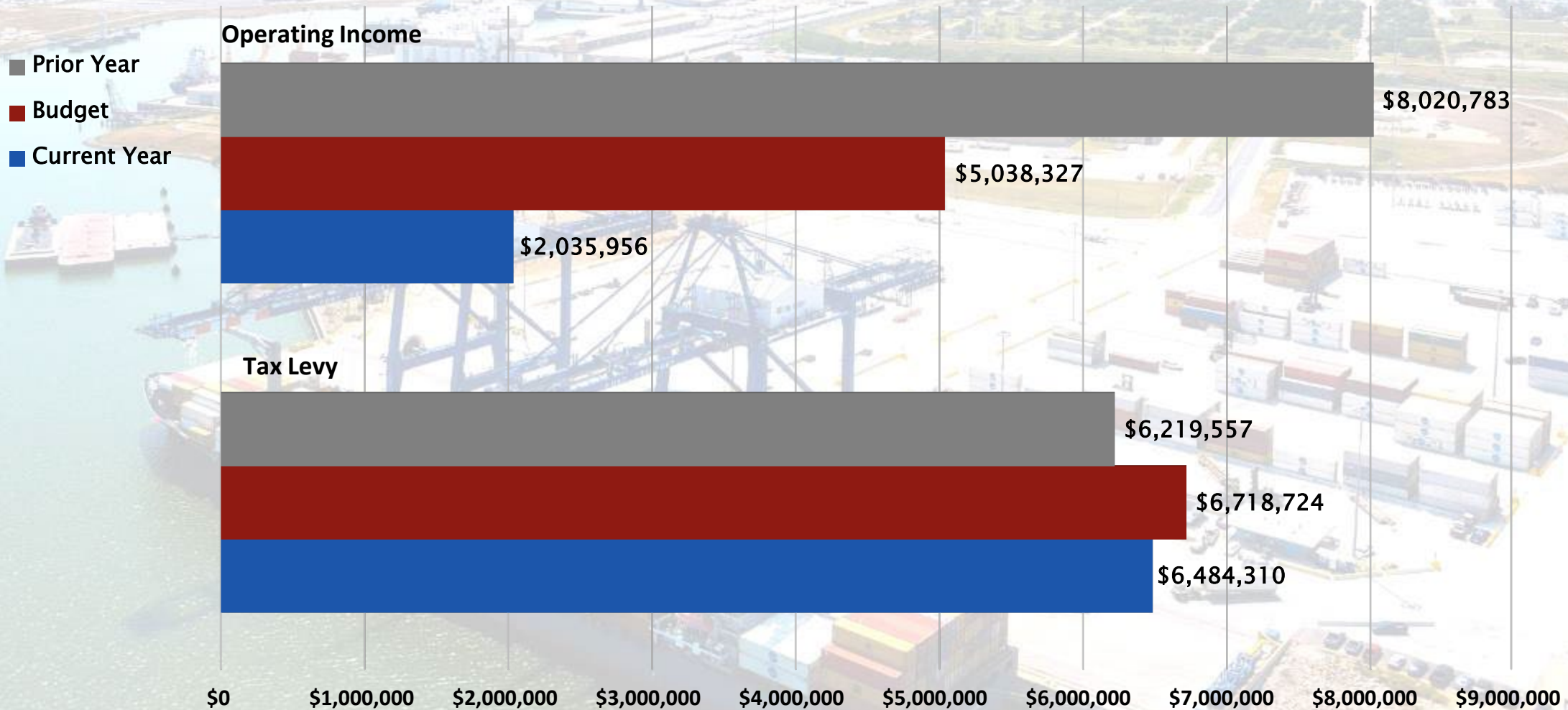
FY 2023 YTD OPERATING EXPENSE



COMPARISON:

- Total operating expenses are above prior year by 12%, below budget 14%
- Depr & maint are 15% above the PY and 9% below budget
- Other expenses are 10% above PY and below budget by 17%

FY 2023 YTD OPERATING INCOME



COMPARISON:

- Operating income is 75% below PY and below budget 60%

FY 2023 YTD CHANGE IN NET POSITION

Change in Net Position

- Non-Operating Revenue (Expense) includes Ad Valorem Taxes, Investment Income, Debt Service and Gain (Loss) on Sale of Assets
- Drivers for comparison to budget are primarily timing of capital contribution projects.

	Year To Date	YTD Budget	Total 2023 Budget
Operating Income	\$ 2,035,956	\$ 5,038,327	\$ 15,971,000
Non-Operating Revenue (Expenses)	\$ 4,262,558	\$ 3,383,711	\$ (3,136,000)
Capital Contributed (To) From Others			
Freeport Harbor Channel Improvement Project	\$ (165,000)	\$ -	\$ (60,932,700)
Grants	\$ -	\$ 2,152,150	\$ 24,763,800
Emergency Recovery Efforts	\$ -	\$ -	\$ -
Change In Net Position	\$ 6,133,514	\$ 10,574,188	\$ (23,333,900)

FY 2023 YTD CASH FLOWS

<i>Cash Flow Measure</i>	<i>Current Year</i>	<i>Prior Year</i>
<i>Cash Provided by Operations</i>	\$ 6,694,488	\$ 7,711,691
<i>Cash Provided by Non-Cap Financing</i>	4,216,027	4,409,535
<i>Cash Used by Cap Financing</i>	(16,951,262)	(26,923,717)
<i>Cash Provided by Investing Activities</i>	852,992	231,412
<i>Net Increase (Decrease) in Cash</i>	(\$ 5,187,755)	(\$ 14,571,079)

COMPARISON:

- Operating cash flow is positive due to increase in operating revenues
- Cash provided from non cap financing are tax levy collections
- Capital Financing funds used for capital improvements.

FY 2023 STATISTICS

<i>Measure</i>	<i>Current Year</i>	<i>Prior Year</i>	<i>Budget</i>
<i>Operating Margin</i>	<i>22%</i>	<i>56%</i>	<i>40%</i>
<i>Current Ratio (unrestricted)</i>	<i>3.0 to 1</i>	<i>4.9 to 1</i>	<i>n/a</i>
<i>Debt to Net Assets Ratio</i>	<i>1.182 to 1</i>	<i>1.096 to 1</i>	<i>n/a</i>

ACCOUNTS RECEIVABLE AGING

<i>Year</i>	<i>0-30 days</i>	<i>31-60 days</i>	<i>61-90 days</i>	<i>Over 90 days</i>
<i>January 31, 2023 FY 2023</i>	86% \$2,492,205	10% \$282,932	4% \$126,473	0% \$0
<i>January 31, 2022 FY 2022</i>	89% \$5,742,715	9% \$590,133	1% \$97,712	1% \$92,183
<i>January 31, 2021 FY 2021</i>	92% \$4,044,888	5% \$231,711	2% \$92,225	1% \$37,747



Questions and Comments?

An aerial photograph of a busy port facility. In the foreground, a large container ship is docked at a pier, its deck covered with stacks of colorful shipping containers. Several large blue gantry cranes are positioned along the pier, ready for loading and unloading. The background shows various port infrastructure, including storage tanks, industrial buildings, and a baseball field. The water is calm, and the sky is clear.



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MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

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

DATE: February 15, 2023

SUBJECT: Departmental Report

PROJECTS

1. **Velasco Terminal, Berth 8** – This project entails construction of Berth 8, which will extend the wharf another 928 feet north of Berth 7. Installation of the wharf piling is now completed. Installation of the concrete wharf pile caps continues moving from the south toward the north. Pile cap closures and crane beams are following behind the piling. Deck panel installation continues and wharf apron paving has begun. In addition to wharf construction, the yard concrete work has begun.



2. **FHCIP Excavation of Bend Easing** – Orion Construction was awarded the project and has now begun hauling soil from the bend easing area to Parcel 19. Centerpoint Energy had to relocate a powerline at their expense which was installed outside the easement that the Port granted to them. The relocation is now complete. A correction easement will be coming to the Port Commission for approval to reflect the new powerline location. Completion is expected on or before 3/22/2023.



3. **FHCIP Reaches 1, 2, and 4** – This project involves deepening the Freeport Ship Channel to various depths ranging from 26-ft to 56-ft depending on the Reach. After some new guidance handed down, the Corps needed to get some additional reviews. The Corps now says the project will be out for bid February 16, 2023.
4. **Gate 8 Guardhouse Expansion** – This project involves adding a small electrical/communication equipment room onto the rear of the guardhouse so that port staff can relocate electrical/communication equipment from the bathroom to this dedicated room with a dedicated air-conditioning system. The project is out for bid now, with bids to be opened on February 28, 2023.
5. **Parcel 14 Pump Station** - This project involves adding a dewatering pump on Port property along East Floodgate Road in order to maintain an empty outfall ditch. The pumps will start automatically when the rains come and pump until the ditch is empty and then they will shut off. Bids will be opened on February 16, 2023. The project will be on the February 23rd Commission Agenda.

6. **Docks 1, 2, 3, and 5 Sheet Pile Repair Project 2022** – This project involves repairing holes and tears in the underwater sheetpile that were noted in the last underwater inspection survey. Work is underway now, and activities are being closely coordinated with berth availability and vessel schedules.
7. **Parcel 14 Rail Expansion** – This project involves constructing 4 more tracks to the existing 3 tracks on Parcel 14. Work has begun and rail is being welded together.



**PORT FREEPORT
OPERATIONS ACTIVITY SUMMARY
JANUARY 2023**

A. MONTHLY ACTIVITY EXPLANATION

- * Total import/export activity for the month of January was as expected.
- * LNG did not experience any vessels this month.
- * Riviana experienced (**1**) vessel this month.
- * Vulcan Material did not experience any vessels this month.
- * Total (**8**) RoRo vessels handled.
- * Tenaris experienced (**5**) vessels, (**6**) barges and (**1**) railcars this month.
- * Total of (**8**) Container vessel calls.
- * CEMEX transferred product from truck to (**15**) rail cars.
- * Vulcan Material handled (**188**) rail cars this month.
- * Average vessel activity in 2022 was 38 per month. This month, we handled 23 vessels (0 LNG & 23 Inner Harbor).
- * *Enterprise/Seaway received (**10**) vessels.*
- * *There were (**80**) Total Vessel arrivals Port wide.*

B. FISCAL YEAR ACTIVITY EXPLANATION

- * Total Tons for this year are as expected. This is due to the transition of vessel calls by LNG and additional calls of Steel Bars and RoRo vessels.
- * LNG has handled (**0**) vessels for export.
- * Tenaris has handled (**12**) vessels, (**26**) barges and (**391**) railcars.
- * Total (**43**) RoRo vessels handled.
- * YTD (**35**) Container vessel calls.
- * CEMEX handled (**61**) railcars with **3,405** Tons of Co2.
- * Vulcan handled (**472**) railcars with **54,253** Tons of Limestone and (**0**) Vessels.
- * Total vessels handled this fiscal year is **96** compared to **186** last year (**0** LNG & **96** Inner Harbor).
- * *Enterprise Seaway Vessels Year-to-date (**45**)*
- * *Total Port wide Vessels Fiscal Year-to-date (**329**)*
- * *Total Vehicles Handled Year-to-date (**41,969**)*
- * *Total Containers Handled (**14,802**)*
- * *Total Railcars Handled (**934**)*



PORT FREEPORTSM

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Interim Financial Report

(unaudited)

For the Period ending:

January 31, 2023

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

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Management Narrative

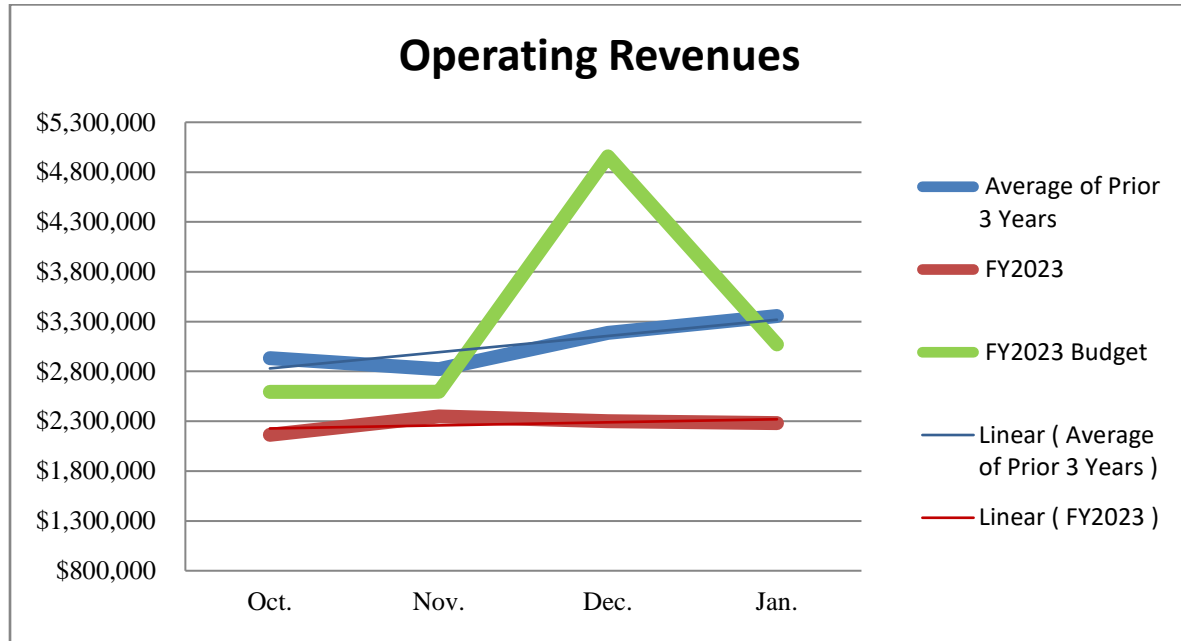
For the first four months of Fiscal Year 2023, the Port remained on a sound financial foundation although operating revenues were 31% under planned levels. Operating expenses were under planned levels and are below budget by a factor of 14%. These factors combined have contributed to producing an operating profit of \$2,035,956 and an operating margin of 22%, which is below planned performance levels by 60% or \$3,002,371 and is \$5,984,827 or 75% below prior year's results. This is primarily due to the delay of Freeport LNG startup and the related budgeted business interruption claim which is pending processing.

The Port's overall position remains strong as evidenced in a current ratio (unrestricted) of 3.0 to 1, which reflects a strong liquidity position, and a debt ratio of 118.2% which is supported by our strong credit rating. The following table provides additional summary level information.

	Year to Date		Variance	% Var
	Actuals	Budget	Favorable (Unfavorable)	
Statement of Revenues, Expenses and Changes in Net Assets				
Operating revenues	\$ 9,095,339	\$ 13,218,486	\$ (4,123,147)	-31%
Operating expense	<u>7,059,383</u>	<u>8,180,159</u>	1,120,776	14%
Operating income (loss)	<u>2,035,956</u>	<u>5,038,327</u>	(3,002,371)	-60%
Operating margin	22.4%	38.1%		
Net non operating revenues (expense)	4,097,558	3,383,711	713,847	21%
Capital contributions	-	2,152,150	(2,152,150)	0%
Net extraordinary revenue (expense)	<u>-</u>	<u>-</u>	-	0%
Change in net assets	<u>\$ 6,133,514</u>	<u>\$ 10,574,188</u>	\$ (4,440,674)	
Balance Sheet				
Cash and cash equivalents	\$ 43,630,272	Current ratio (unrestricted) (Exclusive of GASB 87) 3.0 to 1		
Lease receivable	180,406,546			
Current unrestricted assets (less lease receivable)	41,665,830			
Total assets	691,343,849	Debt to Net Assets Ratio 118.2%		
Current unrestricted liabilities	13,764,619			
Total liabilities	285,651,045			
Deferred inflow of resources	175,560,971			
Total Net Assets	\$ 230,131,833			

The balance of this narrative provides detailed explanations and supplementary information for the variances when comparing budget to actual for the period ended January 31, 2023.

OPERATING REVENUES



Total operating revenues for the period ending January 31, 2023, are \$9,095,339. This is \$4,123,147 or 31% below planned levels. The following provide more specific explanations for variances in revenue:

Wharfage revenue stands at \$1,694,877, which is under budget by \$1,232,785 or 42%. The following is a brief analysis of wharfage results by cargo category:

	4 Months Budget	Year To Date	Over (Under)	% Over (Under)
Agriculture Products	\$ 87,667	\$ 105,696	\$ 18,029	21%
Bulk Aggregate	48,533	-	(48,533)	-100%
Containerized Cargo	487,919	528,185	40,266	8%
General Cargo	1,759,604	434,324	(1,325,280)	-75%
Project Cargo	-	10,410	10,410	0%
Ro-Ro Cargo	543,939	616,262	72,323	13%
Total	\$ 2,927,662	\$ 1,694,877	\$ (1,232,785)	

Dockage revenue stands at \$916,974, consistent with wharfage revenues, which is \$900,484 or 50% below budgeted levels. Year-to-date ship calls are 96 compared to a budget of 133.

Equipment use fees, stands at \$477,267, which is over budget \$42,784 or 10% due to crane and equipment usage.

Security fees, consistent with wharfage and dockage, stand at \$478,319, which is \$81,805 or 15% below budget.

Facility use fees are \$475,384. This is under budget by \$3,816 or 1% due to reduced facility usage outside of tenant leased areas and reduced rail activity.

Other customer service fees (Port service charges, incidental services, customer re-bills, water, etc.) are \$435,259 which is \$11,905 or 3% below budgeted levels.

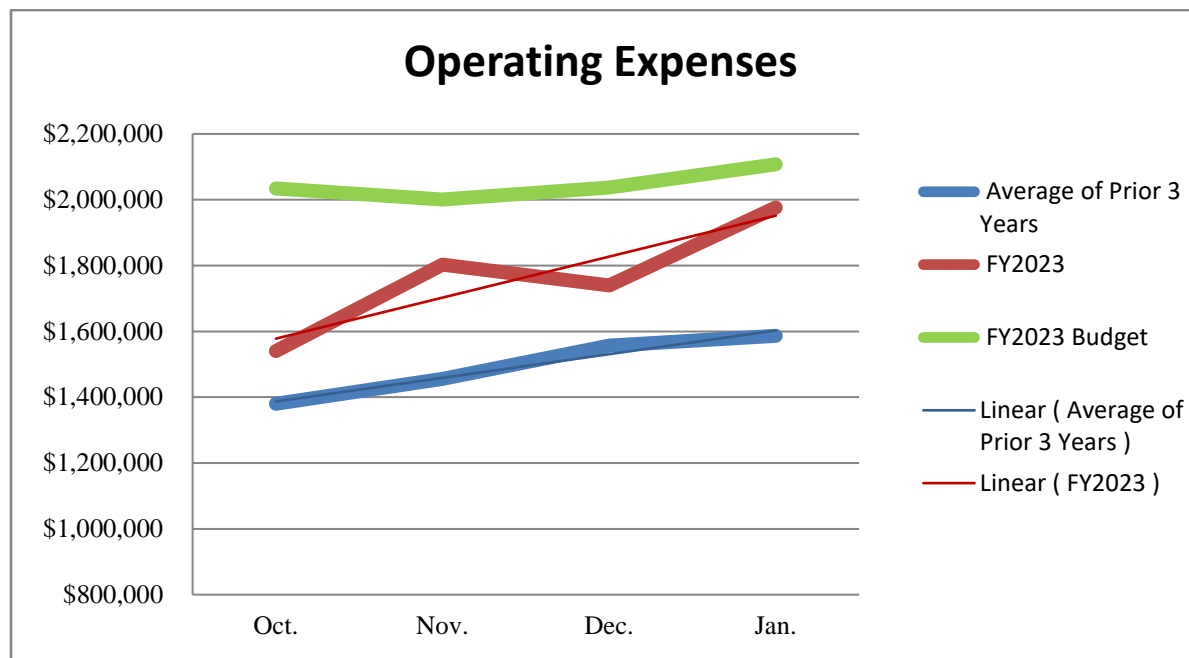
Ground leases stand at \$4,319,025, which is \$407,973 or 10% above budget levels due to increased area utilized by RoRo tenant.

Other leases are \$295,106, which is \$13 above budget levels.

Other revenue is \$3,128, which is below budgeted levels.

Business interruption claim funds were budgeted to be received in December; however, the claim is still being processed.

OPERATING EXPENSES



Total operating expenses are \$7,059,383, which is under budget \$1,120,776 or 14% for the period ended January 31, 2023. Following are more specific explanations for variances in operating expenses:

Port salaries/wages and benefits are \$1,610,059. This is \$340,036 or 17% less than budget. Currently, there are six vacancies and one new position not filled when compared to Fiscal Year 2023 Budget.

Professional services are \$855,890, which is under budget \$134,326 or 14%. Security services, at \$665,280 is the majority of this budget item and is 1% above budgeted levels.

Training, travel & promotional expenses are \$130,654 which is under budget \$236,156 or 64%. Following is a brief explanation of some of the sub-categories within this line item:

- Commercial advertising is \$12,056, which is below budgeted levels \$113,788 or 90% due to timing or postponement of ad development (website) services.
- Sales/promotional travel costs are \$15,984 which is under budgeted levels by \$19,606 or 55% due to timing of travel.
- Governmental relations costs are \$10,962 which is below budget by \$16,912 or 35% due to timing of government related travel.
- Community events are \$14,494 which is below budgeted levels \$6,678 or 31% due timing of events.
- Technical training is \$20,838 which is \$29,746 or 59% under budget due to timing or postponement of training.

Supplies are \$54,119 which is \$17,157 or 24% under budget.

Utilities at \$274,288 are under budget \$10,692 or 4%. City of Freeport is still having meter issues and therefore billing issues, so the water/sewer billing has been estimated.

Business insurance is \$511,826, which is \$14,914 or 3% below budgeted levels.

Other services and charges at \$155,586 are \$8,130 or 5% below budget.

Maintenance and repair expenses at \$496,483 are \$45,539 or 10% above budget. Following is a brief explanation of some of the repairs by facility/equipment type:

- Trolley rail repairs to the gantry cranes were \$72,900.
- Power reel cables for the gantry cranes were \$121,458.
- Emergency repairs for the Hyster container handler were \$2,765.
- Repairs to the Emergency Operations Building VRV (HVAC) system were \$2,030.
- Repairs to the Emergency Operations Building backup generator were \$1,900.
- Security boat repairs were \$5,100.
- Emergency repairs to the truck scale were \$20,792.

- Repairs and replacement to transit shed 3 overhead doors were \$13,875.
- Emergency repairs for winter freeze water leak at Warehouse 51 were \$4,250.
- Emergency repairs to the HWY 36 rail crossing were \$1,180.
- Emergency repairs to Riviana rail track due to derailment were \$20,299.
- Repairs to Quintana open storage yard were \$24,302.
- Repairs to the street sweeper were \$4,189.
- Stormwater outfall vegetation clearing was \$19,500.

Depreciation expense at \$2,970,478 is \$404,904 or 12% below budget levels due to timing of additions.

Operating income is \$2,035,956 compared to a total fiscal year budget of \$15,971,000, shows a positive result for Fiscal Year 2023.

NON-OPERATING REVENUES (EXPENSES)

Ad Valorem tax collections are posted utilizing the certified appraised values less the related fees. Adjustments are made throughout the year from the tax office reports to reflect appraisal and tax office adjustments as well as prior year collections, penalty, and interest. Year to date values are \$6,484,310 compared to an annual budget of \$6,672,300.

Investment income is \$842,909 which is above budget due to change in fair market values, increased funds invested, and interest rates. Investment rates conditions are improving.

Debt interest and fees are \$3,064,661, which is \$274,352 or 8% below budgeted levels. The budget anticipated a general obligation bond issuance which has not been issued yet.

Capital Contributions to Others budget includes \$60,932,700 in contributions to the U.S. Army Corps of Engineers for the Freeport Harbor Channel Improvement Project. There has been \$150,000 in expense for this project. In addition, there was a \$15,000 contribution to Brazoria County Parks Department for Surfside Jetty Park playground equipment.

Grant Revenue budgeted for the Fiscal Year 2023 is \$24,763,800. There has been no in grant revenue for Fiscal Year 2023. The grant revenue is funded on a reimbursement basis, so the capital contributions are recorded when the expenditures for each project are reported quarterly.

**PORT FREEPORT
BALANCE SHEET**

	<u>1/31/2023</u>	<u>9/30/2022</u>
ASSETS		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 27,240,419	\$ 34,588,852
INVESTMENTS	8,079,001	9,986,124
RECEIVABLES (net of allowance for uncollectibles):		
TRADE ACCOUNTS	2,870,050	3,475,052
PROPERTY TAXES	1,245,470	72,018
LEASE RECEIVABLE	180,406,546	180,406,546
OTHER	2,445	4,927,326
OTHER GOVERNMENTS	641,051	641,487
ACCRUED INTEREST	1,048	626
PREPAIDS	495,037	1,033,776
INVENTORY	1,091,309	1,091,309
TOTAL UNRESTRICTED CURRENT ASSETS	\$ 222,072,376	\$ 236,223,116
RESTRICTED ASSETS:		
CASH AND CASH EQUIVALENTS	16,389,853	29,895,456
INVESTMENTS	24,280,277	6,706,873
RECEIVABLES (net of allowance for uncollectibles):		
PROPERTY TAXES	1,133,540	38,709
OTHER	-	683
ACCRUED INTEREST	11,968	22,473
BOND DISCOUNTS AND ISSUANCE COSTS	5,441	6,604
TOTAL RESTRICTED ASSETS	41,821,079	36,670,798
TOTAL CURRENT ASSETS	263,893,455	272,893,914
PROPERTY, PLANT, AND EQUIPMENT:		
PROPERTY, PORT, AND FACILITIES	528,314,707	516,431,994
LESS ACCUMULATED DEPRECIATION	(100,864,313)	(97,893,835)
PROPERTY, PLANT, AND EQUIPMENT NET	427,450,394	418,538,159
TOTAL ASSETS	\$ 691,343,849	\$ 691,432,073
LIABILITIES		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 10,827,432	\$ 12,250,775
EQUIPMENT LEASE PAYABLE	1,523,850	1,523,850
ACCRUED COMPENSATED ABSENCES	0	134,601
UNEARNED LEASE INCOME	1,413,337	4,236,646
TOTAL CURRENT LIABILITIES	\$ 13,764,619	\$ 18,145,872
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
ACCRUED BOND INTEREST PAYABLE	1,330,045	2,910,569
BONDS PAYABLE	5,865,000	5,865,000
TOTAL CURRENT LIABILITIES FROM RESTRICTED ASSETS	7,195,045	8,775,569
NON-CURRENT LIABILITIES		
EQUIPMENT LEASE PAYABLE	1,558,990	1,558,990
BONDS PAYABLE	242,170,000	242,170,000
BOND PREMIUMS	20,962,391	21,222,354
TOTAL NON-CURRENT LIABILITIES	264,691,381	264,951,344
TOTAL LIABILITIES	\$ 285,651,045	\$ 291,872,785
DEFERRED INFLOW OF RESOURCES		
DEFERRED INFLOW OF RESOURCES	175,560,971	175,560,971
TOTAL DEFERRED INFLOW OF RESOURCES	\$ 175,560,971	\$ 175,560,971
NET ASSETS		
NET INVESTMENT IN CAPITAL ASSETS	\$ 228,530,929	\$ 219,424,654
RESTRICTED-DEBT SERVICE	16,419,507	12,959,784
RESTRICTED-CAPITAL PROJECTS (Corps)	12,296	12,346
RESTRICTED CONTRIBUTED TO OTHERS	6,384,522	6,580,882
RESERVE FOR CAPITAL IMPROVEMENTS	17,669,268	14,200,612
UNRESTRICTED DEBT CONTRIBUTED TO OTHERS	(73,155,325)	(73,574,150)
UNRESTRICTED	34,270,636	44,394,189
TOTAL NET ASSETS	\$ 230,131,833	\$ 223,998,317

PORT FREEPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
January 31, 2023

	YEAR TO DATE	PRIOR YEAR TO DATE	% OVER (UNDER)	4 MONTHS BUDGET	% OVER (UNDER)	TOTAL 2022/2023 BUDGET
OPERATING REVENUES:						
Wharfage	\$ 1,694,877	\$ 4,847,016	-65%	\$ 2,927,662	-42%	\$ 12,546,200
Dockage & deep water berth	916,974	2,892,433	-68%	1,817,458	-50%	7,743,700
Equipment & pallet use fees	477,267	434,804	10%	434,483	10%	1,303,450
Facility use fees	475,384	579,743	-18%	479,200	-1%	1,437,600
Security Fees	478,319	967,439	-51%	560,124	-15%	2,294,250
Other Customer Service Fees	435,259	566,907	-23%	447,164	-3%	1,308,300
Ground leases	4,319,025	3,717,101	16%	3,911,052	10%	11,699,000
Other leases	295,106	290,503	2%	295,093	0%	885,300
GASB 87 Lease recognition	-	-	0%	-	0%	-
Other revenue	3,128	20,181	-85%	6,250	-50%	25,000
Business interruption Claim	-	-	0%	2,340,000	0%	2,340,000
Total Operating Revenues	9,095,339	14,316,127	-36%	13,218,486	-31%	41,582,800
OPERATING EXPENSES:						
Port salaries/wages	1,169,783	1,007,763	16%	1,470,912	-20%	4,494,200
Port employee benefits	440,276	404,923	9%	479,183	-8%	1,749,800
Professional services	855,890	683,235	25%	990,216	-14%	2,948,700
Training, travel, and promotional	130,654	131,376	-1%	366,810	-64%	879,900
Supplies	54,119	47,341	14%	71,276	-24%	176,200
Utilities	274,288	202,945	35%	284,980	-4%	854,900
Business Insurance	511,826	482,256	6%	526,740	-3%	1,672,300
Other services & charges	155,586	309,469	-50%	163,716	-5%	503,600
Maintenance & repair	496,483	405,487	22%	450,944	10%	1,225,400
Depreciation	2,970,478	2,620,549	13%	3,375,382	-12%	11,106,800
Total Operating Expenses	7,059,383	6,295,344	12%	8,180,159	-14%	25,611,800
OPERATING INCOME (LOSS)	2,035,956	8,020,783	-75%	5,038,327	-60%	15,971,000
NON-OPERATING REVENUES (EXPENSES)						
Ad Valorem tax collections	6,484,310	6,219,557	4%	6,718,724	-3%	6,672,300
Investment Income	842,909	99,184	750%	4,000	20973%	10,000
Gain (loss) on sale of assets	-	-	0%	-	0%	-
Debt interest and fees	(3,064,661)	(3,171,481)	-3%	(3,339,013)	-8%	(9,818,300)
CAPITAL CONTRIBUTIONS (TO) FROM OTHERS:						
Freeport Harbor Improvement Project	(150,000)	(748,547)	-80%	-	0%	(60,932,700)
Contributed Capital-Other	(15,000)	-	0%	-	0%	-
OTHER:						
Total Non-Operating Revenue (Expenses)	4,097,558	2,398,713	71%	3,383,711	21%	(64,068,700)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND EXTRAORDINARY EXPENSE	6,133,514	10,419,496	-41%	8,422,038	-27%	(48,097,700)
CAPITAL CONTRIBUTIONS:						
Grants:						
Grants Port-Freeport	-	109,561	-100%	2,152,150	-100%	24,763,800
Total Capital Contributions-Grants	-	109,561	-100%	2,152,150	-100%	24,763,800
EXTRAORDINARY ITEM						
Emergency Recovery Efforts - Hurricane	-	(34,294)	-100%	-	0%	-
Net Extraordinary Income (Expense)	-	(34,294)	-100%	-	0%	-
CHANGE IN NET POSITION	\$ 6,133,514	\$ 10,494,763	-42%	\$ 10,574,188	-42%	\$ (23,333,900)

STATEMENT OF CASH FLOWS

January 31, 2023

	YEAR TO DATE	PRIOR YEAR TO DATE
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ 2,035,956	\$ 8,020,783
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Depreciation	2,970,478	2,620,549
Dredge Material Placement Fees	-	-
Change in Assets and Liabilities:		
Trade receivables	605,004	(1,437,735)
Other receivables	4,924,881	37,305
Lease Receivable	-	-
Deferred inflow of resources	-	-
Inventories	-	(27,193)
Prepaid and Other	539,422	410,884
Accounts payable	(1,423,343)	884,896
Deferred lease income	(2,823,309)	(2,659,575)
Accrued compensated absences	(134,601)	(138,223)
Total Cash Provided from (Used for) Operating Activities	6,694,488	7,711,691
Cash Flows from Non-capital Financing Activities:		
Property tax receipts	4,261,894	4,487,710
Property tax collection expense	(45,867)	(43,881)
Emergency Recovery Efforts - Disaster Related	-	(34,294)
Total Cash Provided from (Used for) Non-capital Financing Activities	4,216,027	4,409,535
Cash Flows from Capital Financing Activities:		
Principal payments under debt obligations	-	-
Interest and fees paid under debt obligations	(4,903,985)	(4,735,471)
Proceeds from sale of long-term debt obligations	-	-
Land, capital improvement, and equipment purchases	(11,882,713)	(21,560,352)
Other capital acquisition (costs) or recoveries, extraordinary	-	-
Capital contributions	(165,000)	(748,547)
Gants received	436	120,653
Proceeds from sale/disposal of capital assets	-	-
Total Cash Provided from (Used for) Capital Financing Activities	(16,951,262)	(26,923,717)
Cash Flows from Investing Activities:		
Investment earnings	687,427	494,276
Change in FMV of marketable investment securities	165,565	(262,864)
Total Cash Provided from (Used for) Investing Activities	852,992	231,412
Net Increase(Decrease) in Cash and Cash Equivalents	(5,187,755)	(14,571,079)
Cash and Cash Equivalents at Beginning of Period	81,177,305	155,440,709
Cash and Cash Equivalents at End of Period	\$ 75,989,550	\$ 140,869,630

NOTES TO FINANCIAL STATEMENTS

Note 1 - Accounts Receivable Aging

0 - 30 days	\$	2,492,205	86%
31 - 60 days		282,932	10%
61 - 90 days		126,473	4%
Over 90 days		-	0%
Allowance for uncollectibles		(31,560)	-1%
Net Trade A/R	\$	2,870,050	

Note 2 - Accounts Payable Information

Retainage Withheld	\$	6,585,187
Corps of Engineers*		620,518
Employee Payroll Related		12,845
Accounts Payable		3,608,882
Total A/P	\$	10,827,432

45' Project - \$620,518

Note 3 - Debt Service Information

	Original Amount of Issue	Principal Paid	Issue Outstanding
General Obligation Bonds, Series 2019	\$ 31,795,000	\$ 1,080,000	\$ 30,715,000
General Obligation Bonds, Series 2021	37,135,000	-	37,135,000
Senior Lien Revenue Refunding Bonds, Series 2013A	33,065,000	18,025,000	15,040,000
Senior Lien Revenue and Refunding Bonds, Series 2015A	39,635,000	5,510,000	34,125,000
Senior Lien Revenue and Refunding Bonds, Series 2018	32,865,000	2,180,000	30,685,000
Senior Lien Revenue and Refunding Bonds, Series 2019A	45,200,000	2,525,000	42,675,000
Senior Lien Revenue and Refunding Bonds, Series 2019B	29,480,000	1,705,000	27,775,000
Senior Lien Revenue and Refunding Bonds, Series 2021	29,885,000	-	29,885,000
2014 Equipment Lease Payable	14,100,000	11,017,160	3,082,840
Total Bonds	\$ 293,160,000	\$ 42,042,160	\$ 251,117,840

Less Current Portion of Long-Term Debt Payable	\$	7,388,850
Long-term Debt Payable	\$	243,728,990

Note 4 - Net Asset Information

A Special Reserve for Capital Improvements was created on Oct 22, 2015. A commitment was made to fund this reserve with an amount equal to the total maintenance and operations portion of the Port's tax rate.

Fiscal Year 2016 Amount Funded	\$	3,423,398
Fiscal Year 2017 Amount Funded	\$	3,570,000
Fiscal Year 2018 Amount Funded	\$	3,887,346
Fiscal Year 2019 Amount Funded	\$	4,269,552
Fiscal Year 2020 Amount Funded	\$	4,120,672
Fiscal Year 2021 Amount Funded	\$	3,981,963
Fiscal Year 2022 Amount Funded	\$	3,627,381
Fiscal Year 2023 Amount Funded	\$	3,351,718

PORT FREEPORT
OPERATING EXPENSES BY DEPARTMENT
January 31, 2023

	YEAR TO-DATE	PRIOR YEAR TO-DATE	PRIOR YEAR % OVER (UNDER)	4 MONTHS BUDGET	BUDGET % OVER (UNDER)	TOTAL 2023 BUDGET
COMMISSIONERS						
OPERATING EXPENSES:						
Port salaries/wages	\$ 19,200	\$ 19,200	0%	\$ 20,464	0%	\$ 61,400
Port employee benefits	24,108	26,691	-10%	25,096	0%	76,793
Professional services	-	-	0%	25,000	-100%	34,300
Training, travel & promotional	14,209	8,108	75%	33,866	-58%	75,900
Supplies	14	84	-83%	164	-91%	500
Utilities	2,459	2,442	1%	2,684	-8%	8,050
Total Operating Expenses	\$ 59,990	\$ 56,525	6%	\$ 107,274	-44%	\$ 256,943

ADMINISTRATION & FOREIGN TRADE ZONE

OPERATING EXPENSES:						
Port salaries/wages	\$ 365,984	\$ 330,506	11%	\$ 521,996	-30%	\$ 1,515,900
Port employee benefits	123,140	107,560	14%	147,100	-16%	536,841
Professional services	155,716	126,699	23%	279,882	-44%	868,450
Training, travel & promotional	33,669	32,453	4%	66,906	-50%	197,400
Supplies	6,933	8,501	-18%	13,360	-48%	31,300
Utilities	29,609	17,041	74%	24,418	21%	73,250
Business Insurance	511,826	482,256	6%	526,740	-3%	1,672,300
Other services & charges	112,660	269,487	-58%	118,708	-5%	359,450
Maintenance & repair	42,740	38,407	11%	211,170	-80%	332,400
Depreciation	2,970,478	2,620,549	13%	3,375,382	-12%	11,106,800
Total Operating Expenses	\$ 4,352,755	\$ 4,033,459	8%	\$ 5,285,662	-18%	\$ 16,694,091

ENGINEERING

OPERATING EXPENSES:						
Port salaries/wages	\$ 124,498	\$ 118,583	5%	\$ 152,036	-18%	\$ 456,100
Port employee benefits	51,397	46,026	12%	49,074	5%	177,458
Professional services	(4,256)	9,046	-147%	23,344	-118%	70,000
Training, travel & promotional	4,973	2,865	74%	10,004	-50%	29,500
Supplies	1,064	772	38%	1,984	-46%	5,950
Utilities	2,604	2,214	18%	2,472	5%	7,400
Other services & charges	1,707	40	4168%	2,540	-33%	7,600
Maintenance & repair	1,183	149	694%	168	604%	500
Total Operating Expenses	\$ 183,170	\$ 179,695	2%	\$ 241,622	-24%	\$ 754,508

OPERATIONS

OPERATING EXPENSES:						
Port salaries/wages	\$ 513,136	\$ 399,105	29%	\$ 556,982	-8%	\$ 1,762,486
Port employee benefits	184,509	168,680	9%	184,768	0%	687,050
Professional services	35,963	5,538	549%	5,000	619%	5,000
Training, travel & promotional	12,185	5,679	115%	12,358	-1%	31,000
Supplies	27,322	25,079	9%	31,076	-12%	81,450
Utilities	222,864	168,695	32%	233,052	-4%	699,150
Other services & charges	21,845	22,708	-4%	20,520	6%	70,700
Maintenance & repair	423,961	324,333	31%	215,130	97%	820,100
Total Operating Expenses	\$ 1,441,785	\$ 1,119,817	29%	\$ 1,258,886	15%	\$ 4,156,936

PORT FREEPORT
OPERATING EXPENSES BY DEPARTMENT
January 31, 2023

	YEAR	PRIOR YEAR	PRIOR YEAR	4	BUDGET	TOTAL
	TO-DATE	TO-DATE	% OVER (UNDER)	MONTHS BUDGET	% OVER (UNDER)	2023 BUDGET
BUSINESS DEVELOPMENT						
OPERATING EXPENSES:						
Port salaries/wages	\$ 113,534	\$ 105,999	7%	\$ 164,746	-31%	\$ 494,250
Port employee benefits	45,165	41,667	8%	58,637	-23%	204,321
Professional services	3,187	281	1034%	-	0%	-
Training, travel & promotional	64,924	82,114	-21%	238,168	-73%	530,200
Supplies	1,444	832	74%	1,946	-26%	4,850
Utilities	2,608	2,186	19%	3,146	-17%	9,450
Other services & charges	6,472	4,806	35%	8,248	-22%	24,750
Maintenance & repair	-	-	0%	-	0%	-
Total Operating Expenses	\$ 237,334	\$ 237,885	0%	\$ 474,891	-50%	\$ 1,267,821

PROTECTIVE SERVICES

OPERATING EXPENSES:						
Port salaries/wages	\$ 33,431	\$ 34,370	-3%	\$ 54,688	-39%	\$ 204,064
Port employee benefits	11,957	14,299	-16%	14,508	-18%	67,337
Professional services	665,280	541,671	23%	656,990	1%	1,970,950
Training, travel & promotional	694	157	342%	5,508	-87%	15,900
Supplies	17,342	12,073	44%	22,746	-24%	52,150
Utilities	14,144	10,367	36%	19,208	-26%	57,600
Other services & charges	12,902	12,428	4%	13,700	-6%	41,100
Maintenance & repair	28,599	42,598	-33%	24,476	17%	72,400
Total Operating Expenses	\$ 784,349	\$ 667,963	17%	\$ 811,824	-3%	\$ 2,481,501

CONSOLIDATED - TOTAL

OPERATING EXPENSES:						
Port salaries/wages	\$ 1,169,783	1,007,763	16%	\$ 1,470,912	-20%	\$ 4,494,200
Port employee benefits	440,276	404,923	9%	479,183	-8%	1,749,800
Professional services	855,890	683,235	25%	990,216	-14%	2,948,700
Training, travel & promotional	130,654	131,376	-1%	366,810	-64%	879,900
Supplies	54,119	47,341	14%	71,276	-24%	176,200
Utilities	274,288	202,945	35%	284,980	-4%	854,900
Business Insurance	511,826	482,256	6%	526,740	-3%	1,672,300
Other services & charges	155,586	309,469	-50%	163,716	-5%	503,600
Maintenance & repair	496,483	405,487	22%	450,944	10%	1,225,400
Depreciation	2,970,478	2,620,549	13%	3,375,382	-12%	11,106,800
Total Operating Expenses	\$ 7,059,383	\$ 6,295,344	12%	\$ 8,180,159	-14%	\$ 25,611,800

PORT FREEPORT - VELASCO TERMINAL ONLY

STATEMENT OF REVENUES AND EXPENSES

January 31, 2023

	YEAR TO DATE	PRIOR YEAR TO DATE	% OVER (UNDER)	4 MONTHS BUDGET	% OVER (UNDER)	TOTAL 2023 BUDGET
OPERATING REVENUES:						
Wharfage	\$ 539,017	\$ 542,532	-1%	\$ 536,452	0%	\$ 1,609,358
Dockage & deep water berth	225,563	242,834	-7%	206,708	9%	620,126
Equipment & pallet use fees	417,932	381,007	10%	368,324	13%	1,104,979
Facility use fees	36,135	156,118	-77%	-	0%	-
Security Fees	73,362	73,608	0%	95,044	-23%	285,134
Other Customer Service Fees	116,416	117,932	-1%	147,700	-21%	443,100
Ground leases	147,684	121,988	21%	33,220	345%	99,660
Total Operating Revenues	1,556,109	1,636,019	-5%	1,387,448	12%	4,162,357
OPERATING EXPENSES:						
Port salaries/wages	103,107	71,818	44%	81,296	27%	281,328
Port employee benefits	30,332	22,597	34%	22,549	35%	95,899
Professional services	25,236	-	0%	-	0%	-
Training, travel, and promotional	-	-	0%	400	-100%	1,200
Supplies	55	-	0%	-	0%	-
Utilities	43,619	31,796	37%	52,152	-16%	156,450
Business Insurance	112,085	106,621	5%	122,084	-8%	393,694
Maintenance & repair	211,646	222,178	-5%	56,496	275%	318,450
Depreciation	958,672	951,354	1%	1,117,392	-14%	4,332,850
Total Operating Expenses	1,484,752	1,406,364	6%	1,452,369	2%	5,579,871
OPERATING INCOME (LOSS)	71,357	229,655	69%	(64,921)	210%	(1,417,514)
NON-OPERATING REVENUES (EXPENSES)						
Debt interest and fees	(628,286)	(675,608)	-7%	(1,100,360)	-43%	(3,302,248)
Total Non-Operating Revenue (Expenses)	(628,286)	(675,608)	-7%	(1,100,360)	-43%	(3,302,248)
CHANGE IN NET POSITION	\$ (556,929)	\$ (445,953)	25%	\$ (1,165,281)	-52%	\$ (4,719,762)

PORT FREEPORT
Port Improvement Projects Summary
January 31, 2023

Project	Contract Award	Change Orders	Total Contract	Current Year Budget	Incurred to Date FY 2023	CIP Prior Years	Incurred to Date Total	Balance to Finish
Velasco Term Phase II - Berth 8	133,856,037.88	(13,283,496.98)	120,572,540.90	23,000,000.00	5,481,263.93	105,264,205.17	110,745,469.10	9,827,071.80
EDSA	4,144,063.24	589,830.00	4,733,893.24		23,422.90	4,179,988.94	4,203,411.84	530,481.40
Construction	129,677,607.30	(13,873,326.98)	115,804,280.32		5,457,841.03	101,049,848.89	106,507,689.92	9,296,590.40
Other not in contract	34,367.34	0.00	34,367.34		0.00	34,367.34	34,367.34	0.00
RORO Ramp - Berth 8	24,921,340.40	392,100.00	25,313,440.40	0.00	2,273,493.08	19,519,570.24	21,793,063.32	3,520,377.08
EDSA	46,652.40	392,100.00	438,752.40		133,015.60	272,102.90	405,118.50	33,633.90
Construction	24,874,688.00	0.00	24,874,688.00		2,140,477.48	19,247,467.34	21,387,944.82	3,486,743.18
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
VT- North Gate Entrance	0.00	0.00	0.00	5,563,750.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
VT- Access Project	0.00	0.00	0.00	9,028,950.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
VT- Refrigerated Cross Dock	0.00	0.00	0.00	13,705,950.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Land & Improvements	256,675.23	0.00	256,675.23	4,000,000.00	256,675.23	0.00	256,675.23	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	256,675.23	0.00	256,675.23		256,675.23	0.00	256,675.23	0.00
Parcel 14 Rail Development Phase II	9,670,314.00	0.00	9,670,314.00	10,521,050.00	3,813,957.50	184,127.34	3,998,084.84	5,672,229.16
EDSA	407,412.00	0.00	407,412.00		39,935.80	184,127.34	224,063.14	183,348.86
Construction	9,262,902.00	0.00	9,262,902.00		3,774,021.70	0.00	3,774,021.70	5,488,880.30
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Pumpstation 1400 E Floodgate & P14 Drainage	1,440.00	0.00	1,440.00	575,000.00	0.00	1,440.00	1,440.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	1,440.00	0.00	1,440.00		0.00	1,440.00	1,440.00	0.00
M & R - Joint Repairs	0.00	0.00	0.00	20,000.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
M & R - Railroad Track Renovations	0.00	0.00	0.00	25,000.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
M & R - Roads	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Gate 8 Renovations	33,600.00	0.00	33,600.00	300,000.00	13,608.00	3,528.00	17,136.00	16,464.00
EDSA	33,600.00	0.00	33,600.00		13,608.00	3,528.00	17,136.00	16,464.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
EOC Additional Parking	0.00	0.00	0.00	25,000.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
VT Backlands Area IV	528,394.21	0.00	528,394.21	0.00	4,047.83	99,572.65	103,620.48	424,773.73
EDSA	528,388.18	0.00	528,388.18		4,047.83	99,566.62	103,614.45	424,773.73
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	6.03	0.00	6.03		0.00	6.03	6.03	0.00
Transformer Yard Replacement	4,078.00	0.00	4,078.00	200,000.00	0.00	4,078.00	4,078.00	0.00
EDSA	4,078.00	0.00	4,078.00		0.00	4,078.00	4,078.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Fence Razor Wire Upgrade	0.00	0.00	0.00	60,000.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Portwide Areas Upgrade to Concrete	0.00	0.00	0.00	3,400,000.00	0.00	0.00	0.00	0.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other not in contract	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Inner Harbor Berth Repairs	240,300.00	0.00	240,300.00	0.00	0.00	113,950.00	113,950.00	126,350.00
EDSA	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Construction	180,500.00	0.00	180,500.00		0.00	54,150.00	54,150.00	126,350.00
Other not in contract	59,800.00	0.00	59,800.00		0.00	59,800.00	59,800.00	0.00
Total				\$ 70,424,700.00	\$ 11,843,045.57	\$ 125,190,471.40	\$ 137,033,516.97	\$ 19,587,265.77

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This report also includes bank accounts that only have balances.

Bank Account: Date Filter: 01/01/23..01/31/23

Check Ledger Entry:

Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91645	01/05/23	V00004	City of Freeport	1,572.67	
125886	123417		Water & Gas	159.93	
125887	123418		Water & Gas	494.01	
125888	123419		Water & Gas	682.20	
125889	123420		Water & Gas	68.24	
125890	123421		Water & Gas	168.29	
			Line Amount Total	1,572.67	
91646	01/05/23	V00011	Gulftex Vending	263.96	
125878	123432		Office Supplies	26.96	
125879	123431		Office Supplies	90.28	
125879	123431		Office Supplies	45.14	
125879	123431		Office Supplies	11.29	
125879	123431		Office Supplies	45.15	
125879	123431		Office Supplies	45.14	
			Line Amount Total	263.96	
91647	01/05/23	V00049	Brazos Fasteners	83.20	
125884	123425		M&R TOE-Gantry Crane	33.40	
125884	123425		M&R TOE-Gantry Crane	33.40	
125885	123424		M&R TOE-Gantry Crane	8.20	
125885	123424		M&R TOE-Gantry Crane	8.20	
			Line Amount Total	83.20	
91648	01/05/23	V00083	Jason Hull	136.75	
125877	123410		Telephone	136.75	
			Line Amount Total	136.75	
91649	01/05/23	V00088	Blue Cross Blue Shield of Texas	63,381.85	
125893	123401		Group Medical Insurance	10,000.82	
125893	123401		Group Medical Insurance	8,397.76	
125893	123401		Group Medical Insurance	24,143.56	
125893	123401		Group Medical Insurance	-496.39	
125893	123401		Group Medical Insurance	6,298.32	
125893	123401		Group Medical Insurance	1,049.72	
125893	123401		Group Medical Insurance	-4,906.90	
125893	123401		Group Medical Insurance	6,298.32	
125893	123401		Group Medical Insurance	5,248.60	
125893	123401		Group Medical Insurance	2,099.44	
125893	123401		Group Medical Insurance	5,248.60	
			Line Amount Total	63,381.85	
91650	01/05/23	V00112	Tricia Vela	120.76	
125871	123407		Telephone	75.00	
125871	123407		Governmental Relations Travel	10.69	
125871	123407		Governmental Relations Travel	24.38	
125871	123407		Community Events	10.69	
			Line Amount Total	120.76	
91651	01/05/23	V00175	Gulf Machine Services	481.82	
125897	123430		M&R TOE-Caterpillar	481.82	
			Line Amount Total	481.82	

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91652	01/05/23	V00188	Steve Alongis	210.00	
125869	123408		M&R Other-Mowing, Weed Control Etc	210.00	
			Line Amount Total	210.00	
91653	01/05/23	V00192	Glomar International, Inc.	1,076.21	
125882	123427		M&R TOE-Gantry Crane	331.18	
125882	123427		M&R TOE-Gantry Crane	331.18	
125881	123428		M&R TOE-Gantry Crane	206.93	
125881	123428		M&R TOE-Gantry Crane	206.92	
			Line Amount Total	1,076.21	
91654	01/05/23	V00290	Houston Truck Parts Inc.	887.81	
125874	123433		M&R TOE-Yard Truck-PF02	887.81	
			Line Amount Total	887.81	
91655	01/05/23	V00301	Texas Port Ministry	1,950.00	
125899	123436		Community Event-Port Golf Tournament	1,500.00	
125875	123414		Other Accounts Payable (JE)	450.00	
			Line Amount Total	1,950.00	
91656	01/05/23	V00386	Industrial Disposal Supply Co., LLC	274.80	
125873	123434		M&R TOE-Street Sweeper	274.80	
			Line Amount Total	274.80	
91657	01/05/23	V00389	Austin Seth	191.15	
125898	123409		Sales/Promotion Travel	191.15	
			Line Amount Total	191.15	
91658	01/05/23	V00403	Jennifer Barrera	178.13	
125876	123411		Sales/Promotion Travel	178.13	
			Line Amount Total	178.13	
91659	01/05/23	V00668	DARE Capital Partners, LLC	3,695.04	
125896	123415		M&R Other-Mowing, Weed Control Etc	1,680.73	
125895	123416		M&R Other-Mowing, Weed Control Etc	1,141.87	
125872	123413		M&R Other-Mowing, Weed Control Etc	872.44	
			Line Amount Total	3,695.04	
91660	01/05/23	V00685	JTS	263.26	
125900	123438		M&R IT Equipment	263.26	
			Line Amount Total	263.26	
91661	01/05/23	V00739	Port53 Technologies Inc.	816.00	
125870	123400		Contract Services	816.00	
			Line Amount Total	816.00	
91662	01/05/23	V00905	Industrial Scale Company	2,014.20	
125894	123435		M&R Bldgs-Scale House	2,014.20	
			Line Amount Total	2,014.20	
91663	01/05/23	V00919	BHAG Houston, LLC	9,602.49	
125891	123423		Construction in Progress	5,822.78	
125892	123422		Construction in Progress	3,779.71	
			Line Amount Total	9,602.49	
91664	01/13/23	V00006	Michaela Bevers	75.00	
126016	123552		Telephone	75.00	
			Line Amount Total	75.00	

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91665	01/13/23	V00009	Williams Diesel, Inc	56.07	
125998	123543		M&R TOE-Yard Truck-PF29	54.04	
126013	123544		M&R TOE-Yard Truck-PF29	2.03	
			Line Amount Total	56.07	
91666	01/13/23	V00010	Specialties Company	345.47	
125929	123468		M&R TOE-Caterpillar	304.47	
125930	123467		M&R TOE-Gantry Crane	20.50	
125930	123467		M&R TOE-Gantry Crane	20.50	
			Line Amount Total	345.47	
91667	01/13/23	V00012	FedEx	11.60	
126005	123525		Postage and Freight	11.60	
			Line Amount Total	11.60	
91668	01/13/23	V00021	Gulf Coast Paper Company	978.61	
125922	123508		Office Supplies	78.89	
125922	123508		Office Supplies	39.44	
125922	123508		Office Supplies	9.86	
125922	123508		Office Supplies	39.44	
125922	123508		Office Supplies	39.43	
125980	123526		Office Supplies	771.55	
			Line Amount Total	978.61	
91669	01/13/23	V00023	Patrick's Enterprises, Inc.	75.00	
125910	123455		M&R Vehicles-Chevy Van	75.00	
			Line Amount Total	75.00	
91670	01/13/23	V00026	Lowe's	689.64	
125905	123446		M&R Warehouse-Warehouse 51	276.44	
125905	123446		M&R Warehouse-Warehouse 51	289.72	
125905	123446		M&R Warehouse-Warehouse 51	341.04	
125905	123446		M&R Warehouse-Warehouse 51	-217.56	
			Line Amount Total	689.64	
91671	01/13/23	V00030	Girouard's Ace Hardware	660.40	
126009	123547		M&R Groundskeeping Equipment-Misc	143.34	
126009	123547		M&R TOE-Street Sweeper	3.04	
126009	123547		M&R TOE-Gantry Crane	38.88	
126009	123547		M&R TOE-Gantry Crane	38.91	
126009	123547		M&R Bldgs-Admin Bldg 1100 Cherry St	18.79	
126009	123547		M&R Bldgs-Buildings VT Berth 7	20.55	
126009	123547		M&R Bldgs-Gate 8-Guard Bldg	15.99	
126009	123547		M&R Bldgs-Gate 4	74.30	
126009	123547		M&R Warehouse-Warehouse 51	91.87	
126009	123547		M&R Transit Shed-T.S. 1	91.75	
126009	123547		M&R Docks-Dock Berth 5	8.69	
126009	123547		M&R Terminal Facilities-Other	18.75	
126009	123547		M&R Leased Facilities-24A (Chiquita)	22.58	
126009	123547		Maint & Repair - Pallets	16.18	
126009	123547		M&R Transit Shed-T.S. Sprinkler System	56.78	
			Line Amount Total	660.40	
91672	01/13/23	V00031	Culligan Water Systems	547.62	
125973	123546		M&R Bldgs-Operations Bldg	91.27	
125973	123546		M&R Bldgs-Buildings VT Berth 7	91.27	
125973	123546		M&R Transit Shed-T.S. 1	91.27	

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description		Line Amount
125974	123545		M&R Bldgs-Operations Bldg		91.27
125974	123545		M&R Bldgs-Buildings VT Berth 7		91.27
125974	123545		M&R Transit Shed-T.S. 1		91.27
			Line Amount Total		547.62
91673	01/13/23	V00032	Matheson Tri Gas	445.50	
125924	123500		Maint and Operations Supplies		445.50
			Line Amount Total		445.50
91674	01/13/23	V00037	Briggs Equipment	3,317.23	
125914	123442		M&R TOE-Hyster 1050 Container Handler		2,982.81
125972	123520		M&R TOE-Hyster Forklift 440		334.42
			Line Amount Total		3,317.23
91675	01/13/23	V00038	Killum Pest Control	1,109.00	
125983	123529		M&R Warehouse-Warehouse 51		329.00
126017	120372		Pest Control Services(Quarterly) Jan 2022-Dec 2022		
126017	120372		M&R Bldgs-Admin Bldg 1100 Cherry St		78.00
126017	120372		M&R Bldgs-Buildings VT Berth 7		78.00
126017	120372		M&R Bldgs-Scale House		78.00
126017	120372		M&R Bldgs-Maintenance Bldg		78.00
126017	120372		M&R Bldgs-Operations Bldg		78.00
126017	120372		M&R Transit Shed-T.S. 1		78.00
126017	120372		M&R Bldgs-Security Bldg		78.00
126017	120372		M&R Bldgs-Gate 4		78.00
126017	120372		M&R Bldgs-Gate 8-Guard Bldg		78.00
126017	120372		M&R Bldgs-Gate 14		78.00
			Line Amount Total		1,109.00
91676	01/13/23	V00039	Brazosport Tire	2,132.04	
125912	123460		M&R TOE-Toyota Forklift		159.56
125913	123461		M&R TOE-Street Sweeper		125.00
125915	123462		M&R TOE-John Deere Gator		731.20
125916	123463		M&R TOE-Street Sweeper		603.14
125918	123464		M&R TOE-Street Sweeper		513.14
			Line Amount Total		2,132.04
91677	01/13/23	V00040	The Brazosport Facts	852.31	
125919	123502		Community Advertising		153.00
125919	123502		Legal Fees		699.31
			Line Amount Total		852.31
91678	01/13/23	V00041	Evco Industrial Hardware	293.39	
125977	123523		M&R TOE-Gantry Crane		123.11
125977	123523		M&R TOE-Gantry Crane		123.12
125979	123524		M&R TOE-Gantry Crane		23.58
125979	123524		M&R TOE-Gantry Crane		23.58
			Line Amount Total		293.39
91679	01/13/23	V00045	Leo Martin Chevrolet	77.11	
125923	123459		M&R Vehicles-2020 Chev PU		77.11
			Line Amount Total		77.11
91680	01/13/23	V00046	Sprint Waste Services	1,076.14	
125989	123536		Contract Services		219.96
125990	123533		Contract Services		471.24
125999	123537		Contract Services		170.82

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
125999	123537		Contract Services	214.12	
			Line Amount Total	1,076.14	
91681	01/13/23	V00048	Superior Fabrication	305.00	
125949	123509		M&R TOE-Street Sweeper	305.00	
			Line Amount Total	305.00	
91682	01/13/23	V00049	Brazos Fasteners	37.53	
125970	123518		M&R TOE-Gantry Crane	2.65	
125970	123518		M&R TOE-Gantry Crane	2.65	
125971	123519		M&R TOE-Gantry Crane	16.11	
125971	123519		M&R TOE-Gantry Crane	16.12	
			Line Amount Total	37.53	
91683	01/13/23	V00054	Summit Electric Supply	2,224.79	
125932	123474		M&R Leased Facilities-24A (Chiquita)	687.80	
125933	123475		M&R Warehouse-Warehouse 51	21.56	
125934	123505		M&R Bldgs-Maintenance Bldg	10.61	
125935	123504		M&R Bldgs-Maintenance Bldg	51.29	
125936	123476		M&R Transit Shed-T.S. Sprinkler System	446.15	
125937	123496		M&R TOE-Gantry Crane	305.55	
125937	123496		M&R TOE-Gantry Crane	305.55	
125938	123497		M&R Warehouse-Warehouse 51	41.42	
125939	123499		M&R Leased Facilities-24A (Chiquita)	333.30	
126006	123498		M&R Transit Shed-T.S. 3	21.56	
			Line Amount Total	2,224.79	
91684	01/13/23	V00062	AT&T Mobility	351.28	
125901	123441		Telephone	87.82	
125901	123441		Telephone	219.55	
125901	123441		Telephone	43.91	
			Line Amount Total	351.28	
91685	01/13/23	V00067	Quill Corporation	222.72	
125911	123453		Office Supplies	12.79	
125927	123454		Office Supplies	7.99	
126015	123456		Office Supplies	7.84	
126015	123456		Office Supplies	3.92	
126015	123456		Office Supplies	107.60	
126015	123456		Office Supplies	0.98	
126015	123456		Office Supplies	3.92	
126015	123456		Office Supplies	49.77	
126015	123456		Office Supplies	3.93	
125986	123534		Office Supplies	23.98	
			Line Amount Total	222.72	
91686	01/13/23	V00071	Verizon Wireless	434.98	
125993	123539		Telephone	75.98	
125993	123539		Telephone	37.99	
125993	123539		Telephone	37.99	
126012	123538		Telephone	62.99	
126012	123538		Telephone	69.32	
126012	123538		Telephone	150.71	
			Line Amount Total	434.98	

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91687	01/13/23	V00073	Roger Johnston	228.57	
126007	123553		Office Supplies		228.57
			Line Amount Total		228.57
91688	01/13/23	V00075	Vicki L. Smith	821.27	
125928	123511		Flexible Spending Emp Reimbursement		500.00
126004	123531		2022 reimbursement		231.27
126004	123531		2023 reimbursement		90.00
			Line Amount Total		821.27
91689	01/13/23	V00087	Reliant	75,945.02	
125976	123470		Electricity		3,999.12
125976	123470		Electricity		59,508.98
125976	123470		Electricity		2,567.29
125976	123470		Electricity		9,869.63
			Line Amount Total		75,945.02
91690	01/13/23	V00095	Swisher & Swisher	1,000.00	
125966	118205		M&R Other-Mowing, Weed Control Etc		1,000.00
125966	118205		Annual Herbicide Application for Designated Areas		
125966	118205		7/01/21 - 6/30/23		
125966	118205		Two Year Service		
			Line Amount Total		1,000.00
91691	01/13/23	V00096	Centerpoint Energy	25.97	
125902	123443		Water & Gas		25.97
			Line Amount Total		25.97
91692	01/13/23	V00098	Suburban Propane	709.63	
125931	123469		Fuel/Oil		709.63
			Line Amount Total		709.63
91693	01/13/23	V00101	Payment vendor ledger entry is not found check# 91693.	0.00	
			Line Amount Total		
91694	01/13/23	V00101	Sunstates Security, LLC	161,516.38	
126011	123556		Security Service Fees		977.67
126018	123557		Security Service Fees		977.67
125946	123491		Security Service Fees		59.58
125940	123478		Security Service Fees		470.93
125941	123479		Security Service Fees		186.30
125943	123483		Security Service Fees		784.07
125944	123487		Security Service Fees		76.37
125945	123489		Security Service Fees		951.63
125947	123492		Security Service Fees		876.66
125948	123494		Security Service Fees		995.02
125950	123477		Security Service Fees		3,376.20
125951	123480		Security Service Fees		35,636.34
125952	123482		Security Service Fees		3,793.26
125953	123484		Security Service Fees		35,003.31
125954	123485		Security Service Fees		3,828.02
125955	123486		Security Service Fees		1,292.63
125956	123488		Security Service Fees		35,563.20
125957	123490		Security Service Fees		4,071.30

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Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
125958	123493		Security Service Fees	32,596.22	
			Line Amount Total	161,516.38	
91695	01/13/23	V00103	Nicholas Malambri	271.99	
126003	123548		Telephone	150.00	
126003	123548		M&R Other-Stormwater Outfall/Drainage	90.74	
126003	123548		Construction in Progress	31.25	
			Line Amount Total	271.99	
91696	01/13/23	V00110	Jason Miura	80.00	
125926	123510		Flexible Spending Emp Reimbursement	80.00	
			Line Amount Total	80.00	
91697	01/13/23	V00114	AT&T:171-799-3737 001	720.54	
125969	123471		Telephone	140.58	
125969	123471		Telephone	70.32	
125969	123471		Telephone	281.01	
125969	123471		Telephone	17.58	
125969	123471		Telephone	70.40	
125969	123471		Telephone	17.58	
125969	123471		Telephone	17.58	
125969	123471		Telephone	35.16	
125969	123471		Telephone	70.33	
			Line Amount Total	720.54	
91698	01/13/23	V00115	AT&T:979-373-0020 6635	1,593.83	
125978	123517		Telephone	605.65	
125978	123517		Telephone	302.83	
125978	123517		Telephone	79.69	
125978	123517		Telephone	302.83	
125978	123517		Telephone	302.83	
			Line Amount Total	1,593.83	
91699	01/13/23	V00141	Vernor Material & Equipment	826.69	
125994	123514		M&R Terminal Facilities-Other-VT	826.69	
			Line Amount Total	826.69	
91700	01/13/23	V00187	Brazoria County Septic Service	3,165.00	
125960	123465		Contract Services	1,477.00	
125960	123465		11/24/22-12/21/22		
125961	123466		Contract Services	1,688.00	
125961	123466		11/30/22-12/27/22		
			Line Amount Total	3,165.00	
91701	01/13/23	V00189	Energia Resources, Inc.	13.00	
125975	123522		M&R Groundskeeping Equipment-5510 John Deere	13.00	
			Line Amount Total	13.00	
91702	01/13/23	V00193	Grainger	92.43	
125921	123503		M&R TOE-Gantry Crane	46.22	
125921	123503		M&R TOE-Gantry Crane	46.21	
			Line Amount Total	92.43	
91703	01/13/23	V00194	Johnson Supply	1,358.65	
125903	123444		M&R Bldgs-Admin Bldg 1100 Cherry St	381.61	
125904	123445		M&R Bldgs-Operations Bldg	434.52	
125904	123445		M&R Bldgs-Security Bldg	434.52	

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Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
125981	123458		M&R Bldgs-Operations Bldg	108.00	
			Line Amount Total	1,358.65	
91704	01/13/23	V00197	Motion Industries	21.89	
125985	123527		M&R TOE-Gantry Crane	10.94	
125985	123527		M&R TOE-Gantry Crane	10.95	
			Line Amount Total	21.89	
91705	01/13/23	V00210	Mimecast North America, Inc.	561.51	
125925	123501		Contract Services	561.51	
			Line Amount Total	561.51	
91706	01/13/23	V00228	Department of Information Resources	330.15	
125920	123507		Telephone	64.40	
125920	123507		Telephone	32.22	
125920	123507		Telephone	128.76	
125920	123507		Telephone	8.06	
125920	123507		Telephone	32.26	
125920	123507		Telephone	8.06	
125920	123507		Telephone	8.06	
125920	123507		Telephone	16.11	
125920	123507		Telephone	32.22	
			Line Amount Total	330.15	
91707	01/13/23	V00250	Lincoln National Life Insurance Company	4,212.04	
125962	123447		Retirement Expense	298.28	
125962	123447		Retirement Expense	139.50	
125962	123447		Retirement Expense	532.78	
125962	123447		Retirement Expense	108.70	
125962	123447		Retirement Expense	74.20	
125962	123447		Retirement Expense	90.89	
125962	123447		Retirement Expense	58.25	
125962	123447		Retirement Expense	37.10	
125962	123447		Retirement Expense	-11.13	
125963	123448		Group STD Insurance	286.09	
125963	123448		Group STD Insurance	177.97	
125963	123448		Group STD Insurance	581.74	
125963	123448		Group STD Insurance	-17.83	
125963	123448		Group STD Insurance	140.61	
125963	123448		Group STD Insurance	51.60	
125963	123448		Group STD Insurance	49.23	
125963	123448		Group STD Insurance	135.04	
125963	123448		Group STD Insurance	80.54	
125963	123448		Group STD Insurance	140.61	
125963	123448		Group LTD Insurance	251.08	
125963	123448		Group LTD Insurance	151.20	
125963	123448		Group LTD Insurance	392.82	
125963	123448		Group LTD Insurance	-10.78	
125963	123448		Group LTD Insurance	137.82	
125963	123448		Group LTD Insurance	50.97	
125963	123448		Group LTD Insurance	29.76	
125963	123448		Group LTD Insurance	98.31	
125963	123448		Group LTD Insurance	107.98	
125963	123448		Group LTD Insurance	48.71	
			Line Amount Total	4,212.04	

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Invoice No.	PO No.	GL Account Name	Line Description		Line Amount
91708	01/13/23	V00266	Pitney Bowes, Inc. Purchase Power	222.06	
126010	123532		Postage and Freight		43.32
126010	123532		Postage and Freight		21.67
126010	123532		Postage and Freight		86.60
126010	123532		Postage and Freight		5.42
126010	123532		Postage and Freight		21.70
126010	123532		Postage and Freight		5.42
126010	123532		Postage and Freight		5.42
126010	123532		Postage and Freight		10.84
126010	123532		Postage and Freight		21.67
			Line Amount Total		222.06
91709	01/13/23	V00270	The Bulletin	395.00	
125992	123521		Community Advertising		395.00
			Line Amount Total		395.00
91710	01/13/23	V00291	Moore Supply	33.81	
125906	123449		M&R Transit Shed-T.S. 1		33.81
			Line Amount Total		33.81
91711	01/13/23	V00299	Kluber Lubrication NA LP	978.96	
125984	123528		M&R TOE-Gantry Crane		489.48
125984	123528		M&R TOE-Gantry Crane		489.48
			Line Amount Total		978.96
91712	01/13/23	V00348	Richmond Equipment	316.68	
125987	123535		M&R TOE-Club Car 500 Carry All		316.68
			Line Amount Total		316.68
91713	01/13/23	V00462	Texas Commission on Environmental Quality	200.00	
125991	123516		M&R Other-Stormwater Outfall/Drainage		200.00
			Line Amount Total		200.00
91714	01/13/23	V00517	Covenant K9 Detection Services	6,000.00	
126014	122677		Security Service Fees		6,000.00
126014	122677		October 2022 - September 2023		
126014	122677		Board Approved 9/23/2021		
			Line Amount Total		6,000.00
91715	01/13/23	V00529	Deere & Company	12,426.11	
125968	121330		John Deere Gator XP615E		12,426.11
125968	121330		Quote ID: 26406903		
			Line Amount Total		12,426.11
91716	01/13/23	V00641	Dykman	4,419.86	
125967	123226		M&R TOE-Gantry Crane		2,209.93
125967	123226		M&R TOE-Gantry Crane		2,209.93
125967	123226		Motor for spreaders on Crane 1 and Crane 2		
125967	123226		BA4M010V4D 10 HP 1800 RPM 460V 132MD B35		
			Line Amount Total		4,419.86
91717	01/13/23	V00697	Northern Safety Co., Inc.	1,547.78	
125907	123450		M&R Docks-Dock Berth 7-VT		149.73
125907	123450		M&R Transit Shed-T.S. 1		128.24
125907	123450		M&R Bldgs-Maintenance Bldg		15.96
125908	123451		M&R Bldgs-Maintenance Bldg		303.85
125909	123452		Safety Supplies		950.00
			Line Amount Total		1,547.78

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Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91718	01/13/23	V00733	Kristin R. Bulanek	32,344.16	
125959	123506		Tax Assessor/Collector Fees		32,344.16
125959	123506		Yearly Tax Commission-2022		
			Line Amount Total		32,344.16
91719	01/13/23	V00850	Kendra L. Conkle	650.00	
125982	123495		Industry Advertising		650.00
125982	123495		2023 Brazos Pilots Guide		
			Line Amount Total		650.00
91720	01/13/23	V00864	Visual Edge IT	340.53	
125995	123540		Contract Services		176.71
125996	123541		Contract Services		81.02
125997	123542		Contract Services		82.80
			Line Amount Total		340.53
91721	01/13/23	V00880	Christine Lewis	926.96	
126000	123551		Telephone		300.00
126002	123549		Safety Supplies		78.95
126002	123549		Office Supplies		107.57
126002	123549		Sales/Promotion Travel		82.44
126002	123549		Technical Training		48.00
126002	123549		M&R Vehicles-Nissan Rogue		10.00
126008	123555		Telephone		300.00
			Line Amount Total		926.96
91722	01/13/23	V00159	Principal Life Insurance-PLIC-SBD Grand Island	4,356.27	
126019	123559		Group Life Insurance		335.15
126019	123559		Group Life Insurance		168.43
126019	123559		Group Life Insurance		439.89
126019	123559		Group Life Insurance		-11.96
126019	123559		Group Life Insurance		148.32
126019	123559		Group Life Insurance		60.78
126019	123559		Group Life Insurance		35.52
126019	123559		Group Life Insurance		117.70
126019	123559		Group Life Insurance		59.06
126019	123559		Group Life Insurance		128.83
126020	123558		Group Dental Insurance		361.65
126020	123558		Group Dental Insurance		268.94
126020	123558		Group Dental Insurance		698.01
126020	123558		Group Dental Insurance		-12.98
126020	123558		Group Dental Insurance		274.77
126020	123558		Group Dental Insurance		27.24
126020	123558		Group Dental Insurance		52.70
126020	123558		Group Dental Insurance		231.12
126020	123558		Group Dental Insurance		168.34
126020	123558		Group Dental Insurance		166.98
126020	123558		Group Dental Insurance		163.84
126020	123558		Group Vision Insurance		67.62
126020	123558		Group Vision Insurance		51.57
126020	123558		Group Vision Insurance		140.79
126020	123558		Group Vision Insurance		-3.03
126020	123558		Group Vision Insurance		52.90
126020	123558		Group Vision Insurance		6.06
126020	123558		Group Vision Insurance		12.08

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Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
126020	123558		Group Vision Insurance	48.32	
126020	123558		Group Vision Insurance	32.10	
126020	123558		Group Vision Insurance	33.43	
126020	123558		Group Vision Insurance	32.10	
			Line Amount Total	4,356.27	
91723	01/19/23	V00005	Phyllis Saathoff	136.75	
126030	123565		Telephone	136.75	
			Line Amount Total	136.75	
91724	01/19/23	V00010	Specialties Company	80.86	
126050	123575		M&R TOE-Hyster Forklift 440	80.86	
			Line Amount Total	80.86	
91725	01/19/23	V00055	Jesse Hibbetts	261.84	
126029	123564		Sales/Promotion Travel	261.84	
			Line Amount Total	261.84	
91726	01/19/23	V00075	Vicki L. Smith	75.00	
126036	123592		Telephone	75.00	
			Line Amount Total	75.00	
91727	01/19/23	V00091	Wells Fargo	7,950.53	
126021	123577		Other Accounts Payable (JE)	7,950.53	
			Line Amount Total	7,950.53	
91728	01/19/23	V00097	Comcast Business	2,626.92	
126039	123572		Contract Services	2,626.92	
			Line Amount Total	2,626.92	
91729	01/19/23	V00101	Sunstates Security, LLC	40,013.95	
126031	123568		Security Service Fees	422.25	
126032	123569		Security Service Fees	356.37	
126033	123571		Security Service Fees	968.99	
126040	123567		Security Service Fees	3,731.20	
126041	123570		Security Service Fees	34,535.14	
			Line Amount Total	40,013.95	
91730	01/19/23	V00110	Jason Miura	136.75	
126028	123566		Telephone	136.75	
			Line Amount Total	136.75	
91731	01/19/23	V00121	Holly Soria	130.00	
126027	123584		Flexible Spending Emp Reimbursement	130.00	
			Line Amount Total	130.00	
91732	01/19/23	V00124	Carriage House Partners	5,000.00	
126038	123362		Consultant Fees - Other	5,000.00	
			Line Amount Total	5,000.00	
91733	01/19/23	V00125	AT&T:979-230-9161 754-5	498.61	
126023	123578		Telephone	56.45	
126023	123578		Telephone	56.45	
126023	123578		Telephone	385.71	
			Line Amount Total	498.61	
91734	01/19/23	V00150	Brazoria County Clerk's Office	700.00	
126024	123560		Office Supplies	700.00	
			Line Amount Total	700.00	

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	Invoice No.	PO No.	GL Account Name	Line Description	Line Amount
91735	01/19/23	V00166	Van Scoyoc Associates	11,031.48	
	126044	115717		Consultant Fees - Other	11,000.00
	126044	115717		Govt. Liaison Service Agreement Oct.2020-Sept 2023	
	126044	115717		Consultant Fees - Other	31.48
	126044	115717		Expenses Incurred-Not to exceed \$8K over course of	
	126044	115717		3yrs contract-CA 10/8/2020	
				Line Amount Total	11,031.48
91736	01/19/23	V00178	Waypoint	2,670.50	
	126047	123587		Contract Services	1,279.00
	126048	123589		Contract Services	1,279.00
	126051	123588		Consultant Fees - Other	112.50
				Line Amount Total	2,670.50
91737	01/19/23	V00235	Brazoria County Hispanic Chamber of Commerce	850.00	
	126037	123563		Community Events	850.00
				Line Amount Total	850.00
91738	01/19/23	V00270	The Bulletin	395.00	
	126034	123583		Community Advertising	395.00
				Line Amount Total	395.00
91739	01/19/23	V00332	United Rentals	1,831.58	
	126042	123576		M&R Warehouse-Warehouse 51	1,831.58
	126042	123576		Emergency Repairs - WH 51 water leak	
				Line Amount Total	1,831.58
91740	01/19/23	V00609	Hilltop Securities Asset Management, LLC	800.00	
	126043	123586		Consultant Fees - Other	800.00
				Line Amount Total	800.00
91741	01/19/23	V00668	DARE Capital Partners, LLC	872.44	
	126026	123573		M&R Other-Mowing, Weed Control Etc	872.44
				Line Amount Total	872.44
91742	01/19/23	V00808	Whitener Enterprises Inc.	1,095.72	
	126045	123368		400 gallons unleaded gas @2.7393 gal	1,095.72
				Line Amount Total	1,095.72
91743	01/19/23	V00820	ADT Commercial LLC	944.00	
	126022	123561		Badge Supplies	944.00
				Line Amount Total	944.00
91744	01/19/23	V00833	bioPURE	419.00	
	126049	123157		Disinfect Treatment - Admin 5000 Sq ft (75%)	321.75
	126049	123157		Disinfect Treatment for EOC, 1500 sq ft (25%)	97.25
				Line Amount Total	419.00
91745	01/20/23	V00046	Sprint Waste Services	471.24	
	126055	123596		Contract Services	471.24
				Line Amount Total	471.24
91746	01/20/23	V00085	Moffatt & Nichol	25,789.10	
	126058	117346		Construction in Progress	25,789.10
	126058	117346		Velasco Terminal Ro/Ro Ramp @ Berth8	
	126058	117346		Board Approved 3/25/2021	
				Line Amount Total	25,789.10

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Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
91747 01/20/23	V00106	Freese & Nichols		15,583.63	
126053	120785		Professional Services for the		15,583.63
126053	120785		Parcel 14 Rail Expansion project		
126053	120785		Project No. 22-03		
126053	120785		Board Approved 3/10/2022		
			Line Amount Total		15,583.63
91748 01/20/23	V00119	JH Sanchez Holding Company		12,990.00	
126052	120825		Janitorial Services February 2022 - March 2023		
126052	120825		M&R Bldgs-Admin Bldg 1100 Cherry St		
126052	120825		M&R Bldgs-Admin Bldg 1100 Cherry St		2,723.00
126052	120825		M&R Bldgs-Security Bldg		
126052	120825		M&R Bldgs-Security Bldg		
126052	120825		M&R Bldgs-Operations Bldg		
126052	120825		M&R Bldgs-Operations Bldg		
126052	120825		M&R Bldgs-Operations Bldg		541.36
126052	120825		M&R Bldgs-Operations Bldg		348.09
126052	120825		M&R Bldgs-Buildings VT Berth 7		1,150.60
126052	120825		M&R Bldgs-Buildings VT Berth 7		
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Bldgs-Maintenance Bldg		110.00
126052	120825		M&R Bldgs-Security Bldg		1,530.45
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Bldgs-Buildings VT Berth 7		
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Bldgs-Buildings VT Berth 7		
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Transit Shed-T.S. 3		
126052	120825		M&R Bldgs-Buildings VT Berth 7		
126052	120825		M&R Bldgs-Buildings VT Berth 7		
126052	120825		3rd Year of 3 Year Contract Feb 2022 - Jan 2023		
126052	120825		Board Approved 1/23/2020		
126054	120825		Janitorial Services February 2022 - March 2023		
126054	120825		M&R Bldgs-Admin Bldg 1100 Cherry St		
126054	120825		M&R Bldgs-Admin Bldg 1100 Cherry St		
126054	120825		M&R Bldgs-Admin Bldg 1100 Cherry St		2,723.00
126054	120825		M&R Bldgs-Security Bldg		
126054	120825		M&R Bldgs-Security Bldg		1,530.45
126054	120825		M&R Bldgs-Security Bldg		
126054	120825		M&R Bldgs-Operations Bldg		
126054	120825		M&R Bldgs-Operations Bldg		
126054	120825		M&R Bldgs-Operations Bldg		889.45
126054	120825		M&R Bldgs-Operations Bldg		
126054	120825		M&R Bldgs-Operations Bldg		
126054	120825		M&R Bldgs-Buildings VT Berth 7		1,150.60
126054	120825		M&R Bldgs-Buildings VT Berth 7		
126054	120825		M&R Transit Shed-T.S. 3		
126054	120825		M&R Bldgs-Maintenance Bldg		
126054	120825		M&R Bldgs-Maintenance Bldg		110.00
126054	120825		M&R Bldgs-Security Bldg		
126054	120825		M&R Transit Shed-T.S. 3		
126054	120825		M&R Transit Shed-T.S. 3		

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FREEPORTMARY

Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
	Invoice No.	PO No.	GL Account Name	Line Description	Line Amount
	126054	120825		M&R Bldgs-Buildings VT Berth 7	
	126054	120825		M&R Transit Shed-T.S. 3	91.50
	126054	120825		M&R Transit Shed-T.S. 3	
	126054	120825		M&R Bldgs-Buildings VT Berth 7	
	126054	120825		M&R Transit Shed-T.S. 3	
	126054	120825		M&R Transit Shed-T.S. 3	
	126054	120825		M&R Transit Shed-T.S. 3	
	126054	120825		M&R Bldgs-Buildings VT Berth 7	
	126054	120825		M&R Bldgs-Buildings VT Berth 7	
	126054	120825		3rd Year of 3 Year Contract Feb 2022 - Jan 2023	
	126054	120825		Board Approved 1/23/2020	
				Line Amount Total	12,990.00
91749	01/20/23	V00181	Canon Solutions America, Inc.	199.59	
	126056	123595		Maint & Repair - Office Equipment	199.59
				Line Amount Total	199.59
91750	01/20/23	V00682	SHI Government Solutions Inc.	3,930.00	
	126059	122229		Moxa EDS-P510A-8PoE-2GTXSFP-T Switch	3,250.00
	126059	122229		Moxa NDR-240-48 PSU	
	126059	122229		Moxa SFP-1GLXLC-T SM SFP	294.00
	126059	122229		Moxa SFP-1GSXLC-T MM SFP	386.00
	126059	122229		Moxa Switches for TS3 & WHSE52	
	126059	122229		Quotation# 22386709	
				Line Amount Total	3,930.00
91751	01/20/23	V00107	HDR, Inc	65,000.00	
	126057	114861		FHIP Reach 1	65,000.00
	126057	114861		FHIP - Reach 4	
	126057	114861		Professional Services for the FHCIP Reach 1 & 4	
	126057	114861		Project No. 20-06	
	126057	114861		Board Approved 6/25/2020	
	126057	114861		2019 GO Bond	
	126057	114861		Other Accounts Payable (JE)	
				Line Amount Total	65,000.00
91752	01/26/23	V00001	Norma Cheline	1,300.00	
	126076	122825		Renewal of Storage Building Lease	1,300.00
	126076	122825		January 1, 2023 to December 31, 2023	
				Line Amount Total	1,300.00
91753	01/26/23	V00007	Office Universe, Inc.	649.08	
	126074	123598		Office Supplies	83.25
	126074	123598		Office Supplies	41.62
	126074	123598		Office Supplies	10.41
	126074	123598		Office Supplies	41.62
	126074	123598		Office Supplies	41.62
	126075	123597		Office Supplies	164.02
	126075	123597		Office Supplies	82.01
	126075	123597		Office Supplies	20.50
	126075	123597		Office Supplies	82.01
	126075	123597		Office Supplies	82.02
				Line Amount Total	649.08
91754	01/26/23	V00010	Specialties Company	152.51	
	126083	123603		M&R TOE-Street Sweeper	106.08

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
126084		123599	M&R Bldgs-Maintenance Bldg	46.43	
			Line Amount Total	152.51	
91755	01/26/23	V00011	Gulftex Vending	127.72	
126071		123602	Office Supplies	127.72	
			Line Amount Total	127.72	
91756	01/26/23	V00013	Mary Campus	11.38	
126073		123620	Automobile Expense	11.38	
			Line Amount Total	11.38	
91757	01/26/23	V00044	Ready Refresh	376.66	
126081		123611	Office Supplies	31.78	
126081		123611	Office Supplies	15.89	
126081		123611	Office Supplies	3.97	
126081		123611	Office Supplies	15.89	
126081		123611	Office Supplies	293.24	
126081		123611	Office Supplies	15.89	
			Line Amount Total	376.66	
91758	01/26/23	V00053	Shred it Houston	203.56	
126082		123600	Office Supplies	39.73	
126082		123600	Office Supplies	19.86	
126082		123600	Office Supplies	79.44	
126082		123600	Office Supplies	4.96	
126082		123600	Office Supplies	19.86	
126082		123600	Office Supplies	4.96	
126082		123600	Office Supplies	4.96	
126082		123600	Office Supplies	9.93	
126082		123600	Office Supplies	19.86	
			Line Amount Total	203.56	
91759	01/26/23	V00060	Sun Coast Resources	1,874.74	
126088		123437	Fuel/Oil	1,874.74	
126088		123437	600 gallons of unleaded fuel for tank		
			Line Amount Total	1,874.74	
91760	01/26/23	V00062	AT&T Mobility	450.52	
126091		123629	Telephone	108.92	
126091		123629	Telephone	210.06	
126091		123629	Telephone	88.93	
126091		123629	Telephone	42.61	
			Line Amount Total	450.52	
91761	01/26/23	V00067	Quill Corporation	120.58	
126080		123607	Office Supplies	36.12	
126080		123607	Office Supplies	18.06	
126080		123607	Office Supplies	13.99	
126080		123607	Office Supplies	4.52	
126080		123607	Office Supplies	18.06	
126080		123607	Office Supplies	18.06	
126080		123607	Office Supplies	11.77	
			Line Amount Total	120.58	
91762	01/26/23	V00075	Vicki L. Smith	150.00	
126093		123630	Flexible Spending Emp Reimbursement	150.00	
			Line Amount Total	150.00	

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
	Invoice No.	PO No.	GL Account Name	Line Description	Line Amount
91763	01/26/23	V00098	Suburban Propane	145.02	
	126085	123606		Fuel/Oil	145.02
				Line Amount Total	145.02
91764	01/26/23	V00100	LJA Engineering Inc.	597.78	
	126099	111718		Construction In Progress-Area 3	597.78
	126099	111718		Construction in Progress-Area-3+	
	126099	111718		Construction in Progress-Area-3+	
	126099	111718		Construction in Progress-Area-3+	
	126099	111718		Construction in Progress-Area-3+	
	126099	111718		Construction in Progress-Area-3+	
	126099	111718		Construction In Progress-Area 4	
	126099	111718		Construction In Progress-Area 5 Phase II	
	126099	111718		Construction in Progress-Area 4	
	126099	111718		Balance carried over from PO# 10615	
	126099	111718		Board Approved 11/14/13	
				Line Amount Total	597.78
91765	01/26/23	V00121	Holly Soria	125.00	
	126072	123604		Flexible Spending Emp Reimbursement	125.00
				Line Amount Total	125.00
91766	01/26/23	V00141	Vernor Material & Equipment	1,662.88	
	126086	123609		M&R Terminal Facilities-Other	843.35
	126087	123608		M&R Terminal Facilities-Other	819.53
				Line Amount Total	1,662.88
91767	01/26/23	V00147	Greater Angleton Chamber of Commerce	700.00	
	126070	123605		Community Events	700.00
				Line Amount Total	700.00
91768	01/26/23	V00168	Junior Achievement of Brazoria County, Inc.	250.00	
	126092	123621		Community Events	250.00
				Line Amount Total	250.00
91769	01/26/23	V00189	Energia Resources, Inc.	148.00	
	126068	123601		M&R Rail-Other	148.00
				Line Amount Total	148.00
91770	01/26/23	V00193	Grainger	92.96	
	126069	123610		M&R TOE-Gantry Crane	46.48
	126069	123610		M&R TOE-Gantry Crane	46.48
				Line Amount Total	92.96
91771	01/26/23	V00286	Brazoria Heritage Foundation	200.00	
	126094	123622		Community Events	200.00
				Line Amount Total	200.00
91772	01/26/23	V00364	Brazosport Plumbing & Heating	5,448.12	
	126066	123619		M&R Bldgs-Gate 4	432.65
	126066	123619		Freeze repair	
	126067	123612		M&R Leased Facilities-Vulcan	692.49
	126067	123612		Freeze Repairs	
	126077	123613		M&R Warehouse-Warehouse 51	2,425.67
	126077	123613		Emergency repairs / Freeze	
	126097	123618		M&R Bldgs-Security Bldg	1,897.31

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description		Line Amount
126097	123618		Emergency Repairs/Backup Generator EOC gas leak		
			Line Amount Total		5,448.12
91773	01/26/23	V00392	United Way of Brazoria County	2,720.00	
126090	123617		United Way Payable		2,720.00
			Line Amount Total		2,720.00
91774	01/26/23	V00479	Greater Houston Port Bureau	1,000.00	
126065	123624		Dues & Memberships & Licenses		1,000.00
			Line Amount Total		1,000.00
91775	01/26/23	V00593	McAllen Signal and Boring , LLC	500.00	
126079	122863		M&R Rail-Other		500.00
126079	122863		Monthly Rail Crossing Inspection		
126079	122863		October 2022 - September 2023		
			Line Amount Total		500.00
91776	01/26/23	V00910	LJA Infrastructure, Inc.	3,585,320.61	
126101	122864		Construction in Progress		3,774,021.70
126101	122864		Furnish: Labor, Materials, Equipment, & Insurance		
126101	122864		for the Parcel 14 Rail Expansion		
126101	122864		Project 22-03		
126101	122864		Board Approved: 10/27/22		
126101	122864		Retainage Payable		-188,701.09
			Line Amount Total		3,585,320.61
91777	01/26/23	V00917	Precision Fluid Power, Inc.	6,165.00	
126098	123331		M&R TOE-Gantry Crane		3,082.50
126098	123331		M&R TOE-Gantry Crane		
126098	123331		Emergency Repair Spreader Crane 1 & 2		
126100	123331		M&R TOE-Gantry Crane		
126100	123331		M&R TOE-Gantry Crane		3,082.50
126100	123331		Emergency Repair Spreader Crane 1 & 2		
			Line Amount Total		6,165.00
91778	01/26/23	V00923	Pointer Smith Contracting Corporation	26,151.50	
126089	123614		M&R Rail- Riviana Lead Track		20,299.00
126089	123614		Emergency Rpr/Rail derailment @crossing on Port		
126089	123614		Road Riviana Track		
126095	123616		M&R Rail-Other		975.00
126095	123616		Track Inspections		
126096	123615		Other		4,877.50
126096	123615		Rebill Emergency repairs Terminal Facilities		
			Line Amount Total		26,151.50
91779	01/26/23	V00924	Coastal Transmission Service	3,600.00	
126060	123590		M&R Vehicles-Chevy Tahoe		3,600.00
126060	123590		Rebuild transmission including remove/replace 2015		
126060	123590		Chevrolet Tahoe Security Vehicle		
126060	123590		#4020. Upgraded 24/24 warranty		
126060	123590		included		
			Line Amount Total		3,600.00
91780	01/26/23	V00159	Principal Life Insurance-PLIC-SBD Grand Island	1,478.68	
126061	123625		Group Life Insurance		347.11
126061	123625		Group Life Insurance		168.43
126061	123625		Group Life Insurance		439.89

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Check No.	Check Date	Vendor No.	Vendor Name	Check Amount	
Invoice No.	PO No.	GL Account Name	Line Description	Line Amount	
126061	123625		Group Life Insurance	121.36	
126061	123625		Group Life Insurance	60.78	
126061	123625		Group Life Insurance	35.52	
126061	123625		Group Life Insurance	117.70	
126061	123625		Group Life Insurance	59.06	
126061	123625		Group Life Insurance	128.83	
			Line Amount Total	1,478.68	
91781	01/26/23	V00159	Principal Life Insurance-PLIC-SBD Grand Island	2,579.26	
126062	123626		Group Dental Insurance	374.64	
126062	123626		Group Dental Insurance	268.94	
126062	123626		Group Dental Insurance	807.30	
126062	123626		Group Dental Insurance	151.38	
126062	123626		Group Dental Insurance	27.24	
126062	123626		Group Dental Insurance	52.70	
126062	123626		Group Dental Insurance	178.42	
126062	123626		Group Dental Insurance	168.34	
126062	123626		Group Dental Insurance	-30.38	
126062	123626		Group Dental Insurance	163.84	
126062	123626		Group Vision Insurance	70.65	
126062	123626		Group Vision Insurance	51.57	
126062	123626		Group Vision Insurance	149.12	
126062	123626		Group Vision Insurance	32.49	
126062	123626		Group Vision Insurance	6.06	
126062	123626		Group Vision Insurance	12.08	
126062	123626		Group Vision Insurance	38.06	
126062	123626		Group Vision Insurance	32.10	
126062	123626		Group Vision Insurance	-7.39	
126062	123626		Group Vision Insurance	32.10	
			Line Amount Total	2,579.26	
91782	01/26/23	V00250	Lincoln National Life Insurance Company	2,798.18	
126063	123628		Group STD Insurance	249.90	
126063	123628		Group LTD Insurance	229.18	
126063	123628		Group STD Insurance	177.97	
126063	123628		Group LTD Insurance	151.20	
126063	123628		Group STD Insurance	581.74	
126063	123628		Group LTD Insurance	392.82	
126063	123628		Group LTD Insurance	105.83	
126063	123628		Group LTD Insurance	116.79	
126063	123628		Group STD Insurance	51.60	
126063	123628		Group LTD Insurance	50.97	
126063	123628		Group STD Insurance	49.23	
126063	123628		Group LTD Insurance	29.76	
126063	123628		Group STD Insurance	135.04	
126063	123628		Group LTD Insurance	98.31	
126063	123628		Group STD Insurance	80.54	
126063	123628		Group LTD Insurance	48.71	
126063	123628		Group STD Insurance	140.61	
126063	123628		Group LTD Insurance	107.98	
			Line Amount Total	2,798.18	
91783	01/26/23	V00250	Lincoln National Life Insurance Company	1,328.94	
126064	123627		Retirement Expense	309.41	
126064	123627		Retirement Expense	139.50	

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Check No.	Check Date	Vendor No.	Vendor Name		Check Amount	
	Invoice No.	PO No.	GL Account Name	Line Description		Line Amount
	126064	123627		Retirement Expense		532.78
	126064	123627		Retirement Expense		86.81
	126064	123627		Retirement Expense		74.20
	126064	123627		Retirement Expense		90.89
	126064	123627		Retirement Expense		58.25
	126064	123627		Retirement Expense		37.10
				Line Amount Total		1,328.94
			Texas Gulf Bank Accounts Payable		4,273,084.44	

C. INSIGHT TO ACTIVITY FOR FEBRUARY 2023

- * LNG has scheduled (**7**) vessels.
- * Riviana Foods has scheduled (**0**) vessel.
- * Vulcan Material has scheduled (**0**) vessels and (**188**) Railcars for February.
- * Expecting to handle (**7**) RoRo vessels.
- * Tenaris has (**3**) vessels, (**15**) barges and (**0**) Railcars planned.
- * Expecting (**8**) Container vessels.

D. OPERATIONAL MEETINGS AND AGENDAS

- * OPTS, Safety, Security –Safety – Christine Lewis- Planning to attend the BCPC (Brazoria County Petrochemical Council) technology in safety forum.
- * Security – Chris Hogan – Hosted a training course designed to give practical information to local responders related to maritime.
- * Austin – Attended the “Veterans Resource Career Fair” held at the Lake Jackson Civic Center.
- * Jesse-Austin-Al – Met with Local 30 ILA President to review gantry crane operator training.
- * OPTS, Safety, Security – Working closely with “Oceanus” to get their new liner service operational.
- * Hannah- Tracking the next LNG vessels to call Freeport.
- * Al-Jesse-Austin-Ops Staff-Maint Staff – Working to prepare Port facilities to handle recent drastic changes to weather.

Stevedore 2023 New Application

Stevedore Company	New Application	\$2,976.75 ACH	Safety Contact Info	General Liability 1,000,000 per occ / 2,000,000 agg. Limit / ded 25,000 or less Additional Insured and Sub. Waiver	Auto Liability owned, non- owned and hired 1,000,000 Additional Insured and Sub. Waiver	Employers Liability no less 1,000,000 Sub. Waiver	Stevedore's Legal Liability no less 1,000,000 Additional Insured and Sub. Waiver	Umbrella or Excess Liability 5,000,000 per occ. Additional Insured and Sub. Waiver	USL & H Sub. Waiver	Drug and Alcohol Program	Safety Plan or Policy	TRIR	OSHA 300 Log	Lost time Injuries Port Freeport	Lost time Injuries Corporate	Cancellation Notice
APS Stevedoring, LLC Michael.DeMeo@apsstevedoring.com Michael DeMeo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	5.41	✓	0	13	✓

RFP Summary

RFP BID OPENING DETAILS					
Port Representatives	Chris Hogan	Randi Northup			
Companies Represented	AVI SPL				
Bid Opening Start Time on 8-31-21	15:01				

QUOTE SUMMARY				
Ref	Description	AVI SPL	DataVox	BCOS Office Technologies
1	Command Center & Situation Room Option A	\$103,512.53	\$102,598.54	No Proposal Firm Stopped Doing Installs
2	Command Center & Situation Room Option B	No Submission	\$98,815.31	
3	Command Center Only Option A	\$69,802.84	\$69,712.67	
4	Command Center Only Option B	No Submission	\$68,762.96	
Meets Mandatory Requirements		YES	NO	No Proposal Submitted

MATRIX SCORE RESULTS			
Category	Weight	AVI SPL	DataVox
Cost of Service (Percent above Lowest Bid)	50%	9	10
AV Experience	15%	10	10
AV Certifications	15%	10	10
Safety Rating (2022)	10%	9	9
Reputation/Past Performance	10%	8	10
TOTALS	100%	9.20	9.90

Audio Visual Proposal

for

Port Freeport

AV Project for EOC Command Center (Option B)

DVXA-14011

Revision : 4

Last Modified : 2/8/2023

Note: This proposal is valid until 3/10/2023

Account Manager

Casey Bryant

System Design

Matthew Ferguson, CTS-D, CTS-I



6650 W. Sam Houston Pkwy S. | Houston, TX 77072 | 713-881-5300

5215 North O'Connor Blvd 11th Floor | Irving, TX 75039 | 817-288-2700

Since 1988, thousands of businesses have counted on DataVox to be their trusted advanced technology partner. With DataVox, your organization can enjoy the convenience of working with a single company to design, implement and maintain all aspects of their technology needs. From audio visual, to data center, cloud, network technology, network cabling, phone systems and physical security solutions. Our award-winning customer service team is here to assist your organization 24 hours a day, 7 days a week.



Our Mission Statement

"Customer Success Drives Us"

This statement drives our everyday decisions. We pride ourselves on providing highly skilled and diverse professionals with expert knowledge across multiple technologies to bring the most innovative solutions to our clients.

We develop comprehensive strategies to deliver successful business outcomes using our customer-first approach. Our mission is to positively impact our employees, customers, and community.

Our work contributes to the prosperity of organizations by promoting innovation through technology, mitigating risk, and providing critical infrastructure for essential services.

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SCOPE OF WORK

This section describes the standard Audio Visual services that DataVox will provide the Customer. The services are described by typical location or room.

Scope of Work

DataVox will provide a detailed scope of work upon final revision.

Stored Materials

DataVox shall bill Customer for one hundred percent (100%) of all materials and equipment not incorporated into the work but delivered and suitably stored on- or offsite, and if applicable, a reasonable storage fee, as described in a SOW. Payment for such materials and equipment shall be made in accordance with the payment terms described herein. If requested, DataVox will provide:

- Bill of Sale identifying the materials and equipment as the property of Customer
- Evidence that all materials and equipment are insured for loss of any kind either at the stored location
- Certificate of insurance; and
- Photographic evidence of the stored materials and equipment.

Equipment Lead Times

Upon execution of an SOW, DataVox will communicate lead times on material and equipment delivery. These lead times are outside of DataVox's control and may impact project schedule and postpone project completion. Such lead times are provided by manufacturers and are subject to change based on product availability. DataVox may replace current product specifications with products of equal or greater functionality to meet Customer's project schedule. The SOW will be revised as appropriate to account for any change in the price quoted in the SOW. If Customer declines to utilize substitute product(s), it shall accept the current lead times provided by DataVox.

Training

DataVox will provide one hands-on training session as coordinated with the Customer. All users of the system should be present at this training session to learn basic operation and light maintenance. Additional training sessions are available upon request at additional charge.

Out of Scope Services

The following services are outside the scope of work:

- All conduits, such as high voltage wiring panels, breakers, relays boxes, and receptacles
- Any related electrical work, including but not limited to 110VAC, conduit, core drilling, raceway and boxes
- Concrete saw cutting and core drilling
- Firewall, ceiling, roof and floor penetration patching, removal or fire stopping
- Any audio visual consulting services to configure existing audio visual devices outside the audio visual devices provided within this SOW and the Audio Visual Proposal.
- Necessary sheet rock replacement and repair
- Necessary ceiling tile or T-bar modifications, replacement and repair
- Any and all millwork (for example, molding and trim). All millwork or modifications to project millwork to accommodate equipment
- Permits (unless specifically provided for in this SOW.)

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- HVAC and plumbing relocation
- Rough-in, bracing, framing, or finish trim carpentry for installation
- Cutting, structural welding, or reinforcement of structural steel members required for support of assemblies, if required
- Any applicable taxes, permits, or bonds related to the project
- Unless specified in this SOW, the warranty provisions in this contract do not cover owner furnished equipment. Additionally, owner furnished equipment will not be controlled unless specifically stated in this SOW

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BASELINE RESPONSIBILITIES

DataVox Responsibilities

This section lists DataVox's responsibilities for this Audio Visual proposal.

- **Building Codes:** Install all equipment according to manufacturers' specifications, national and local building codes and regulations, and will be in conformity with good engineering practices as outlined by the international Communications Industries Association (ICIA) and best practices as outlined by AVIXA.
- **ADA:** All equipment will be installed with provisions for the safety of the operator in accordance with the Americans with Disability Act (ADA) guidelines.
- **Dress Code:** All DataVox staff will dress in a professional manner displaying the DataVox logo. All DataVox staff will wear required Personal Protection Equipment (PPE). They will conduct themselves in a professional, courteous and respectful manner to all others present.
- **Work Environment:** DataVox will maintain a clean working environment, storing tools and equipment when not in use and discarding refuse as often as reasonably possible. While DataVox cannot take responsibility for furniture or Customer furnished equipment in the workspace, DataVox will take reasonable precautions to protect all Customer furnished equipment, floors, walls, ceiling tiles, windows and window coverings, and furniture and other surfaces from damage, staining or unreasonable breakage while on site.
- **Electrical and Radio Interference:** DataVox will notify the Customer of any hum, distortion, and RF Interference caused by the local RF environment, building structure, electrical systems, telecommunications systems, wireless RF systems which are beyond the control of DataVox, and will advise the Customer of possible remedies.
- **Supervision:** DataVox will appoint a Project Manager (PM) and/or Lead Technician (LT) to oversee the installation. During system implementation, please direct all communications through this designated contact. PM or LT will coordinate with other trades to facilitate and expedite project progress. DataVox will inform the Customer of any interference or potential delays which could impede implementation of the AV system, thereby helping to avoid any additional charges.
- **Change Orders:** DataVox will provide written documentation of any Change Orders (CO) for work requested by the Customer which deviates from the original, approved Proposal and Scope of Works. CO's will be billed at our published labor rates plus materials, shipping, handling, restocking and other charges imposed by suppliers.
- **Coordination Meetings:** DataVox recommends weekly coordination meetings between the Customer, DataVox and all other trades in which we will report to the Customer the status of the project. Any identified foreseeable restrictions or insurmountable issues outside our control that could impact the overall project schedule will be reviewed with the Customer.

Acknowledged and Accepted

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Customer Responsibilities

This section lists the Customer responsibilities for this Audio Visual proposal.

- **Safe Work Environment:** Provide DataVox staff, contractors and others working on-site a safe working environment. DataVox reserves the right to refuse to work or install any equipment in an area where, at the sole discretion of DataVox, the safety of those involved is of concern.
- **Access to worksite:** provide access to the worksite, and all work will typically take place between the hours of 07:00 and 17:00 Monday through Friday, except on public holidays, unless specified otherwise in the DataVox Proposal. Work completed at any other time will be billed at OT rates published in **Change Order Labor Rates**. For the safety of all concerned, it is requested that the work area be free and clear, for example, of other trades, clients of the Customer, and employees during the installation period.
- **Ingress/Egress from Loading Dock to Work Site:** ensure unobstructed access to the loading/unloading dock and between the dock and the worksite so that the loading/unloading of large objects such as racks, screens, and large flat panels is safe and unencumbered.
- **Secure Storage:** provide a secure, climate controlled area on-site to store equipment during the installation period. Delivery of goods,

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supplies and equipment to this on-site storage location, or equipment that has been installed in its designated location will be considered as 'Delivered' for billing purposes and will be invoiced accordingly. Responsibility for the equipment passes to the Customer immediately upon installation or delivery to the on-site storage. Any loss due to vandalism, theft, burglary, fire, water ingress, or any other means outside the direct control of DataVox shall be replaced at the Customer's expense.

- **Uninterrupted Work Flow:** avail DataVox of continuous, uninterrupted workflow in the environment in which the AV system will be installed. Delays in work caused by interference of other trades, inability to access the work space during the stated hours, inability to access equipment stored on site, or other reasons caused by the Customer will be charged at rates published in **Change Order Labor Rates**. If DataVox crew arrives to work on-site at the appointed time and work cannot proceed due to dangerous conditions, inability to access the site, lack of power, interference by others which are within direct, reasonable control of the Customer, it will result in a half day charge for the crew.
- **Electrical:** all installation, termination and connection of any high voltage services (greater than or equal to 70VAC). It is strongly recommended that all AV system components shall be connected to Technical Power - using the same phase of building power to all AV system points.
- **Subscription-Based Services:** any services such as Cable TV, Satellite, ISDN, High-speed internet or other network services to be provided by others. Any such services are to be delivered to the desired location and appropriately terminated as coordinated with DataVox.
- **Floor Penetrations/Coverings:** any floor coring, installation of floor box, poke-thru wire path, or other devices which require modification of the floor surface or floor covering required for the cable path. Any carpet work such as cutting, repairing or vulcanizing or re-bonding due to the use of under-the-carpet AVTrac or similar cabling system.
- **Wall Structure:** any demolition, painting, or structural modification work to be provided by the Customer unless otherwise specifically noted in DataVox proposal. All wall-mounted displays 65" or above, all interactive displays and all displays with an articulating mount will require blocking and/or suitable backing as coordinated with DataVox.
- **Wall Finish & Ceiling Tile/Ceiling Grid work:** repair and/or finish-out of any wall covering, wall finishing, painting, sealing, masonry work, etc., and any modifications to ceiling tiles or ceiling grids required as a result of installation of projector screens, lifts, speakers, cameras, mounts, etc. unless specifically provided for in the DataVox proposal.
- **Cabling Paths:** all provided cabling paths and raceways will be accessible, clear, dry and unobstructed. They shall be sized as recommended by NEC and AVIXA.
- **Vibration Dampening:** isolation of any unwanted vibration of building, building structure, floors, ceilings, walls or any other surface to which AV equipment is to be mounted. All mounting surfaces must be free of vibration, whether caused by pedestrian traffic, HVAC system components, Mechanical or Electrical System components or any other cause.
- **Furniture Modifications:** provide all modifications necessary to table tops, credenzas, cabinets and other furniture to accommodate the specified AV equipment, unless specified otherwise in our proposal. All existing OFE furniture shall have sufficient space and cooling capacity to accommodate all new AV system components. Any modifications to any of the above services required by the proposed AV system will be clearly enumerated by DataVox upon acceptance of the final proposal by the Customer. Delays in providing the above services beyond the projected start date will commensurately delay the contracted project completion date, and may incur additional charges at the rates published in **Change Order Labor Rates**.
- **Lights and Lighting Control Systems:** All integrated lights and lighting control systems provided by others must be able to accommodate third party control connections and protocols.
- **Drape and Shade Controls Systems:** All integrated drape and shade controls systems provided by other must be able to accommodate third party control connections and protocols.

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LOCATION SUMMARY

* Location Pricing Excludes all Optional and Alternate Components

Location	Price
Port Freeport: Command Center	\$62,774.25
General	\$5,988.71
Total Price (Excludes Sales Tax):	\$68,762.96

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BILL OF MATERIALS

Port Freeport: Command Center		Equipment	Labor
Displays & Mounts			
1	DataVox DECOMMISSIONING Labor To Un-Install Existing Owner Furnished Equipment Note: The Customer is responsible for transportation, storage, and/or disposal of all decommissioned equipment.	\$0.00	\$759.00
1	DELL OptiPlex 3280 All-in-One OptiPlex 3280 All In One - 10th Gen Intel® Core™ i5-10500T	\$751.76	\$189.75
1	Ergotron 33-387-085 Neo-Flex Touchscreen Stand for Up to 27", Black	\$151.76	\$94.88
2	Newline EPR7A065NT-000 65" 650NT 4K LED Display (No Touch)	\$2,374.12	\$1,138.50
300	Belden 2413 D15U1000 CAT6+ (350 MHz), 4-Pair, U/UTP-Unshielded, Plenum-CMP, Premise Horizontal Cable - Blue	\$102.00	\$569.26
2	Chief LTM1U Large Fusion Micro-Adjustable Tilt Wall Mount	\$515.02	\$379.50
1	Newline TT-8621Q 860Q 4K LED 4K Multi-Touch Display w/ USB Type-C	\$5,057.65	\$1,518.00
150	Belden 2413 D15U1000 CAT6+ (350 MHz), 4-Pair, U/UTP-Unshielded, Plenum-CMP, Premise Horizontal Cable - Blue	\$51.00	\$284.63
1	Newline TRUTOUCH WallMount TRUTOUCH 650/700/750/800/860/X5/X7 Wall Mount	\$198.82	\$189.75
Displays & Mounts			\$14,325.40
Audio - Microphones			
2	Shure MXW1/O=-Z10 Hybrid Bodypack Transmitter with Integrated Omni-Directional Microphone	\$1,028.24	\$189.76
4	Shure MXW6/O=-Z10 Boundary Wireless Microphone Transmitter, Omnidirectional	\$2,329.40	\$379.52
1	Shure MXWAPT8=-Z10 8-Channel Access Point Transceiver	\$3,137.65	\$189.75
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$4.95	\$23.72
1	Shure MXWNCS8 Networked charging station - 8 port	\$1,635.29	\$47.44
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$4.95	\$23.72
Audio - Microphones			\$8,994.39

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Audio Components

1	Shure P300-IMX IntelliMix Dante Audio Conferencing Processor - 8 Channels Of Acoustic Echo Cancellation, Noise Reduction And Automatic Gain Control	\$1,523.53	\$379.50
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$4.95	\$23.72
1	C2G 28103 3m USB 2.0 A/B Cable - Black (9.8ft)	\$3.62	\$18.98
1	DataVox PROGRAMMING - DSP Programming & Commissioning of Audio Systems and Digital Signal Processors	\$0.00	\$1,320.00
		Audio Components	\$3,274.30

Video Conferencing

1	Elmo PX-30E Document camera	\$3,481.18	\$189.75
1	Lumens VC-R30B 12x Optical Zoom Full HD IP PTZ Camera USB 3.0 HDMI 3G-SDI IP Stream - Black	\$1,103.53	\$379.50
150	Belden 2413 D15U1000 CAT6+ (350 MHz), 4-Pair, U/UTP-Unshielded, Plenum-CMP, Premise Horizontal Cable - Blue	\$51.00	\$284.63
1	Lumens VC-WM14B Celing, Wall, TV 3-1 Multipurpose Mount - Black	\$112.93	\$189.75
1	Lumens VC-TR1 Full HD Presenter-Tracking Camera	\$2,278.82	\$189.75
300	Belden 2413 D15U1000 CAT6+ (350 MHz), 4-Pair, U/UTP-Unshielded, Plenum-CMP, Premise Horizontal Cable - Blue	\$102.00	\$569.26
1	Lumens VC-WM11 Wall Mount for Box Camera Series, VC-TR1	\$29.41	\$94.88
1	Monoprice 41097 4K HDBaseT Extender Kit, 120m, HDR, 18Gbps, 4K@60Hz, YCbCr 4:4:4, HDCP 2.2, PoC, RS-232, Loop Out and Bidirectional IR	\$352.93	\$189.75
150	Belden 1213F-D15A1000 CAT5e+ (350MHz), 4-Pair, F/UTP-foil Shielded, Plenum-CMP, Premise Horizontal cable, Blue	\$87.00	\$284.63
1	C2G 50182 6Ft Premium High Speed HDMI Cable With Ethernet - 4K 60Hz	\$14.62	\$18.98
1	C2G 50185 12Ft Premium High Speed HDMI Cable With Ethernet - 4K 60Hz	\$21.87	\$18.98
2	Crestron Electronics DM-8G-CONN-WG-1 Connector with wire guide for DM-CBL-8G DigitalMedia 8G cable, Single Unit	\$6.48	\$63.00

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1	Vaddio 999-8250-000 AV Bridge 2X1 - Dual HDMI Inputs, 4x4 Dante Audio Matrix, Simultaneous USB 3.0/HDMI/IP Streaming Outputs	\$2,646.65	\$189.75
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$4.95	\$23.72
1	C2G 54175 3m USB 3.0 A Male to B Male Cable (9.8ft)	\$9.51	\$3.80
		Video Conferencing	\$12,993.01

Video Distribution

1	Extron 60-1604-01 SW4 HD 4K PLUS - Four Input 4K/60 HDMI Switcher	\$435.29	\$189.75
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$4.95	\$23.72
1	Extron DA4 HD 4K PLUS Four Output 4K/60 HDMI Distribution Amplifier	\$752.94	\$189.75
2	Liberty AV HDMI Wallplate, White Single Gang HDMI Wallplate with Pigtail - White	\$75.10	\$189.76
2	C2G 50185 12Ft Premium High Speed HDMI Cable With Ethernet - 4K 60Hz	\$43.74	\$37.96
2	C2G 50630 15Ft Select In Wall High Speed HDMI Cable With Ethernet	\$39.08	\$94.88
3	Monoprice 41097 4K HDBaseT Extender Kit, 120m, HDR, 18Gbps, 4K@60Hz, YCbCr 4:4:4, HDCP 2.2, PoC, RS-232, Loop Out and Bidirectional IR	\$1,058.79	\$569.25
450	Belden 1213F-D15A1000 CAT5e+ (350MHz), 4-Pair, F/UTP-foil Shielded, Plenum-CMP, Premise Horizontal cable, Blue	\$261.00	\$853.89
3	C2G 50182 6Ft Premium High Speed HDMI Cable With Ethernet - 4K 60Hz	\$43.86	\$56.94
3	C2G 50185 12Ft Premium High Speed HDMI Cable With Ethernet - 4K 60Hz	\$65.61	\$56.94
6	Crestron Electronics DM-8G-CONN-WG-1 Connector with wire guide for DM-CBL-8G DigitalMedia 8G cable, Single Unit	\$19.44	\$189.00
		Video Distribution	\$5,251.64

Control Systems

1	Aurora Multimedia RXT-10-B 10" In-Wall Reax Touch Panel Control System With Serial, I/O, And Ethernet Control Ports (Black)	\$1,384.60	\$379.50
1	C2G 27153 10ft Cat6 Snagless Unshielded (UTP) Ethernet Network Patch Cable - Black	\$8.42	\$23.72

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1	DataVox PROGRAMMING - CONTROL Programming & Commissioning of Control System and User Interfaces	\$0.00	\$2,640.00
1	Netgear M4250-26G4F-PoE+ 24 Port 1GB Managed AV Network Switch - POE+	\$1,110.61	\$189.75
Control Systems			\$5,736.60
Technical Furniture			
1	Middle Atlantic L5-TURFR-43LDW L5 Series Turret Frame, 43" Wide, 2 Bays	\$2,317.24	\$759.00
1	DataVox Allowance Allowance for connector panel	\$588.24	\$0.00
1	DataVox RACK DRESSING Labor to Dress Rack Cable, Label, and Redline Drawings	\$0.00	\$759.00
1	Middle Atlantic L5-DCD23 L5 Lectern Document Camera Drawer	\$149.29	\$47.44
1	Middle Atlantic L5KCB2KBV0100253 L5 Lectern - Turret Top Veneer Klasik Style Woodkit in Scarlet Cherry with Bronze Hardware	\$5,627.65	\$379.50
1	Middle Atlantic L5-SD7 L5 Storage Drawer, 7"D	\$103.24	\$94.88
1	Middle Atlantic L5-TASKLIGHT18 L5 Lectern Gooseneck Light	\$212.29	\$47.44
1	SurgeX SX-1115-RT 1RU, 9 Outlet, 15A, with Remote; Advanced Series Mode, COUVS, ICE, EMI/RFI Filter	\$1,018.82	\$94.88
Technical Furniture			\$12,198.91
Total:			\$62,774.25

General		Equipment	Labor
General & Administrative			
1	DataVox CAD SERVICES CAD and Revit Drawings, One-Lines and As-Built Documentation	\$0.00	\$990.00
1	DataVox COMMISSIONING Commissioning Services, Testing and Tuning	\$0.00	\$379.50
1	DataVox DESIGN AV Design and Engineering Services	\$0.00	\$165.00
1	DataVox DVX-MISC-CABL (By Project) Cable Pathway Support, Mounting Hardware, and Consumables	\$1,958.96	\$0.00
1	DataVox PROJECT MANAGEMENT Project Management - Planning, Scheduling, Order Processing, Construction Meetings, and Wrap Up	\$0.00	\$660.00
1	DataVox SHIPPING (By Project) Shipping and Handling Charges	\$1,505.25	\$0.00

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1	DataVox TRAINING User Documentation and Hands-On Training	\$0.00	\$330.00
General & Administrative			\$5,988.71
Total:			\$5,988.71

PROJECT PRICING SUMMARY

Total Installation Price:	\$68,762.96
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Grand Total:	\$68,762.96
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PURCHASE OPTIONS

☐ **Cash Purchase Terms of Payment:**

<i>Billing Milestones</i>		<i>Amount Due</i>
Deposit - Due on Signature	40.00 %	\$27,505.18
Progress Payments (Billed Upon Receipt of Goods & Work Completed)	55.00 %	\$37,819.63
Final Payment - Due on Completion	5.00 %	\$3,438.15
Total Payments (Excluding Sales Tax):		\$68,762.96

Support Options (Select One):

<i>Description (For details see Terms & Conditions Support Agreement Obligations):</i>	<i>Annual Charge</i>
<input type="checkbox"/> Standard Support Agreement (1 Year) (1 year warranty on workmanship, manufacture warranties still apply, all other labor billable after 1 year)	Included
<input type="checkbox"/> 3 Year Extended Support Agreement (Years 2-3) (1st year free, Excludes sales tax, Billed annually, Extended support begins 1 year after first substantial use)	\$4,813.41
<input type="checkbox"/> 5 Year Extended Support Agreement (Years 2-5) (1st year free, Excludes sales tax, Billed annually, Extended support begins 1 year after first substantial use)	\$4,125.78

Acknowledged and Accepted

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ACCEPTANCE OF PROPOSAL

When (but only when) signed by buyer and an authorized representative of DataVox this shall be a binding, legal contract.

The prices, specifications, and conditions in this proposal are satisfactory, and are hereby accepted in their entirety. Buyer hereby agrees to purchase the Equipment and authorizes DataVox to do the work, and provide the materials specified, and payment will be made as outlined above. The price quoted in this Audio Visual Proposal is based upon the Equipment included in this Audio Visual Proposal. Any changes in the Equipment or installation may result in a change in the price. Any such change must be in writing, signed by all parties.

DataVox reserves the right to modify payment terms at any time based on a review of the Customer's credit.

THIS AGREEMENT, WHEN SIGNED BY BOTH PARTIES (BELOW), SHALL BE GOVERNED BY THE TERMS AND CONDITIONS IN THIS AUDIO VISUAL PROPOSAL. THERE ARE NO OTHER AGREEMENTS, OR WARRANTIES, ORAL OR WRITTEN, EXCEPT AS EXPRESSLY STATED IN THIS AUDIO VISUAL PROPOSAL. THIS AGREEMENT CANNOT BE MODIFIED EXCEPT IN WRITING SIGNED BY BOTH PARTIES.

Buyer acknowledges having read and understood all of the terms and conditions printed in this Audio Visual Proposal and acknowledges receipt of a complete executed copy of this Agreement. Buyer understands and agrees that this Audio Visual Proposal and all of the terms and conditions hereof shall be a binding, enforceable contract when signed by Buyer and by an authorized representative of DataVox.

Approval Signatures

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereto have caused this Proposal to be duly executed.

DataVox, Inc.

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

Port Freeport

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

TERMS AND CONDITIONS

In this section, DataVox defines the terms and conditions with customer that shall govern the execution of this Audio Video Proposal.

1. Changes

The Customer may, by written notice to DataVox, make changes within the general scope of this Audio Video Proposal, in any one or more of the following: (a) drawings, designs, or specifications; (b) project schedule, or (c) scope of services.

Should any such changes increase the cost of or the time required for the performance of this Audio Video Proposal, an equitable adjustment may be requested by DataVox in the price, project schedule or both. Every claim must be accompanied by a detailed estimate of charges for materials, services, or both. Nothing contained in this section shall relieve DataVox from proceeding without delay in the performance of the services as changed. Any change to this Audio Video Proposal shall be made by written amendment signed by both parties.

Changes that will impact the scheduling of project resources must be submitted to DataVox at least two (2) weeks prior to the scheduled event. Failure to provide timely notification of a change in schedule that will cause a rescheduling of project resources WILL incur additional charges (For example, if a Customer cancels a scheduled DataVox project activity less than two (2) weeks before the scheduled event, the Customer will be billed at the prevailing rate for the time the DataVox resources were scheduled to perform the activities.)

2. Creation of a Security Interest

Until such a time as Customer had paid the agreed purchase price, DataVox hereby retains and Customer hereby grants a purchase money security interest in the described equipment. In connection therewith, Customer agrees to execute all instruments (including financing statements) deemed necessary by DataVox under applicable law to establish, maintain and continue the perfected purchase money security interest of DataVox in the equipment or otherwise protect its rights in and to said equipment.

3. Limitation and Exclusion of Warranties

All equipment furnished by DataVox comes with the manufacturer's standard warranty. The manufacture warranty period will begin at the date of purchase by DataVox of the equipment. The DataVox warrants that the equipment and installation will be free from original defects in material and workmanship for a period of ninety (90) days from the date of first substantial use. Additional coverage is available beyond ninety (90) days with the purchase of a DataVox Support Agreement (see Section 24 below). Customer acknowledges that DataVox may provide products and services manufactured or provided by others. DataVox makes no independent warranty with respect to such products and services provided by third parties. Customer acknowledges and agrees that DataVox shall have no responsibility or liability for products or services manufactured or provided by any third party. Subject to payment by Customer of all amounts due under this Agreement, DataVox hereby transfers any transferable warranties from the manufacturers of products and services provided under this Agreement. Customer's exclusive remedy under these warranties shall be the repair and replacement by DataVox at the expense of DataVox of non-conforming equipment or parts thereof with reasonably equivalent equipment or parts; unless, however, the equipment or any part thereof is damaged or rendered unserviceable as a result of Customer's negligence, abuse, mishandling, attempting to connect the equipment to direct current, or damaged by lightning or acts of God in any of which case or cases, DataVox shall have no obligations to Customer.

THIS WARRANTY IS THE ONLY WARRANTY GIVEN BY DATAVOX, AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED ARE EXCLUDED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE FACE HEREOF.

Only DataVox may perform service or maintenance on equipment covered by this warranty. IT IS EXPRESSLY AGREED AND UNDERSTOOD THAT THIS WARRANTY WILL BE NULL AND VOID IF ANY PERSON OTHER THAN A DATAVOX EMPLOYEE PERFORMS ANY SERVICE OR MAINTENANCE WORK ON THE EQUIPMENT COVERED BY THIS WARRANTY. In such event, DataVox shall have no further obligation or liability under this warranty.

4. Waiver, Amendment, Notice, Termination

Any waiver of rights hereunder or any amendment or requirement of notice of termination hereof shall not be effective unless made in writing and signed by the party against whom such waiver, amendment, notice or termination is sought to be enforced.

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5. Limitations of Liability

In no event will either party be liable or responsible to the other for any damages beyond direct damages, or any type of incidental, exemplary, special, punitive, indirect or consequential damages, including, but not limited to, lost revenue, lost profits, replacement goods, loss of technology, rights or services, loss of data, or interruption or loss of use of service or equipment, even if advised of the possibility of such damages, whether arising under theory of contract, tort (including negligence), strict liability or otherwise. Further, no cause of action which accrued more than two (2) years prior to the filing of a suit alleging such cause of action may be asserted against DataVox.

6. Virus Protection

Customer agrees and understands it is Customer's responsibility to install and run an antivirus program on all workstations and servers at/or prior to installation. Customer agrees to take whatever steps Customer deems appropriate to ensure there is adequate and up to date virus protection on all workstations and servers. Customer expressly agrees that DataVox, Inc. no liability for the loss of any such data, downtime or other damage caused by a computer virus.

7. Data Back-up

Customer agrees to take whatever steps Customer deems appropriate to ensure there are adequate, up to date back-ups made of all data on any computer, server, hard drive, or other storage device of Customer. In the event of failure, it is expressly understood that DataVox will restore the most recent back-up for systems covered under warranty or maintenance. Any additional programming due to out of date database will not be covered under warranty or maintenance and will be billed on an hourly basis. Customer expressly agrees that DataVox shall have no liability for the loss of any such data, which may occur during or after the installation process, or for any consequential damage resulting from any such loss of data.

8. Tax Obligation

Customer will pay promptly when due all taxes, assessments and other charges levied or assessed by any governments or governmental agency upon the sale of the described equipment. All freight and shipping will be charged FOB Supplier's Dock to Project Site, normal way, and will be added to invoice amount, along with any applicable excise tax, occupation tax or any similar taxes that could be assessed by relevant governing bodies, even if not specifically called out in the Proposal. A Sales Tax of 8.25% will be assessed on all products and services unless Clients' Tax Exempt Certificate is provided.

9. Non-Solicitation of Employees

Customer agrees not to hire or otherwise solicit the employment of any DataVox employee for a period of two (2) years after the date of this Agreement. Customer agrees that the damages to DataVox for any breach of this section will be substantial, but difficult to ascertain. Accordingly, if Customer breaches this agreement, it shall pay to DataVox an amount equal to the annual compensation of the DataVox employee solicited or hired, which amount shall be paid as liquidated damages, as a good faith effort to estimate the fair, reasonable and actual damages to DataVox, and not as a penalty. Nothing in this Agreement shall be construed to prohibit DataVox from pursuing any other available rights or remedies it may have against the employee.

10. Arbitration (This agreement is subject to binding arbitration)

Any dispute between Customer and DataVox, whether arising under this Agreement or otherwise, shall be settled finally, completely and conclusively by arbitration in Houston, Harris County, Texas, in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), by one arbitrator chosen in accordance with the Rules. Arbitration shall be initiated by written demand by the party seeking arbitration. This agreement to arbitrate shall be specifically enforceable in the District Court of Harris County, Texas. A decision of the arbitrator shall be final, conclusive and binding, and judgment may be entered thereon in the District Court of Harris County, Texas, to enforce such decision and the benefits thereof. Any arbitration held in accordance with this paragraph shall be private and confidential and no person shall be entitled to attend the hearings except the arbitrator, you, your attorneys, and any designated representatives of DataVox, Inc. and its attorneys. The matters submitted for arbitration, the hearings and proceedings thereunder and the arbitration award shall be kept and maintained in strictest confidence by Customer and DataVox, Inc. and shall not be discussed, disclosed or communicated to any persons. On request of either party, the record of the proceeding shall be sealed and may not be disclosed except insofar, and only insofar, as may be necessary to enforce the award of the arbitrator and any judgment enforcing such award.

11. Assignment

Customer may not delegate its performance or assign its rights under this Agreement except upon the express written consent of DataVox.

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12. Construction

This writing constitutes the final agreement between the parties and is a complete statement of the terms of the agreement. No course of prior dealings between the parties or trade usage shall be relevant to determine the meaning of this Agreement. This Agreement is entered into and shall be performable in the State of Texas.

13. Attorney's Fees

Customer shall pay to DataVox all attorney's fees, court costs, and all other expense, which may be incurred by DataVox in enforcing, or attempting to enforce, any of its rights under this Agreement, or against any guarantors hereof, or with respect to any matters connected with the subject matter hereof.

14. Severability

This Agreement and all provisions hereof are intended to be severable, and this Agreement shall remain enforceable in the event any provision hereof is declared invalid.

15. Work Hours

DataVox has priced the professional service proposal assuming that all work will be done during normal business hours which DataVox defines as Monday through Friday, 8:00am to 5:00pm, excluding holidays. The go live activity is the only activity in which DataVox will work after business hours. This project milestone activity can be scheduled outside of normal business hours Monday through Friday, excluding holidays. The start time for the go live activity can be scheduled to start no later than 7:00pm. Any request to perform the system go live or any other activity outside of normal business hours is considered outside the scope of work and will result in additional project costs. Scheduling and availability of resources outside of normal business hours is not guaranteed unless the Project Manager/Coordinator has approved it.

16. Travel

The Customer will be billed for time travelled and travel Expenses greater than 70 miles one way from the nearest DataVox facility.

The Customer will be billed for the Time Travelled by each DataVox employee at half the cost of the DataVox billable rate per hour. This includes, for example, time spent on an airplane or driving in a car.

Travel Expenses will be billed back to the Customer as incurred. These expenses will include; airfare (coach), mileage reimbursement, lodging, transportation, parking, and per diem. DataVox adheres to the mileage reimbursement and per diem rates determined by the U.S. General Services Administration (GSA). These rates can be referenced on the GSA website.

17. Return Material Authorization

DataVox has a Return Material Authorization policy that explains product returns. Approval to return defective and non-defective products is at the sole discretion of DataVox. Products that are defective or dead on arrival (DOA) will be repaired, replaced, or credited according to the manufacturer's warranty. Products that are non-defective that are unopened and unused and can be resold as new may be returned subject to a reasonable and customary restocking fee to be determined at the sole discretion of DataVox. Any custom ordered products cannot be returned. Additional detail concerning the DataVox Return Material Authorization policy is available upon request.

18. Currency

Unless otherwise specified, all currency listed in DataVox documentation is in US dollars.

19. Hazardous Material

Customer represents and warrants that the area of work does not contain any "hazardous material" or "hazardous conditions". Hazardous conditions are defined as:

- "Permit confined space," as defined by OSHA
- Risk of infectious disease
- Need for air monitoring, respiratory protection, or other medical risk
- Asbestos, asbestos-containing material or other potentially toxic or otherwise hazardous material contained in or on the surface of the floors, walls, ceilings, insulation, or other structural components of the area of any building.

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AV Project for EOC Command Center (Option B)**DVXA-14011**

DataVox shall not be responsible for the removal or disposal of such hazardous materials. Customer shall be responsible for all injury or loss resulting from the presence of any hazardous material or hazardous condition.

20. Payment Terms

All DataVox invoices to the Customer are due and payable net 30 days from the invoice date. The Customer agrees to pay DataVox interest on all past due amounts at a rate of 1.5% per month (18% per annum). Deposit payments must be received by DataVox before commencement of a project. The payment terms of this contract are subject to change by DataVox at any time based on a review of the customer's credit.

Work performed on a time and material basis shall be billed at the DataVox prevailing rates in effect at the time material, labor, and related items are supplied. Goods received at the DataVox facility for the purpose of configuration and storage, will be billed. DataVox may, at its discretion, progress bill.

21. Pricing Subject to Product Availability

The pricing offered in this proposal is based on the prevailing price and availability of product and other commodities as of the date of this proposal. Customer agrees that the cost and availability of products may change after the date of this proposal. Any rise in price of product, or other commodities, including products made with copper or other commodities shall result in a corresponding dollar-for-dollar increase in the DataVox proposal for this agreement. If the availability of copper or other commodities which are contemplated to be part of the work is reduced after the date of this proposal, DataVox shall have the option of substituting other equivalent products or terminating this agreement.

22. Delay in Shipping and Delivery

If the delivery to DataVox is delayed by a manufacturer or supplier for reasons beyond the control of DataVox, substantial completion deadline will be extended without penalty by at least the duration of the delay.

23. Software Defect Resolution

DataVox shall use its best commercial efforts to troubleshoot software issues that may arise during the project. If a software issue is determined to be a software defect (previously documented or newly discovered), resolution of said issue is expressly outside of the scope of work. Issues of this kind do not constitute a valid reason for non-payment in full.

It is the responsibility of the customer and software manufacturer to resolve the issue. Should the Customer want DataVox to be involved in the process to downgrade, update, upgrade and/or test software releases, the Customer may authorize the out of scope expenses using the standard project change request process.

24. Support Agreement Obligations (Applicable only when a 3 or 5 year support plan is purchased)

DataVox hereby agrees to service and maintain the audiovisual equipment described in the scope of work in accordance with the following provisions:

- Unlimited service support via phone.
- DataVox will respond to a Customer's request during regular business hours (see Section 15 above). DataVox will contact the customer within 24 hours of receipt of a request. At the time of contact, DataVox will assess the problem and initiate repairs of equipment, if applicable.
- DataVox will respond to emergencies involving an equipment outage of all or a substantial part of the installed system via phone within two (2) hours of the Customer's request.
- Free loaner equipment when downtime in excess of 5 business days is expected. (Exact model loaner equipment may not be available)
- DataVox will make bi-annual inspection of the equipment to keep it in good working condition, and at such times to provide normal repair and maintenance service, including labor only.
- Up to 4 hours of annual programming changes to control systems
- Manufacture Warranty Assistance DataVox will provide the labor in a Return Material Authorization (RMA) process. DataVox will work with the manufacturer and Customer to return defective equipment. DataVox will troubleshoot, dismount the equipment (when necessary), and install the replacement equipment. The Customer will be responsible for all shipping charges.
- 10% discount on published labor rates for Moves, Adds, and Changes (MACs).

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AV Project for EOC Command Center (Option B)**DVXA-14011**

This agreement does not cover the replacement of parts. Further, maintenance does not include labor and material cost of additions to, rearrangements, relocation, or removal of equipment.

The Customer understands and agrees that the equipment is very sophisticated and complex, and that DataVox has advised that only qualified personnel be permitted to perform service, maintenance or other work on the equipment. Accordingly, the Customer understands that if persons other than DataVox representatives perform service, maintenance, repair or any other work on the equipment, THE SUPPORT AGREEMENT AND WARRANTY PROVIDED HEREUNDER WILL IMMEDIATELY TERMINATE AND BE OF NO FURTHER EFFECT. Thereafter, if DataVox is requested to perform any service, maintenance, repair or any other work on the equipment, INCLUDING EMERGENCY SERVICES, such services will be furnished at the DataVox applicable rates for time and material and shall be subject to regular scheduling. Further, if the Customer requests service outside the scope of the Maintenance Agreement, such repair or services will be furnished at the DataVox applicable rates for time and material and subject to regular scheduling. In addition, any equipment added to the audiovisual system which is connected to the system network must be purchased and installed by DataVox while under contract. This equipment is then added to the warranty as described in paragraph a: *Payment* below.

In the performance of all of these various services, DataVox shall have, and the Customer hereby grants, full and unrestricted access to the premises on which the equipment is located.

a) Payment

The Customer agrees to pay DataVox the annual charges set forth on the Purchase Proposal, plus applicable taxes and any charges incurred by reason of paragraph 23: *Support Agreement Obligations* above. Charges are due upon receipt of invoice.

If any equipment is added to the audiovisual system subsequent to the date of the installation of the equipment described in the scope of work, a new charge will be computed to take into account the increased cost of servicing and maintaining the equipment added. However, such additional maintenance charge for added equipment will not take effect until the expiration of the warranty period applicable to the equipment.

b) Term, Option to Review

The effective commencement date of the Support Agreement shall be the first day following the expiration of the warranty covering the equipment or date maintenance contract is signed. The Support Agreement shall continue in force for a period agreed upon in the Purchase Proposal. Thereafter DataVox will automatically renew the Support Agreement for an additional one year period during the life of the equipment, or any lease applicable to the equipment, whichever is greater. After the initial agreed upon maintenance term, each party reserves the right to cancel and terminate the Support Agreement by giving sixty (60) day notice thereof to the other.

c) Miscellaneous

In the performance of the Maintenance Agreement, DataVox shall be liable only for the expenses of providing normal repair and maintenance service, but not otherwise for consequential damages, personal injury, or commercial loss. Further, DataVox shall have no liability for any cost, expense, injury, damage or loss, direct or indirect, if the performance of such services is prevented by any event of "force majeure" including, but not limited to, declared government emergencies, civil disturbance, strikes, or other causes beyond the control of DataVox. It is expressly understood and agreed that the term "force majeure" shall include the unavailability or delayed availability of parts, components or services from a manufacturer or other third party unless such unavailability is the sole fault of DataVox. The Support Agreement may not be amended except by written instrument by both parties. The Support Agreement shall bind and benefit both parties hereto including their successors, designers, and assigns.



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

MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

FROM: Nicholas Malambri, P.E. *NM*
Project Engineer

DATE: February 23, 2023

SUBJECT: Parcel 14 Pump Station
Project No. 22-09

Bids were received and opened for the Parcel 14 Pump Station project on February 16, 2023, at 2:00 P.M.

Three contractors submitted a bid as shown in the attached bid tabulation sheet. The contractor that submitted the lowest proposal in addition to meeting all requirements of the specifications is McCarthy Building Companies Inc.

McCarthy Building Companies Inc. is a reputable contractor based in Channelview, Texas.

I recommend the Port move forward with this important project and award the contract to McCarthy Building Companies Inc. for an amount **not to exceed \$1,442,485.00.**

attachment

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

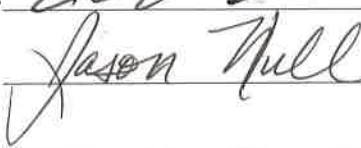


**BID TABULATION SHEET
PARCEL 14 PUMP STATION
PROJECT NO. 23-01
BID OPENING: FEBRUARY 16, 2023, 2:00 P.M.**

Name	Amount	Bond/CC	Qualification Statement	Insurance Certificate	Days
McCarthy Building Companies	\$1,442,485.00	Yes	Yes	Yes	295
Solid Bridge Construction	\$1,525,000.00	Yes	Yes	Yes	240
Principal Plant Services	\$1,687,000.00	Yes	Yes	No	240

Signatures:







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MEMORANDUM

TO: Commissioners
Directors
Legal Counsel

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

DATE: February 15, 2023

SUBJECT: Underwater Inspection of Berths 1, 2, 3, 5 and 7

It is time again for underwater inspections of Docks 1, 2, 3, 5, and 7. I have again selected Moffatt and Nichol and the most qualified firm to perform this inspection based on their demonstrated qualifications.

I have reviewed the scope and fee and find both to be acceptable. I therefore recommend approval of a Professional Services Agreement in the amount of not to exceed **\$78,100.00.**

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



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WWW.PORTFREEPORT.COM

TO: Executive Director/CEO
Port Commissioners
Legal Counsel

FROM: Director of Economic Development and Mobility

DATE: February 15, 2023

SUBJECT: 2023 Port Infrastructure Development Program

On February 08, 2023, the U.S. Department of Transportation's Maritime Administration (MARAD) announced a Notice of Funding Opportunity (NOFO) making available more than \$662 million in Federal Fiscal Year (FY) 2023 funding for MARAD's Port Infrastructure Development Program (PIDP).

In 2022, Port Freeport submitted a PIDP Grant Application for the Velasco Terminal Sustainable Expansion Project with project components 1) Refrigerated Cross Dock, 2) Security Gate 12.

Staff recommends submitting a 2023 application with the same or similar project components. The application must consider the new statutory requirements per the NOFO, and requirements outlined by the administration. The cost estimates for the project components will also have to be updated due to inflation.

Staff requested a proposal from the Goodman Corporation (TGC) to prepare Port Freeport's 2023 PIDP Grant application. The proposal cost is \$25,850.

TGC is familiar with this project and its components and has jointly attended the debrief meetings between Port Freeport and MARAD. Staff recommends proceeding with TGC to prepare the application and seeks the Finance Advisory Committee's support. Staff would like to recommend the agreement with TGC to the Port Commission on February 23, 2023.

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



PROPOSAL
FOR
CRANE PROCUREMENT OVERSIGHT
FOR THE PROCUREMENT OF TWO (2) CONTAINER
HANDLING GANTRY CRANES
FOR
PORT FREEPORT
IN
FREEPORT, TEXAS



FEBRUARY 2023

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Section 1: Understanding of the Work

Paul Bridges and Associates, LLC

FOREWORD:

Paul Bridges & Associates, LLC (“PBA”) proposes to be the Consultant (including Structural, Mechanical and Electrical Support) and Project Management provider to Port Freeport (also stated as “Owner”) in their Procurement of Two (2) STS Cranes from ZPMC. We propose to undertake the following work tasks; however, please note that we can revise our scope to meet the Owner’s needs/requirements:

WORK TASKS:

Task 1: Pre-Tender Process

Over many years of experience and feedback from the legal, operational, and maintenance personnel of operational companies, we have developed commercial and technical documents which allow the Owner to procure equipment fitting its highly specific requirements, in its effort to procure equipment similar in geometry to the existing cranes, but with updates as specified. Before finalization of technical documents, we would hold discussions with the Owner on their technical wants and needs at their terminal. In addition, we understand and have further developed the areas which allow the potential manufacturer enough flexibility to provide a very competitive tender.

We typically provide these documents in an initial draft for Owner’s review and then meet to discuss any questions and comments from the Owner’s team. Afterward, we revise, as necessary, and issue final documents to the manufacturer.

Task 2: Tender Review and Award

We will review the proposal received from ZPMC, prepare a summary, complete with our evaluation of the technical and commercial aspects of the Tender, and assist with technical and commercial discussions and clarifications. We would suggest a meeting with ZPMC to ensure that they understand the specification requirements of the project and clarify/confirm that they intend to use equipment suppliers acceptable to the Owner. Additionally, we recommend a meeting at this stage with the potential drive system supplier to clarify all scope and system issues. We will assist the Owner with the technical and commercial discussions and clarifications.

Following these meetings, and where allowed by applicable laws and based upon the outcome of the Tender meeting, we have found one successful approach is to allow the manufacturer a “best and final” Tender, taking into account the discussions held through the tender review meeting. In many cases, the commercial pressure resulting from the meeting results in further price reductions and/or increased value through premium components and additional features. In addition, as previously noted, we anticipate that this process will ensure that the Owner obtains preferred concepts and suppliers without accepting any design responsibilities.

Once the Award is to be made, we will work with the Owner to make any revisions to the Contract Documents to develop a clean document which is ready for signature that encompasses all commercial and technical requirements and agreements for the project.

Task 3: Design Review

PBA will provide a review of the crane suppliers or manufacturer's structural, mechanical and electrical design calculations and drawings. The objective of our review process is to substantiate that the manufacturer's design and crane configuration is in compliance with the requirements of the Owner's contract documents and specifications and properly addresses all operational, performance, reliability, and maintenance issues thereof. The design review process will also include review of the crane manufacturer's purchased component calculations, technical data sheets and /or certified drawings.

We will prepare written submittal comments, inclusive of the Owner's comments, and issue an official response to the manufacturer on behalf of the Owner. A submittal index will be maintained to accurately record the status of all submittal documents, response dates, corrective action requirements, and re-submittal status.

We recommend a minimum of one (1) design review meeting: an initial electronic kick-off meeting. In our cost proposal, we will include two (2) electronic meetings in the base offering, with an option for in-person meetings in Shanghai (on a per trip basis) to be taken as a replacement if requested. These meetings review the design and clarify submittals in greater detail. While our experience has shown that these meetings are most productive when held at the manufacturer's office, Covid/health travel regulations will often make these type meetings untenable. We are well-versed at this point in conducting design review fully remotely, with two (2) such projects being completed during the 2020-2021 pandemic.

If the option is taken, we will attend the initial kick-off meeting at the crane manufacturer's corporate office, along with the Owner's representative(s) and the manufacturer's engineering and project management groups.

Separately, we will also perform an engineering review of the commissioning and acceptance test and check out manual which will define acceptance testing to be performed at the manufacturer's erection site and final acceptance testing to be performed at the Owner's site prior to hand over of the cranes.

Task 4: Project Management

Our scope of services can include overall project management acting as the primary point of contact between the crane manufacturer and the Owner, responding to all technical issues and correspondence, monitoring overall project progress and schedule, coordinating between the manufacturer and the Owner, responding to inquiries by the manufacturer's engineer and/or the third party on site inspectors, and monitoring compliance to the Owner's contract documents, specifications and project milestone schedule.

Task 5: Third Party Inspection Service

The best and most economical approach that we have found for quality assurance and quality control during manufacturing is to use the services of a local third-party inspection company. The scope of our

services, in cooperation with our PBA International inspectors, will include full time and part time personnel as required to perform inspections at the fabrication facility, review documentation, coordinate with the manufacturer's personnel and prepare inspection reports. The inspection reports will be provided on a bi-weekly basis and will contain description of overall progress, progress and deficiency photos, and non-conformance issues. For this proposal, we base the number of man-months for an estimated cost on a twelve (12) month fabrication period of a lengthened post-Covid delivery schedule often in excess of twenty (20) months. We also include China lodging expenses for the inspectors in our estimate. The following is a list of activities that is typically provided by our inspectors:

- ❖ Assess the manufacturer's compliance with the quality control requirements of the Contract.
- ❖ Conduct visual checks on the quality of materials, which would include structural steel, motors, reducers, hydraulic components, etc.
- ❖ Verify and identify steel material, including witnessing fracture tests on major structural items, as well as review the manufacturer's system for material traceability.
- ❖ Verify welders are qualified and correct welding procedures are followed.
- ❖ Verify material preparation, cutting, fit-up, and welding are in compliance with approved drawings and standards.
- ❖ Monitor and report on progress of fabrication, assembly and erection of the crane.
- ❖ Verify non-destructive testing personnel are qualified, witness non-destructive examinations of ultrasonic, magnetic particle and liquid penetrate testing as required and review radiographs.
- ❖ Conduct visual inspections pertaining to the quality of structural welding.
- ❖ Check assembly and mounting of mechanisms for proper installation.
- ❖ Check material surface preparation and paint to verify proper application.
- ❖ Verify electrical wiring for proper installation and termination and witness high tension and insulation tests. Verify electrical limit switches and similar safety components comply with approved specifications, drawings, and design review meeting agreements.
- ❖ Witness no load shop tests of motors, reducers, hydraulic systems and subassemblies.
- ❖ Witness performance, operational and endurance tests for the crane prior to shipment.
- ❖ Issue "non-conformance" reports for poor workmanship, defects and/or malpractice of the manufacturer or their sub-contractors.
- ❖ Conduct final checks on the quality of welds, painting, installation of substructures, sea-fastening, etc., for the crane.
- ❖ Submit reports on progress of fabrication, construction, testing of components and the crane, and status of materials procurement on a bi-weekly basis.
- ❖ Develop punch-lists of items to be corrected or completed for the crane prior to shipping.

Task 6: Manufacturing Review

As an option, we can provide one of our project engineers, skilled in the design and manufacture of these types of cranes, to make periodic one (1) week trips to the manufacturer's fabrication site for the review of the progress. These periodic visits, coupled with the services of our third-party inspectors, enhance proper quality assurance, quality control, and quick response to any deficiencies, thus minimizing possible setbacks to the manufacturing schedule. It is typical that the Owner's representatives are included in

these trips, so that site specific areas are reviewed and addressed by Owner. In our proposal, these are optional and priced on a per man trip basis. In our base proposal, PBA will remotely monitor the manufacturing process to confirm the manufacturer complies with the Owner's specifications.

Task 7: Final Assembly and Pre-shipment Review

Our third-party inspectors will monitor and witness assembly, erection, initial commissioning and acceptance testing of the cranes at the manufacturer's facility as defined by the accepted test and checkout manual and will verify conformance of the cranes with Owner's contract requirements, including proper operation of systems and correct function of software, logic devices, and safety interlocks.

During design review and this task, our project manager and engineers will review the shipping plans and sea-fastening calculations and our on-site inspectors will monitor the load out of the cranes (with the remote help of our engineers), including sea-fastening and sea-bracing installation at the time of shipment, to verify that ZPMC complies with the approved shipping and sea-bracing plans. The majority of the cost of this phase is included with Task 5, Third Party Inspection Service.

Task 8: Start-up, Testing and Acceptance

We will have one (1) engineer at the Owner's site after the cranes arrive. This engineer will monitor and provide consultation during off loading, final assembly, commissioning, acceptance testing, certification, and final acceptance by the Owner when the cranes have proven to be ready for cargo handling operations, as well as coordinate the project and monitor schedule for compliance with the contract schedule. This engineer will also prepare punch lists and verify completion of the punch list items. We would typically include six (6) man weeks on-site during this task to monitor the "landmark" works, including offloading and acceptance testing.

At the completion of the project, we will hand over all documentation pertaining to the management and execution of the services provided, including progress reports with photographs, inspection reports, punch-lists during all phases, and design and shipping review details.

Section 2: Deliverables

Paul Bridges and Associates, LLC

We are including the following deliverables in our proposed services:

1. Pre-Tender Process
 - a. Submit initial draft of Contract Documents (Technical Specifications and Commercial Documents)
 - b. Meet with Port Freeport to finalize Contract Documents
 - c. Issue Final Contract Documents for Tender
2. Tender Review and Award
 - a. Pre-Tender meeting with ZPMC and drive manufacturer
 - b. Tabulation of Tender technical and commercial aspects
 - c. Tender meeting and follow-up negotiations
 - d. Revision to Contract Documents as required by tender process
3. Design Review
 - a. Kick-off meeting
 - b. Calculation, including wheel load and stability, review comments
 - c. Drawing review comments
 - d. Commissioning and acceptance test manual review comments
 - e. Additional design review meeting(s) (2 electronic meetings included in base offering)
4. Project Management – integrated into execution and deliverables of each project task
5. Third Party Inspection – submit bi-weekly inspection reports, NCRs, and the punch list
6. Manufacturing Review
 - a. Remote monitoring through review of TPI deliverables with action requests as required
 - b. Optional site visits augmenting TPI functions and deliverables
7. Final Assembly and Pre-Shipment Review
 - a. Witness execution of applicable Commissioning and Acceptance Test Manual activities
 - b. Review shipping plans and calculations and provide comments
 - c. Monitor load out of cranes and installation of sea-fastening and sea-bracing
8. Start-up, Testing and Acceptance
 - a. Monitoring and consultation during offloading
 - b. Witness execution of applicable Commissioning and Acceptance Test Manual activities
 - c. Witness regulatory and OSHA testing
 - d. Submit conditional acceptance and final punch list for execution by ZPMC and Owner
 - e. Verify completion of all punch list items
 - f. Issue and track Warranty Claims as necessary
 - g. Submit final acceptance document for execution by ZPMC and Owner
 - h. Submit hand over document packages

Section 3: Proposed Cost

Paul Bridges & Associates, LLC

Below, we outline the costs associated for each task as defined in Sections 1 and 2, for a two (2) crane order. Optional trips to Shanghai for design review, manufacturing review, or pre-shipment review are listed below on a per man trip basis. The base total does not include such trips to China. We propose to invoice this work on a time and materials, not to exceed basis.

Task	Phase	Labor Hours	Expenses	Amount Proposed
1.	Pre-Tender Process	95	\$2,800	\$23,300
2.	Tender Review and Award	120	\$8,400	\$33,300
3.	Design Review	690	\$0	\$146,800
4.	Project Management	160	\$100	\$27,800
5.	Third Party Inspection Services	0	\$0	\$163,200
6.	Manufacturing Review	40	\$0	\$8,800
7.	Final Assembly and Pre-Shipment Review	50	\$0	\$11,000
8.	Startup/Testing/Acceptance in Freeport	270	\$14,000	\$70,700
BASE TOTAL		1425	\$25,300.00	\$484,900.00
3./6.	Review Trip (Per One (1) Man Trip) (OPTION)	70	\$12,000.00	\$27,400.00

PBA Man Trips, by Task, in Base Offering:

Task	Freeport	China
1.	1	0
2.	3	0
3.	0	0
4.	0	0
5.	0	0
7.	0	0
8.	3	0
	5	0

Note (1): This is based on a two (2) crane order.

Additional Man Trips per PBA typical recommendations (at option cost per trip listed above)

Task	Freeport	China
3.	0	2
6.	0	1
	0	3

Section 4: Organization/Rates

Paul Bridges and Associates, LLC



Standard Rate Schedule for 2023

Position	Standard Rate USD
Principal Engineer	\$220.00/hour
Senior Project Engineer	\$200.00/hour
Senior Project Manager	\$190.00/hour
Project Manager	\$170.00/hour
Senior Staff Engineer	\$180.00/hour
Staff Engineer	\$160.00/hour
Designer	\$135.00/hour
CAD	\$95.00/hour
Administrative	\$65.00/hour

Travel Expenses

Travel expenses including air travel, taxis, rental cars, mileage, hotel/lodging, food, et cetera will be billed at actual cost. Personal or company automobile mileage is based on current US IRS allowable rate.

Miscellaneous Expenses

Reproduction, long distance telephone, facsimile and express mail, and any other miscellaneous job-related expenses will be billed at actual cost

Outside Firms Expenses

Outside firms including surveyors, consultants, and design laboratories at will be billed with a 5% markup

RESOLUTION AUTHORIZING ACTIONS ON PROPOSED LEGISLATIVE INITIATIVE

At the regular meeting of the Port Commission of Port Freeport held at the Administration Building of Port Freeport at 1100 Cherry Street, Freeport, Texas, on February 22, 2023, among other business, on motion duly made and seconded, the following resolution was passed and adopted:

FINDINGS

1. Due and proper notice of the date, time, place and purpose of this meeting has been duly given in accordance with the provisions of the Texas Open Meetings Act, and such meeting has been conducted in accordance with said Open Meetings Act.
2. Port Freeport was created under Section 59, Article XVI, Texas Constitution, to make improvements for the navigation of inland and coastal waters, and for the preservation and conservation of inland and coastal waters for navigation and for control and distribution of storm and flood waters of rivers and streams in aid of navigation.
3. To carry out the purposes for which it was created, Port Freeport is authorized to acquire land or interests in land and may construct, among other improvements, wharves and docks, warehouses, grain elevators, storage facilities, and all other facilities incidental to or useful in the operation or development of Port Freeport's ports and waterways which may, in the judgment of the Port Commission, be necessary or useful in aid of navigation and navigation-related commerce in the ports and on the waterways.
4. The Texas Legislature has found that all property in Brazoria County situated in the district of Port Freeport benefits from the improvements constructed by Port Freeport.
5. The Port Commission has determined that certain legislative changes should be pursued for the benefit of Port Freeport and its constituents and to aid Port Freeport in carrying out the purposes and mission for which it was created.

NOW, THEREFORE, BE IT RESOLVED, that Port Freeport advocate for and pursue a legislative initiative in the 88th Legislative Session of the Texas Legislature; and

BE IT FURTHER RESOLVED, that executive staff of Port Freeport be, and is hereby, authorized and directed to take such actions as may be necessary or appropriate to further the legislative initiative and the legislative changes approved hereby, including, without limitation, publication of any required notices and working with consultants and legislative officials.

RESOLUTION AUTHORIZING PORT CEO TO ADVOCATE FOR PROPOSED LEGISLATIVE CHANGES

At a regular meeting of the Commission of Port Freeport of Brazoria County, Texas (“Port”) held at the office of the Port at 1100 Cherry Street, Freeport, Texas, on the 23rd day of February, 2023, among other business, on motion duly made and seconded, the following resolution was passed and adopted:

FINDINGS

1. Due and proper notice of the date, time, place and purpose of this meeting has been duly given in accordance with the provisions of the Texas Open Meetings Act, and such meeting has been conducted in accordance with said Open Meetings Act.

2. The Port is a member of the Texas Ports Association, which association seeks to advance the development of Texas ports, enabling them to compete with ports outside Texas and thereby strengthen the economy of Texas.

3. The Texas Ports Association is proposing legislative changes for the 88th Texas Legislature to further the mission and purpose of Texas ports.

4. The TPA legislative changes for the 88th Legislature’s regular session are currently addressed in four (4) navigation district related bills (collectively the “TPA Legislative Package), individually referred to as follows:

- Omnibus Bill (Chapters 60 & 62, Water Code)
- Easement Bill (Section 60.038, Water Code)
- Open Meetings Bill (Chapter 551, Government Code)
- Port Development and Infrastructure Projects Bill (Chapter 55, Transportation Code)

4. The TPA legislative changes will be beneficial to Texas ports in the construction, financing, ownership, and operation of port facilities and facilities incidental to or useful in the operation or development of the ports and waterways or in aid of navigation and navigation-related commerce in the ports and on the waterways.

5. The Board desires to authorize the Port staff to advocate for the Legislative Package proposed by the Texas Ports Association.

NOW, THEREFORE, BE IT RESOLVED, that the Commission of the Port hereby authorizes the Port executive staff, to advocate for the Omnibus Bill, Real Estate Bill, Port Development Bill, and Open Meetings Bill containing legislative changes proposed by the Texas Ports Association for the 88th Texas Legislature.



TPA Legislative Package

Funding Requests

\$1 billion to be directed to Port Capital Improvement through the Port Access Account Fund

\$750 million to be directed to the SCIRF Program (Ship Channel Improvement Revolving Fund).



\$9.67 Billion

OF FUNDING NEEDS



Infrastructure

\$1.67 Billion



**Connectivity
Projects**

\$4.34 Billion



**Ship Channel
Improvement**

\$3.66 Billion

TPA Member Ports

- Port of Beaumont
- Port of Brownsville
- Calhoun Port Authority
- Port of Corpus Christi
- Port Freeport
- Port of Galveston
- Port of Harlingen
- Port Houston
- Port Isabel/San Benito Navigation District
- Port of Mansfield
- Port of Orange
- Port of Palacios
- Port of Port Arthur
- City of Port Lavaca
Port Commission Sabine
- Neches Navigation District
- Port of Texas City
- Port of Victoria
- Sabine Pass Port Authority
- Cedar Port Navigation and Improvement District



This legislative package is supported by **Texas Ports Association**

TEXAS PORTS ASSOCIATION

2023 PROPOSED LEGISLATION

- TPA Omnibus Bill
- TPA Easement Bill
- TPA Open Meetings Act Bill
- Amendments to Chapter 55, Transportation Code



9th Largest

ECONOMY SUPPORTED BY TEXAS PORTS

Port Investment = More Cargo=
More Jobs=More Investment=Benefit
to the Futures of All Texans



\$308 Billion

IN ANNUAL OVERALL TRADE

Texas Ports are First Nationwide
for Foreign Waterborne Tonnage
of Imports and Exports



Top 100

US PORTS RANKING

Eleven Texas Ports Rank Among the Top 100
US Ports in Total Tonnage—6 Texas Ports
Move the Largest Quantities of Cargo



25% GDP

TEXAS' GDP GENERATED BY PORTS

That Equals to \$450 Billion of
Total Economic Value for Texas
and \$1 Trillion Nationwide

Numbers Attributed to TxDOT and TPA 2018 Economic Study



TPA Legislative Package

TPA Omnibus Bill

Section 1 Amends Section 60.003 of the Water Code to say that adopting Chapter 2267 (Public Private Partnerships), Government Code, will not prohibit a navigation district from entering into a public-private partnership pursuant to other statutory authority. Modeled after the powers of other agencies such as water development agencies. A port needs expanded powers to invest just as a water agency needs.

Section 2 Adds Section 60.0321 to Subchapter C of the Water Code. This section authorizes a navigation district to contract with any other party for the joint construction, financing, ownership, and operation of wharves, docks, warehouses, grain elevators, other storage facilities, bunkering facilities, port-related railroads and bridges, floating plants and facilities, lightering, cargo-handling, and towing facilities, and all other facilities incidental to or useful in the operation or development of the district's ports and waterways or in aid of navigation and navigation-related commerce in the district's ports and on the waterways. Section 60.0321 is in effect a simplified approach to public-private partnerships that gives the Commission a lot of discretion in the form of the transaction.

Section 3 Amends Section 60.403(a) of the Water Code to say that the Port Commission may authorized the CEO or other designated officer to make routine purchases or contracts up to \$100,000 without bidding. The current maximum is \$50,000.

Section 4 Amends Section 60.4035 of the Water Code to say that the CEO or other designated officer may make emergency purchases or contracts in excess of the customary authorized amount without bidding if such an expenditure is necessary to respond to an emergency without competitive procurement delays. The Commissioners must be notified of any such expenditure within 48 hours after the purchase is made.

Section 5 Amends Section 60.412 of the Water Code to say that the CEO or other designated officer may make emergency purchases or contracts in excess of the customary authorized amount without bidding if such an expenditure is necessary to respond to an emergency without competitive procurement delays. This is essentially the same as the amendment described in Section 4.

Section 6 Amends Section 60.455 of the Water Code to say that navigation districts have the right to reject all bids or proposals. This is a technical correction.

Section 7 Adds Section 60.503 to the Water Code. This section authorizes the Port Commission to develop and administer a program for (1) local economic development, (2) for small or disadvantaged business development, (3) to stimulate, encourage, and develop business location and commercial activity in the district, (4) to promote or advertise the district, or (5) to improve the extent to which local, small, veteran, women, minority, and other historically underutilized businesses are awarded district contracts. A program established under this section may be designed to reasonably increase participation by local, small, veteran, minority, women owned, and historically underutilized businesses in public contract awards by the district establishing contract percentage goals for those businesses.

Section 8 Amends Section 62.106(e) of the Water Code to say that a navigation district may utilize the condemnation procedure in Chapter 21, Property Code. This is a technical correction. Currently, Section 62.106(e) refers to the condemnation procedures in Subchapter F of Chapter 51 of the Water Code. There are no condemnation procedures in Subchapter F today. Today the condemnation procedures are in Chapter 21, Property Code.

Section 9 Amends Section 62.120 of the Water Code to say that a navigation district may enter into operating contracts and leases with cities and other governmental subdivisions for the operation of the portions of the district's water system which are designated by the commission. This is a technical correction. Currently Section 62.120(a) refers to portions of the District's water system which are designated by the board. Board is defined in Chapter 62, Water Code, to mean the navigation board, which is a joint body of the Commissioners Court and the City Council. In most cases there are no "boards" today. By adding "or the commission" at the end of this subsection so it could be decided which portions of the district's water system could be made available to cities or other governmental subdivisions.

Section 10 Amends Section 62.122 of the Water Code to say that the commission may authorize the sale of dredge material from a dredge material placement area on such terms and conditions as the commission considers appropriate or advantageous to the district. The expenditure is necessary to respond to an emergency without competitive procurement delays. The Commissioners must be notified of any such expenditure within 48 hours after the purchase is made.



TPA Legislative Package

TPA Easement Bill

Section 60.038 of the Water Code This bill makes the following changes to Section 60.038 of the Water Code:

- (a) Authorizes a navigation district to impose restrictions on the development, use, and transfer of any real property or interest in real property in connection with its sale or exchange under this section.
- (b) Authorizes a navigation district to donate, exchange, convey, sell, or lease land, improvements, easements, or any other interests in real property to an electric or telecommunications utility to promote a public purpose related to the development of the district. A district may donate, exchange, convey, sell, or lease a real property interest under this authority for less than its fair market value and without complying with any notice or bidding requirements
- (c) Authorizes a navigation district to abandon, release, exchange, or transfer the following real property interests to abutting real property owners: (1) narrow strips of real property resulting from boundary or surveying conflicts, (2) narrow strips of real property resulting from insubstantial encroachments by abutting real property owners, and (3) real property of larger configuration that has been subject to encroachments by abutting real property owners for more than 25 years. A district may convey real property under this authority for less than its fair market value and without complying with any notice or bidding requirements.

TPA Open Meetings Act Bill

Section 551.092 to the Texas Open Meetings Act This bill adds Section 551.092 to the Texas Open Meetings Act. Section 551.092 authorizes the Commission of a navigation district to deliberate the following information in closed session:

- (a) information relating to a bid, proposal, or contract for goods or services under negotiation, if disclosure of the information would have a detrimental effect on the position of the navigation district in negotiations with a third person; or
- (b) information relating to proposed changes to the district's facilities or services.



607 MILLION TOTAL TONS TRANSPORTED

International Trade: 464 Million Tons Transported

Domestic Trade: 143 Million Tons Transported

Amendments to Chapter 55

Chapter 55 of the Transportation Code Establishes the port access account fund. Currently, money in this fund can be used for security, transportation, and facility projects. The TPA supports amendments to Chapter 55 that would (1) add infrastructure projects to the list of projects eligible for funding from the port access account fund, and (2) limit the amount that may be granted to any one navigation district to 10 percent of the appropriated funding per biennium.



TX PORTS

Largest Container Port on the US Gulf Coast

Largest Breakbulk Gateway in the US

Leading US Energy Export Gateway

Largest Port in the US in Total Revenue Tonnage



2nd

US PORTS RANKING

Texas Ports are Ranked Second in the US in Waterborne Commerce



128,000

DIRECT JOBS CREATED

Texas Ports Create 128,000 Jobs and Generate \$8 Billion in Personal Income



3 Texas Ports

ARE STRATEGIC MILITARY PORTS

Three Texas Ports are Designated as Strategic Military Sea Ports by the Department of Defense and Provide Surface Deployment and Worldwide Distribution for Military Cargo

Numbers Attributed to TxDOT and TPA 2018 Economic Study

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to powers and duties of navigation districts and the boards of trustees of municipal port facilities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 60.003, Water Code, is amended to read as follows:

Sec. 60.003. AUTHORITY TO CONTRACT FOR THE OPERATION OR DEVELOPMENT OF A DISTRICT. (a) A district may contract with any person, foreign or domestic, necessary or convenient to the operation or development of the district's ports and waterways.

(b) A district that elects to operate under Chapter 2267, Government Code, is not prohibited from entering into an agreement for or procuring public or private facilities and infrastructure under other statutory authority.

SECTION 2. Subchapter C, Chapter 60, Water Code, is amended by adding Section 60.0321 to read as follows:

Sec. 60.0321. AUTHORITY TO ISSUE CONTRACTS. (a) A district may:

(1) contract with a person for the joint construction, financing, ownership, and operation of facilities described by Section 60.101 as necessary to accomplish any purpose or function permitted by the district; or

(2) purchase an interest in a project used for any purpose or function permitted by the district.

1 (b) A district may enter into a contract with a person on the
2 terms and conditions the commission considers desirable to:

3 (1) develop land and property within the district
4 through the purchase, construction, or installation of facilities
5 described by Section 60.101, so that all of the land and property
6 may receive the services of the facility;

7 (2) maintain and operate:

8 (A) a port of the district; or

9 (B) a public or private entity that furthers the
10 district's purpose; and

11 (3) exercise any other right, power, or duty granted
12 to the district.

13 SECTION 3. Section 60.403, Water Code, is amended by
14 amending Subsection (a) and adding Subsection (a-1) to read as
15 follows:

16 (a) A port commission[~~, an authorized designated officer of~~
17 ~~the port commission, the executive director of the district or the~~
18 ~~port authority, or an authorized representative of the executive~~
19 ~~director]~~ may make routine purchases or contracts in an amount not
20 to exceed \$50,000.

21 (a-1) A port commission may delegate authority to an
22 authorized designated officer of the port commission, the executive
23 director of the district or the port authority, or an authorized
24 representative of the executive director to make routine purchases
25 or contracts in an amount not to exceed \$100,000.

26 SECTION 4. Section 60.4035(a), Water Code, is amended to
27 read as follows:

1 (a) Notwithstanding the competitive bidding requirements
2 and proposal procedures of this subchapter and Subchapter O and the
3 requirements of Sections 60.408(a), (b), (c), (d), and (e), the
4 executive director of a district or an officer of a district
5 authorized in writing by the port commission may make emergency
6 purchases or contracts or emergency amendments to existing purchase
7 orders or contracts in an amount that exceeds the amount authorized
8 under Section 60.403(a) for routine purchases or contracts if
9 necessary:

10 (1) to preserve or protect the public health and
11 safety of the residents of the district;

12 (2) to preserve the property of the district in the
13 case of a public calamity;

14 (3) to repair unforeseen damage to the property of the
15 district; ~~or~~

16 (4) to respond to security directives issued by:

17 (A) the federal Department of Homeland Security,
18 including the Transportation Security Administration;

19 (B) the United States Coast Guard;

20 (C) the federal Department of Transportation,
21 including the Maritime Administration; or

22 (D) another federal or state agency responsible
23 for domestic security; or

24 (5) to respond to an emergency for which the public
25 exigency does not permit the delay incident to the competitive
26 process.

27 SECTION 5. Section 60.412(a), Water Code, is amended to

1 read as follows:

2 (a) A contract for a purchase is exempt from the competitive
3 bidding requirements and proposal procedures of this subchapter and
4 Subchapter O if a contract is for the purchase of:

5 (1) an item that must be purchased in a case of public
6 calamity if it is necessary to make the purchase promptly to relieve
7 the necessity of the citizens or to preserve the property of the
8 district or port authority;

9 (2) an item necessary to preserve or protect the
10 public health or the safety of the residents of the district or port
11 authority;

12 (3) an item made necessary by unforeseen damage to the
13 property of the district or port authority;

14 (4) a personal or professional service;

15 (5) any work performed and paid for by the day as the
16 work progresses;

17 (6) any land or right-of-way;

18 (7) an item that can be obtained only from one source,
19 including:

20 (A) items for which competition is precluded
21 because of the existence of patents, copyrights, secret processes,
22 or natural monopolies;

23 (B) films, manuscripts, or books;

24 (C) public utility services; and

25 (D) captive replacement parts or components for
26 equipment;

27 (8) any item necessary to secure a district or port

1 authority during a period of heightened security as determined by:

2 (A) the federal Department of Homeland Security,
3 including the Transportation Security Administration;

4 (B) the United States Coast Guard;

5 (C) the United States Bureau of Customs and
6 Border Protection;

7 (D) the Federal Bureau of Investigation;

8 (E) the federal Department of Transportation,
9 including the Maritime Administration; or

10 (F) another federal, state, or local agency; ~~or~~

11 (9) an item from the United States, including any
12 agency thereof, or from this state, including an agency of this
13 state; or

14 (10) an item to respond to an emergency for which the
15 public exigency does not permit the delay incident to the
16 competitive process.

17 SECTION 6. Subchapter Q, Chapter 60, Water Code, is amended
18 by adding Sections 60.503 and 60.504 to read as follows:

19 Sec. 60.503. COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS.

20 (a) In this section:

21 (1) "Historically underutilized business" has the
22 meaning assigned by Section 2161.001, Government Code.

23 (2) "Local business" means a business concern with a
24 principal place of business in the local area of a district, as
25 determined by the port commission.

26 (3) "Small business" has the meaning assigned by
27 Section 5.135(g).

1 (b) To stimulate business and commercial activity within a
2 district, a district may develop and administer a program to:

3 (1) develop the local economy;

4 (2) develop small businesses or historically
5 underutilized businesses;

6 (3) promote or advertise the district; or

7 (4) improve the extent to which local businesses,
8 small businesses, and other historically underutilized businesses
9 are awarded district contracts.

10 (c) To develop or administer a program under this section, a
11 district may:

12 (1) contract with another entity;

13 (2) use district funds or employees; and

14 (3) accept contributions, gifts, or other resources.

15 (d) A program established under this section may set
16 contract percentage goals for participation by local businesses,
17 small businesses, and historically underutilized businesses in
18 public contract awards by the district.

19 Sec. 60.504. RIGHT TO REJECT ALL BIDS. A district that
20 requests bids or proposals under any of the methods provided by this
21 chapter may reject any and all bids or proposals submitted.

22 SECTION 7. Section 62.106(e), Water Code, is amended to
23 read as follows:

24 (e) A district created under this chapter may elect to take
25 advantage of the condemnation procedure provided in Chapter 21,
26 Property Code [~~Subchapter F of Chapter 51 of this code~~].

27 SECTION 8. Section 62.120(a), Water Code, is amended to

1 read as follows:

2 (a) A district may enter into operating contracts and leases
3 with cities and other governmental subdivisions for the operation
4 of the portions of the district's water system which are designated
5 by the board or the commission.

6 SECTION 9. Section 62.122, Water Code, is amended to read as
7 follows:

8 Sec. 62.122. DISPOSITION OF SALVAGE OR SURPLUS PERSONAL
9 PROPERTY. (a) Except as provided by Subsection (b), the commission
10 or board of trustees under Chapter 54, Transportation Code, may
11 periodically dispose of surplus or salvage personal property in the
12 same manner as the commissioners court of a county under Subchapter
13 D, Chapter 263, Local Government Code.

14 (b) The commission or board of trustees under Chapter 54,
15 Transportation Code, may authorize:

16 (1) the destruction or disposition of salvage or
17 surplus property as worthless if the property is so worn, damaged,
18 or obsolete that it has no value for the purpose for which it was
19 originally intended, and the expense to the district to attempt to
20 sell the property would be more than the proceeds from the sale; and

21 (2) the sale of dredge material from a dredge material
22 placement area to any person on such terms and conditions as the
23 commission or board of trustees considers appropriate or
24 advantageous to the district.

25 SECTION 10. This Act takes effect immediately if it
26 receives a vote of two-thirds of all the members elected to each
27 house, as provided by Section 39, Article III, Texas Constitution.

1 If this Act does not receive the vote necessary for immediate
2 effect, this Act takes effect September 1, 2023.

By: Perez

H.B. No. 1511

A BILL TO BE ENTITLED

AN ACT

relating to the disposition of real property interests by navigation districts and port authorities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Section 60.038, Water Code, is amended to read as follows:

Sec. 60.038. DISPOSITION [~~SALE OR LEASE~~] OF INTERESTS IN REAL PROPERTY [~~LAND~~].

SECTION 2. Section 60.038, Water Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (e), (f), (g), and (h) to read as follows:

(a) A district may sell, exchange, or lease real property or any interest in real property [~~all or any part of land~~] owned by it, whether the real property was [~~land is~~] acquired by gift or purchase, in settlement of any litigation, controversy, or claim in behalf of the district, or in any other manner, except that lands or flats heretofore purchased from the State of Texas under former Article 8225, Revised Civil Statutes of Texas, 1925, or granted by the State of Texas in any general or special act, may be sold only to the State of Texas or exchanged with the State of Texas for other lands or exchanged for adjacent littoral land as authorized by Section 61.117 [~~of this code~~]. The district may impose restrictions on the development, use, and transfer of any real property or interest in real property in connection with its sale or

1 exchange under this section.

2 (b) Except as provided by Subsection (e), before ~~[Before]~~ a
3 district may sell or exchange real property ~~[land]~~, the commission
4 shall determine by resolution that the real property ~~[land]~~ is no
5 longer needed for use by the district in connection with the
6 development of a navigation project.

7 (c) Except as provided by Subsection (e), (f), or (g), a
8 sale ~~[Sale]~~ or exchange ~~[lease]~~ of real property ~~[land]~~ shall be
9 made as provided by Sections 60.040, 60.041, and 60.042
10 ~~[60.039-60.042 of this code]~~.

11 (e) A district may donate, exchange, convey, sell, or lease
12 land, improvements, easements, or any other interests in real
13 property to an electric utility, as that term is defined by Section
14 31.002, Utilities Code, or a telecommunications utility, as that
15 term is defined by Section 51.002, Utilities Code, to promote a
16 public purpose related to the development of the district. The
17 district shall determine the terms and conditions of the
18 transaction so as to:

19 (1) achieve the public purpose; and
20 (2) be consistent with the requirements of Title 2,
21 Utilities Code.

22 (f) A district may donate, exchange, convey, sell, or lease
23 a real property interest under Subsection (e) for less than its fair
24 market value and without complying with the notice and bidding
25 requirements of Sections 60.040, 60.041, and 60.042.

26 (g) Narrow strips of real property resulting from boundary
27 or surveying conflicts or similar causes, or from insubstantial

1 encroachments by abutting real property owners, or real property of
2 larger configuration that has been subject to encroachments by
3 abutting real property owners for more than 25 years may be
4 abandoned, released, exchanged, or transferred to such abutting
5 owners on terms and conditions considered appropriate or
6 advantageous to the district. A district may convey real property
7 under this subsection for less than its fair market value and
8 without complying with the notice and bidding requirements of
9 Sections [60.040](#), [60.041](#), and [60.042](#).

10 (h) The authority granted to a district by this section to
11 dispose of interests in real property is in addition to any
12 authority granted by Chapter [272](#), Local Government Code, and a
13 disposition of an interest in real property under this section is
14 exempt from the notice, bidding, and other requirements of Chapter
15 [272](#), Local Government Code.

16 SECTION 3. This Act takes effect immediately if it receives
17 a vote of two-thirds of all the members elected to each house, as
18 provided by Section [39](#), Article III, Texas Constitution. If this
19 Act does not receive the vote necessary for immediate effect, this
20 Act takes effect September 1, 2023.

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to certain meetings of navigation districts, port authorities, and boards of trustees of port improvements or facilities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 551, Government Code, is amended by adding Section 551.092 to read as follows:

Sec. 551.092. NAVIGATION DISTRICTS, PORT AUTHORITIES AND CERTAIN BOARDS OF TRUSTEES: CERTAIN NEGOTIATIONS AND PROPOSED CHANGES TO FACILITIES OR SERVICES; CLOSED MEETING. (a) This section applies to a navigation district, port authority, or board of trustees under Chapter 54, Transportation Code.

(b) A governmental body to which this section applies may conduct a closed meeting to deliberate:

(1) business and financial issues relating to a contract being negotiated for services it provides if, before conducting the closed meeting the governmental body votes unanimously that deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person, and an attorney advising the

governmental body issues a written determination that deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person¹; or

(2) proposed terminal services and services pricing of the navigation district, port authority, or board of trustees² if, before conducting the closed meeting, the governmental body votes unanimously that deliberation in an open meeting would harm the governmental body's interests by providing an advantage to a competitor in an ongoing or recurring competitive situation, and an attorney advising the governmental body issues a written determination that deliberation in an open meeting would harm the governmental body's interests by providing an advantage to a competitor in an ongoing or recurring competitive situation.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.

¹ Uses the language of Government Code Sections 551.0725 and 551.0726.

² Based on Government Code Sections 551.085 and 551.086.

By: _____

____.B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to the funding of certain port projects.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 55, Transportation Code, is amended to read as follows:

CHAPTER 55. FUNDING OF PORT DEVELOPMENT AND INFRASTRUCTURE

~~[SECURITY,]~~ PROJECTS, PORT CONNECTIVITY PROJECTS, AND STUDIES

SECTION 2. Sections 55.001(4-a) and (5), Transportation Code, are amended to read as follows:

(4-a) "Port connectivity ~~[access—improvement]~~ project" means the construction or improvement of public roadways that will enhance connectivity to ports.

(5) "Port development and infrastructure ~~[security, transportation, or facility]~~ project" means an infrastructure, security, transportation, or facility ~~[a]~~ project that is necessary or convenient for the proper operation of a maritime port and that will improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade.

SECTION 3. Section 55.002, Transportation Code, is amended by amending Subsections (a), (c), and (e) and adding Subsection (f) to read as follows:

(a) From money in the fund, the department shall fund:

(1) port development and infrastructure ~~[security, transportation, or facility]~~ projects; and

1 (2) maritime port studies.

2 (c) Port development and infrastructure [~~security,~~
3 ~~transportation, or facility~~] projects eligible for funding under
4 this chapter include:

5 (1) construction or improvement of transportation
6 facilities within the jurisdiction of a maritime port;

7 (2) the dredging or deepening of channels, turning
8 basins, or harbors;

9 (3) the construction or improvement of wharves, docks,
10 structures, jetties, piers, storage facilities, cruise terminals,
11 or [~~any~~] facilities necessary or useful, as determined by the
12 committee, in connection with maritime port transportation or
13 economic development;

14 (4) the construction or improvement of facilities
15 necessary or useful in providing maritime port security;

16 (5) the acquisition of container cranes or other
17 mechanized equipment used in the movement of cargo or passengers in
18 [~~international~~] commerce and trade;

19 (6) the acquisition of land to be used for maritime
20 port purposes;

21 (7) the acquisition, improvement, enlargement, or
22 extension of existing maritime port facilities; and

23 (8) environmental protection projects that:

24 (A) are required as a condition of a state,
25 federal, or local environmental permit or other form of approval;

26 (B) are necessary for the acquisition of spoil
27 disposal sites and improvements to existing and future spoil sites;

1 or

2 (C) result from the undertaking of eligible
3 projects.

4 (e) The commission may use money from the Texas Mobility
5 Fund to provide funding for a port connectivity [~~access~~
6 ~~improvement~~] project.

7 (f) A project eligible for funding under this section may
8 not receive more than 10 percent of the total amount of money
9 appropriated to the department in a fiscal biennium to fund
10 eligible projects under this section.

11 SECTION 4. Section 55.005, Transportation Code, is amended
12 by amending Subsections (b) and (c) and adding Subsection (c-1) to
13 read as follows:

14 (b) The following money shall be credited to the fund:

15 (1) money received from gifts, grants, and donations;
16 [~~and~~]

17 (2) interest earned on deposits and investments of the
18 fund;

19 (3) money appropriated to the fund by the legislature;
20 and

21 (4) money received from the federal government.

22 (c) Money in the fund may be appropriated only to the
23 department to perform the department's powers and duties concerning
24 maritime port transportation and economic development under this
25 chapter and to pay the department's expenses incurred under this
26 chapter, as approved by the committee.

27 (c-1) Money appropriated by the legislature under

1 Subsection (b)(3) may only be used to fund eligible port
2 development and infrastructure projects under Section 55.002.

3 SECTION 5. This Act takes effect September 1, 2023.