

AGENDA

**Port Freeport
Port Commission
Special Meeting
Thursday, September 14, 2023, 1:00 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/83121717119?pwd=eldOOVFjMhewZmxEcKxMTUdNMM9TUT09>

Meeting ID: 831 2171 7119

Passcode: 476808

Dial by your location

• 1 346 248 7799 US (Houston)

Meeting ID: 831 2171 7119

Find your local number: <https://us02web.zoom.us/j/kdduy70pNO>

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Roll Call.
3. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.
4. 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)
5. 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.
6. Approval of minutes from meetings held August 24, 2023 and August 30, 2023.
7. Conduct workshop regarding Fiscal Year 2023/2024 Budget for Port Freeport.
8. Adoption of the FY 2023/2024 Budget for Port Freeport.
9. Adoption of a Resolution setting the 2023 Tax Rate for Port Freeport.
10. Approval of a Foreign-Trade Zone Operator Agreement between Port Freeport and Volkswagen Group of America, Inc.
11. Discuss and consider a Third Amendment to the Second Lease Agreement between Port Freeport and Vulcan Construction Materials, LLC.
12. Discuss and consider an Amendment to the Interlocal Agreement between Port Freeport and the Texas Department of Transportation.
13. 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 551.072 (Deliberation of Real Property Matters) for discussion regarding:
1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
 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.
14. RECONVENE OPEN SESSION:
15. Adjourn.

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

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



Phyllis Saathoff, Executive Director/CEO
PORT FREEPORT

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

Minutes of Port Commission Regular Meeting
August 24, 2023
In Person & Videoconference

A Regular Meeting of the Port Commission of Port Freeport was held August 24, 2023, beginning at 2:05 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

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.

Join Zoom Meeting

<https://us02web.zoom.us/j/81998842291?pwd=cElqdW4rQU1LeXlHZUIUVVNWZTFWdz09>

Meeting ID: 819 9884 2291

Passcode: 557527

Dial by your location

1 346 248 7799 US (Houston)

Meeting ID: 819 9884 2291

Find your local number: <https://us02web.zoom.us/u/kb5QTftRoy>

Commissioners present in person:

Mr. Ravi Singhania, Chairman
Mr. Rob Giesecke, Vice Chairman
Ms. Barbara Fratila, Secretary
Mr. Kim Kincannon, Asst. Secretary
Mr. Rudy Santos, Commissioner
Mr. Dan Croft, Commissioner

Staff Members Present:

Ms. Grady Randle, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Jason Miura, Director of Business & Economic Development
Mr. Mike Wilson, Director of Economic Development & Freight Mobility
Mr. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Chris Hogan, Director of Protective Services
Mr. Brandon Robertson, Director of Information Technology
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jesse Hibbetts, Operations Manager
Ms. Tricia Vela, Public Affairs Assistant
Ms. Christine Lewis, Safety Coordinator
Mr. Nick Malambri, Engineering Specialist
Ms. Emily Henderson, Sales & Marketing Specialist
Ms. Bailee Pavlovsky, Accounting Clerk

Also, present:

Mr. Geoff Bowman, Van Scoyoc Associates
Mr. Chris Moore, Texas Port Ministry
Mr. Jason Mills, Terracon
Mr. Chad Janosky, Bay-Houston Towing

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Chris Moore, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag and Texas Flag
4. Roll Call – Commissioner Singhania noted that all Commissioners were present in the Board Room. Commissioner Singhania commented on the additional services Texas Port Ministry provides such as washer/dryer for seafarers.
5. Safety Briefing – Ms. Christine Lewis provided a safety moment regarding tips for hurricane preparedness.
6. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.

There were no conflicts noted by Commissioners.

At this time Commissioner Singhania noted a special meeting will be held next Wednesday, August 30 at 9:00 a.m. to conduct a budget workshop.

7. Public Comment – There were no public comments.
8. Public Testimony – There was no public testimony.
9. Receive update from federal consultants Van Scoyoc Associates.

Mr. Geoff Bowman with Van Scoyoc Associates began his update stating that Washington is currently at an incredibly challenging dynamic with very slim majorities in the House and Senate which makes a difficult environment to get legislation enacted. The Freedom Caucus who are conservative members of the House is leveraging their numbers to get certain concessions, but they have only been guaranteed opportunities, not outcomes which makes bringing bills to the floor in the House very challenging. Big achievement this year is we did not skirt through the debt limit. It is the 78th time since 1960 the debt limit has been exceeded with current debt approximately \$31.5 trillion. Moving forward, there will be a very constrained budget cycle over next several years with caps on federal spending programs. If the appropriation bills are not enacted, there will be a 1% across the board cut on all agencies. Constrained funding will make it harder to obtain federal funding for the projects of interest through the Department of Transportation. Additionally, if Congress does not enact the appropriation bills, or they don't pass a continuing resolution (which acts as a bridge from FY23 into FY24) by September 30, they run the risk of a government shutdown. This will not impact the channel deepening project since those funds are already being executed; however,

the \$10 million funds Congressman Weber has requested for the Velasco Terminal Expansion project under the Port Infrastructure Development Program could be held up by the appropriations process. If they get to full year appropriation bills, it may be in the final package, if not and they pass a yearlong continuing resolution, earmarks are not included in continuing resolutions and will have to start from scratch for FY25. Moving forward, VSA will see an evolution in the work opportunities for the Port with the Bipartisan Infrastructure Bill, Inflation Reduction Act that includes additional funds for the Port Infrastructure Development Program and a Port Electrification Program. Additional programs of interest include Diesel Emissions Reduction Act, Infra (Nationally Significant Multimodal Freight & Highway Projects) and other carbon reduction and infrastructure programs. Finally, Mr. Bowman thanked the Port for allowing him to be a part of the deepening project noting he started working with the House Transportation and Infrastructure Committee in 2002 about the time the feasibility study was started.

10. Approval of minutes from meetings held July 20, 2023, and August 10, 2023.

Commissioner Singhania asked for corrections and/or a motion to approve the July 20 minutes only.

A motion was made by Commissioner Giesecke to approve the July 20 minutes as presented. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

Commissioner Singhania asked for corrections and/or a motion to approve the August 10 minutes. Commissioner Giesecke noted one small correction to the first paragraph on Page 6 of the minutes where it references \$141 in free cash, should read \$141 *million* in free cash.

A motion was made by Commissioner Santos to approve the minutes with the correction. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

11. 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

Ms. Saathoff reported attending the U.S. Army Corps of Engineers Galveston District summer Stakeholder Forum 2-day event along with Commissioners Giesecke, Kincannon and Singhania. She also noted personnel changes at the Galveston office and gave an update on the flanking issue for the Freeport area portion of the Sabine to Galveston project and has requested the Corps give a briefing to the Port in the near future. Ms. Saathoff also commented how the Port is in a really good place with the Freeport Harbor Channel Improvement Project compared to other Texas projects. We were able to get the final package bid and awarded earlier this year, the first after Col. Blackmon took command of the Galveston District. Many projects are still waiting to move forward, and the Corps is carrying over a significant amount of money into the FY2024 budget year. Staff is planning for the annual Port Freeport Golf Tournament to be held October 16 that will benefit Texas Port Ministry. The tournament will be a single-flight format and several sponsorships have already been secured. Staff has continued work with Breakthrough

Consultants to develop new material for monthly updates which will be distributed through the Port website and social media accounts. Commissioner Singhania reminded everyone the next CAP Meeting will be held September 12 at the Clute Event Center with Vincent Solis, president of Brazosport College, speaking to the group. Ms. Saathoff also reported that under the settlement agreement with the City of Freeport, the exchange of deeds and payments under that agreement have been made. The Port has received deeds for the streets, alleyways, the park and lots, and made payment of \$7.1 million to the City. Additionally, once the sewer lift station is relocated and other utility improvements are made, the Port will issue the final payment of \$1.8 million.

B. Director of Engineering

Mr. Hull reported the dredge is still working in Reach 4 with approximately 3 weeks of work left. He also shared a current photo of the slope protection progress in the bend easing as well as the completed work to the non-TWIC truck staging area and the recently poured concrete west of Warehouse 51, both pieces of the Port Wide Pavement Repairs project. Ms. Saathoff commented that when Great Lakes completes dredging in Reach 4 and is waiting for surveys to be completed, they relocate the dredge to another area to continue working; the dredge does not sit idle.

C. Director of Operations

Mr. Durel shared photos of the relocation of the power supply for the gantry cranes from Dock 7 to Dock 8, noting that crane 2 would be completed today and able to transverse both docks. Relocation of crane 1 will begin next week. He also shared photos of the Samsung Linde project cargo discharged the first week of August and scheduled to leave next week for a semi-conductor facility outside of Dallas. Lastly, he shared photos of the Port's current aging rescue container and a new container recently purchased that will be outfitted with the same equipment and additional improvements.

D. Director of Business & Economic Development

Mr. Miura noted the Greater Houston Port Bureau Dinner honoring David Grzebinski, President & CEO of Kirby will be held August 26 and the Breakbulk Americas Conference in Houston will be held Sept 26-28 at the George R. Brown Convention Center with a by invitation only reception held for Port customers September 27. In addition, he shared current photos of the progress at the Volkswagen site.

E. Chief Financial Officer

Mr. Lowe gave a presentation regarding the financial results for the month of July.

12. Approval of financial reports presented for the period ending July 31, 2023.

A motion was made by Commissioner Croft to approve the reports as presented. The motion was seconded by Commissioner Giesecke with all Commissioners present voting in favor of the motion.

13. Receive report from Commissioners on matters related to:

A. August 3 Finance Committee Meeting

Commissioner Giesecke reported the committee discussed the tax rate setting process and related projections which were covered at the subsequent board meeting August 10.

Additionally, staff presented revenue budget projections noting it'll be a healthy increase over current year.

B. August 15 Capital Planning Committee Meeting

Commissioner Kincannon reported staff presented the preliminary budget for the fiscal year 2024 port capital expansion plan by strategic categories and targeted funding sources, noting there no major issues identified.

C. August 16 Personnel Committee Meeting

Commissioner Singhanian reported that staff presented the personnel budget and agreed with staff's recommendation to look at a budget of 5% with a hybrid system where everyone gets the same amount across the board so those on the lower end of the scale can benefit. Whatever is left of the budgeted percentage is divided as a percentage into the merit raise and will be slightly higher than cost-of-living adjustment (COLA) this time. The committee felt it was the right recommendation to accept. A few new positions were also discussed in the budget. Performance evaluation forms were reviewed and are on the agenda for approval.

D. Port Commission related meetings or conferences, Port presentations and other Port related matters.

Commissioner Croft reported attending the Lake Jackson Business Association meeting as well as the Angleton Chamber Legislative Update.

Commissioner Kincannon reported attending the USCOE Industry Day August 22 as well as the most recent BCCA meeting.

Commissioner Giesecke reported also attending the USCOE Industry Day and BCCA meeting in addition to attending Ms. Saathoff's presentation to the Board of Realtors July meeting. He also reported attending the Freeport City Council meetings August 7 and 21, Boy Scouts Breakfast and Angleton Chamber Legislative Update.

Commissioner Fratila also reported attending the Angleton Chamber Legislative Update.

Commissioner Santos reported attending the Emergency Management Training, BCCA meeting and Angleton Chamber Legislative Update.

Commissioner Singhanian reported attending the quarterly TxDOT Traffic Coordination meeting, reception and dinner for the India Consul General, Emergency Management Training, USCOE Stakeholder Forum, Angleton Chamber Legislative Update and the Boy Scout Breakfast.

14. Approval of a Resolution Authorizing Executive of an Interlocal Agreement between Port Freeport and Texas Department of Transportation.

Mr. Wilson began by explaining the heavy lift corridor, what it's used for as well as the ProMiles Contract which is the automated permitting system used for the corridor and will be amended at a later date. He shared a memo that included current and new rates used in the corridor as well as a map of the new route for the heavy lift corridor. Mr. Wilson stated the Interlocal Agreement will expire August 31, 2023, and briefly highlighted the scope of

services in Attachment A of the agreement. He then presented the resolution authorizing execution of the Interlocal Agreement. Commissioner Singhania clarified the current rates for containers in the memo should be \$26 - TxDOT and \$3 - ProMiles. Additionally, he requested this item be taken to the finance committee in the future for review.

A motion was made by Commissioner Kincannon to approve the resolution. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

15. Approval of American Association of Port Authorities annual membership dues.

Ms. Saathoff stated that the American Association of Port Authorities (AAPA) represents ports in the U.S. (including the Great Lakes ports), Canada, the Caribbean and Latin America. They work heavily on legislative matters and represent the U.S. ports collectively in Washington. The association has a tiered dues structure that is based on forecasted revenues for the year. Port Freeport has been growing and therefore, the dues have been increasing as well and are now above Ms. Saathoff's signing authority which requires board approval. Ms. Saathoff stated the Port now falls into the revenue tier of \$42.5 - \$59.99 million and will be paying dues of \$28,225 based on the Port's forecasted revenues for FY2024. Staff recommends approval.

A motion was made by Commissioner Santos to approve the membership dues. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

16. Approval of employee performance evaluation forms.

Commissioner Lowe stated that staff previously met with the Personnel Committee and reviewed the performance evaluation forms. The committee requested staff bring the forms to the Commission for approval. Staff recommends continuing forward with the use of the management and non-management forms as presented. Commissioner Singhania noted the forms are the same forms used in prior years and the goal is to have them executed to the employees by October 1. Commissioner Croft suggested that these forms be included as part of the policies.

A motion was made by Commissioner Croft to approval the forms. The motion was seconded by Commissioner Fratila with all Commissioners present voting in favor of the motion.

17. Discuss and consider adoption of a Resolution to propose the 2023 tax rate, to be adopted at a future meeting.

(The 2022 tax rate is \$0.35000; the 2023 No New Revenue Rate is \$0.030435; the 2023 Voter Approval Tax Rate is \$0.033240)

Mr. Lowe began with a few slides stating this is annual rate setting process for debt service (I&S) and maintenance and operations (M&O) rates noting the 2023 I&S rate includes 2019, 2021 and 2023 GO Bond issuance payments for FY2024. He further noted that on August 10, the Port Commission encumbered \$1 million of the Port's funds for FY2024 GO debt payment. Mr. Lowe reminded the Commission the bonds were approved by voters in May

2018 and shared the dates of the three issuances. With regard to the tax rate and budget schedule, Mr. Lowe noted the following schedule...

August 24 – Review NNRTTR and VATR

August 24 – Take a record vote to propose 2023 tax rate

August 25 – Report proposed rate and results of the vote to the BC Tax Assessor-Collector

August 30 – Conduct Budget Workshop

September 7 - BC Tax Assessor-Collector will publish either:

- *Notice of voting on tax rate if proposed rate is at or below NNRTTR**
- *Notice of hearing on tax increase if proposed rate is above NNRTTR**

September 14 – Adopt 2023 tax rate

September 14 – Conduct Budget Workshop and Adopt Budget

**Requires seven-day public posting in local newspaper.*

Commissioner Singhanian, seeking clarification, asked that if the Commission does what they previously discussed and go with a zero M&O, encumber \$1 million and have a tax rate of \$0.018 but next year they choose not to encumber any funds and have a tax rate of \$0.022, would it still require a hearing. Mr. Lowe stated that if you take the M&O to zero, there won't be an increase. The hearing is tied to the NNRTTR, but doesn't change any approvals, just what we call it on the agenda and does not have to go to the voters for approval because it will just be the I&S rate. Mr. Lowe then presented the NNRTTR received from the County of \$0.031012 with a new tax base of \$22.7 billion, deducting new improvements to get an adjusted taxable value of \$21.199 billion against last year's adjusted total taxes of \$6.574 million. Mr. Lowe shared a comparative slide which he built based on the I&S debt rate only showing that last year had a total levy of \$6.782 million with a .035000 tax rate. If the Commission goes with the I&S debt rate only this year, the rate would be \$.016007/100 of assessed value which would generate \$3.637 million. This includes the \$1 million encumbrance.

A motion was made by Commissioner Giesecke to propose a total tax rate of 0.016007/100 valuation. The motion was seconded by Commissioner Fratila.

Commissioner Santos asked for clarification on what would happen if next year (2024), the Commission decides not to encumber funds. Mr. Lowe explained that the debt payment is going up next year so it will be a straight math calculation of the debt payment divided by the new tax roll that will equal an anticipated number of .02 something. This would not take voter approval; it would be the rate with no M&O. Commissioner Santos then asked that if for some reason the Port needed M&O in 2024, does it go back to the voters for approval or does the Commission take action. Mr. Lowe confirmed the Commission would take action to propose the M&O but then it would go on the November ballot. Commissioner Santos further clarified that once the Commission zeros M&O, it stays zero until the voters of the District approve it.

Commissioner Croft commented that he read a report when the Port started and the voter approved tax rate at the time was 35 cents noting that if the Commission takes action on this, it will have cut the rate a half of a percent of what was originally approved.

Commissioner Giesecke pointed out the Port has been getting along without the M&O (putting it in capital reserves) since 2015.

Commissioner Singhanian commented that he looks at this like any other business you have to plan for; based on the situation, you do what you have to, noting that he feels comfortable

since the Port has not had to use collected M&O for 7 years when they began putting it away in a reserve fund and knows with I&S, it can be raised (if needed) without voter approval. Mr. Lowe stated that the I&S is going to drive the language that goes in the newspaper, on the website and whether a hearing or a vote is held. Commissioner Singhania clarified that with the motion on the table, the Port is giving up M&O forever, unless its voter approved again and with I&S, the Port is not tying any future Commissioners to what they would like to do within the guideline that I&S maximum rate needed for I&S bond payment without voter approval.

Commissioner Giesecke also pointed out that as the Port looks at the debt service payments in the future (2026) getting to \$7.2 million, unless a future Commission starts adopting rates that are above the NNRT, the M&O is going to approach zero in those years because the total tax levy would be needed to pay the GO bonds.

Commissioner Santos stated that his calculations included a four-year plan and not take it to zero now, but gradually get there. He gave an example of an M&O of .00750, and still generate approximately \$1.704 million, cutting the M&O down another increment the following year, and the following year (2025) taking it to zero or push it out again to 2026.

Commissioner Fratila commented that the new commissioners have been elected on the basis of voters wanting this kind of action because they see the revenue and they would like the revenue to support the maintenance and operations, adding the new commissioners on board have been directed towards that and as responsible elected officials, we should listen. Furthermore, she doesn't feel the Port would be giving up something that's needed as those funds have not been used for maintenance and operations. With new tenants coming on and new revenue, she feels it's being responsible to the people who have elected them to follow up with it.

At this time, Commissioner Singhania called for individual votes on the motion made by Commissioner Giesecke which was to propose a total tax rate of 0.016007/100 valuation. The motion was seconded by Commissioner Fratila. The following votes were taken...

Commissioner Croft – Aye

Commissioner Kincannon – Aye

Commissioner Giesecke – Aye

Commissioner Fratila – Aye

Commissioner Santos – Present

Commissioner Singhania - Aye

Commissioner Singhania stated that the motion passed with 5 ayes and 1 present.

Commissioner Croft asked for Mr. Randle for clarification on the "present" vote. Mr. Randle stated that present means you are neither voting for or against it, it's like an abstention except you're not abstaining, you're just present. The vote will be counted as 5 ayes and 1 present.

Commissioner Croft inquired if today was a binding vote that is turned into the County. Mr.

Lowe stated the Commission is binding itself to vote on the tax rate on September 14 at 1 p.m.

Commissioner Croft further inquired if it could be voted down at that time. Mr. Randle added the Commission is voting on a resolution approving a tax proposal and setting a date for a record vote. With the record vote on September 14, you will actually adopt the rate.

Theoretically, it could be voted down at that meeting. If that happens, state law provides for a default rate of the NNRT. Commissioner Croft asked if the same method of voting could be

taken on September 14 (i.e., aye, no, present). Mr. Randle stated the Port Commission has that power and typically it would be a majority vote unless you're going above the NNRTR. Ms. Saathoff confirmed that everyone was available September 14 for the adoption of the tax rate as well as the presentation and approval of the budget.

18. 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) for discussion regarding:
 - 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.
 - i. Business and Economic Development Reports.
 - 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 Concerning Real Property Matters) for discussion regarding:
 - 1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; 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 12, 13, 14, 19, 27, 34 and property on Quintana Island.
- D. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:
 - 1. Discussion regarding issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.

19. RECONVENE OPEN SESSION:

20. Adjourn.

With no further business before the Commission, the meeting adjourned at 6:03 PM.

Ravi K. Singhanian, Chairman

Rob Giesecke, Vice Chairman

Barbara Fratila, Secretary

Kim Kincannon, Asst. Secretary

Dan Croft, Commissioner

Rudy Santos, Commissioner

Minutes of Port Commission Special Meeting

August 30, 2023

In Person & Videoconference

A Special Meeting of the Port Commission of Port Freeport was held August 30, 2023, beginning at 9:07 AM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

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.

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Meeting ID: 894 8711 9181

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Commissioners present in person:

Mr. Ravi Singhania, Chairman
Mr. Rob Giesecke, Vice Chairman
Ms. Barbara Fratila, Secretary
Mr. Kim Kincannon, Asst. Secretary
Mr. Rudy Santos, Commissioner

Commissioners present via videoconference:

Mr. Dan Croft, Commissioner

Staff Members Present:

Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
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Mr. Brandon Robertson, Director of Information Technology
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Jesse Hibbetts, Operations Manager
Ms. Bailee Pavlovsky, Accounting Clerk

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:

2. Roll Call – Commissioner Singhania noted that Commissioner Croft was participating by videoconference and all other Commissioners were present in the Board Room.
3. Call to identify and discuss any conflicts of interest that may lead to a Commissioner abstaining from voting on any posted agenda item.

There were no conflicts noted by Commissioners.

4. Public Comment – There were no public comments.
5. Public Testimony – There was no public testimony.
6. Conduct workshop regarding Fiscal Year 2023/2024 Budget for Port Freeport.

Mr. Lowe began the workshop by stating the overall budget includes \$45.7 million in operating revenues and \$28.2 million in operating expenses which produces an operating profit of \$17.5 million for an operating margin of 38%. An increase in net assets of \$31.9 million is anticipated. Planned capital expenditures amount to \$51.6 million plus contributed to others of \$950 thousand for a total of \$52.6 million which will be funded through a combination of cash flows, debt and grants. Debt service interest expense on existing debt amounts to \$11.1 million. The graphs on the current slide are balanced and broken into source of funding and use of funding for a total of \$86.2 million. Mr. Lowe noted that for the final budget, the graphs will be updated to include a financial number and percentages. Revenues represent \$72,285,700 with 45% generated through harbor revenues, 19% in lease revenues, 5% in ad valorem, grant revenues of 26% and other at 5%. Total operating revenues is \$45,753,500 with a \$6 million or 23% harbor revenues increase from 2023 forecasted and an increase in ship calls for an estimated 18.8 million in tonnage and 495 ship calls. Volumes are up 58% over 2023 forecast due to the resumption of Freeport LNG operations. Lease revenues of \$13,463,600 has increased \$67 thousand over the current forecast. Commissioner Singhania inquired about the notation that Ro/Ro cargo is charged by unit, not tons, asking if Ro/Ro is included in the tonnage number. Mr. Hibbetts stated that staff invoices based off of a unit (rate per unit for vehicles), but they capture the tonnage in the tonnage report and is included in the tonnage number for the budget. With regard to the tax levy, the Port's tax appraisal roll is \$22.7 billion, and the debt service (associated with the GO Bonds) is \$3,637,373 which is the number after the Port encumbered \$1 million. This resulted in a debt service rate of .016007/100 of assessed value. For budget purposes, staff deducts the appraisal district and tax office fees of \$70,873 which gives a net ad valorem tax revenue budgeted at \$3,566,500. The tax levy projection graph represents two scales. The blue and orange bars represent rates while the gray line represents total dollars. With the previous slide showing the Port to be at .016, Mr. Lowe showed where it falls on the graph. For FY25-30, the orange depicts what the debt payment will be. Mr. Lowe noted the graph does not assume any further encumbrances in future years, it's only for graphic purposes for today's workshop, adding that each year the Commission will discuss, and any decisions made will be reflected in an updated graph. Regarding operating expenses, Mr. Lowe stated the largest expense on paper is depreciation at 43% while the largest ongoing expenses are port salaries, wages and benefits category at 23%, professional services at 11% and business insurance at 9%. Port salaries, wages and benefits is budgeted at \$6.3 million which is an increase of \$776 thousand or 14% over the current forecast. The budget includes a 5% increase in CPI/merit raises, filling three approved positions that are vacant. It also includes \$40,000 in available market adjustments. There is a 10% increase forecasted in group health insurance premiums and 6% in dental with renewal date of January 1. This puts the percent of group health premiums to total wages and benefits

at 14.9% and assumes full participation in the retirement plan and the percent benefits to salaries and wages at 37%. Professional Services is budgeted at \$3.1 million which is a decrease from 2023 forecast of \$87 thousand or 3%. Security service fees takes up a majority of this category \$2.1 million which includes security personnel and K9 detection services. This category also includes surveying, environmental consulting, federal and state level government liaisons, port planning services, granted related assistance, building code review services and records management permanent archives. Training, Travel, and Promotional is budgeted at \$844 thousand which is an increase of \$325 thousand over 2023 forecasted. Mr. Lowe noted the largest item in this category is website redevelopment which is carried over from FY23. Commercial events participation included to continue to promote the Port's multi-modal facilities for containerized cargo, Roll On/Roll Off cargo, and breakbulk cargo. Also included is advertising in targeted publications, sales travel, government relations travel, community events that include four CAP meetings and technical training that focuses on professional development. Electrical ZPMC training, engineering certifications, emergency management and safety programs are also included in this category. Utilities is budgeted at \$964 thousand which is an increase of 20% or \$158 thousand. This includes an increase in the City of Freeport water and sewer rates by 12%. In addition, the current electricity contract will expire this year and an increase of 25% is anticipated. Business insurance has a budget of \$2.6 million which is an increase of \$685 thousand or 35% over the current forecast. Other services and charges is budgeted at \$555 thousand and is an increase of 13% over the current forecast. This category includes IT contracted services, AAPA dues, port-a-cans and hand wash stations as well as property lease expense (railroad). Ms. Saathoff explained the rail Cemex is using for the CO2 transloading is not owned by the Port, it is leased from UP. Mr. Lowe noted that this category also includes the maintenance for the NOAA Ports System that was previously funded by Freeport LNG for the last two years. Mr. Hibbetts explained that because of the busyness in the port, port-a-cans and hand wash stations are strategically placed throughout the port for truckers. Mr. Hull gave a brief explanation of the NOAA Ports System for Commissioner Fratila. Commissioner Croft inquired about cooling stations. Mr. Hibbetts explained that most of the stevedores provide tents, water kegs and Gatorade but they do not provide misting fans. Port safety does a good job of passing out water and Sqwinchers while monitoring everyone throughout the port. Maintenance and repair budget is \$1,437,200 which is an increase of 3% over 2023 forecasted. Special projects included under this item include a carryover of the Administration building repairs, crane trolley repairs which could be capitalized depending on final scope. Other significant items include terminal operations equipment (cranes), security equipment, cleaning and maintenance of office buildings, dust control product, road repairs and mowing. Mr. Hibbetts explained that the dust control product is a spray application used on the limestone to keep the dust down. Application is done annually but can be applied more often if needed. Depreciation expenses of \$12.2 million is an increase of \$3.3 million due to the addition of Berth 8 and the ro-ro ramp as well as future capital projects. Regarding debt interest and fees, the slide shows the General Obligation Bonds issued in 2019, 2021 and 2023 for a total of \$4.6 million in total principal and interest payments. With \$1 million encumbered, it brings the total down to \$3.6 million. The Senior Lien Revenue Bonds reflect about \$12.9 million for a total debt service of \$17,518,514. The Port's Capital Expansion Plan is broken into four strategic initiatives that include the Freeport Harbor Channel project at \$950 thousand, Buildout of the Port's Container Handling Facilities at \$37.1 million, development of warehousing and OEM distribution facilities at \$1.4 million and Port Infrastructure support of \$13.1 million, for a total of \$52.6 million. Mr. Lowe also shared a look at the projects by funding in a pie chart. Commissioner Singhania noted the 1% capital improvement reserve is the \$18.1 million M&O money the Commission previously approved to be put into the reserve.

At this time, Commissioner Singhanian requested a recess at 10:17 a.m.

The Commission reconvened at 10:30 a.m. Commissioner Singhanian noted that five Commissioners were present in the Board Room, and one via videoconference.

Mr. Lowe presented the cash flow worksheet noting the bottom portion has been updated. The cash flow starts with a net income of \$13.8 million, adding back in depreciation and interest expense of \$23.3 million which then takes you to cash flow from operations, taxes and investments of \$37.1 million. Debt service payments of \$17.5 million gets you to net cash flow before capital expenditures of \$19.6 million. The capital projects previously discussed total \$52.6 million with \$19.1 million coming in from the grants, leaves the Port in a cash (from) reserves of \$13.9 million for FY2024. Mr. Lowe noted changes made to the bottom portion of the worksheet to capture payments recently made. The net asset balance would begin at \$30.6 million with a reserve for capital improvements of \$17.4 million. Additionally, funds include restricted for debt service which are moved over monthly, the 2021 GO Project remaining and restricted for capital improvements (Corps). When you take these balances and incorporate the numbers from above, you see unrestricted net assets for FY2024 of \$16.6 million, capital reserve left flat, restricted for debt service of \$14.1, GO fund of \$42.9 and restricted for capital improvements \$11,770. The funds recently pulled out of the unrestricted funds was the payment to the City of Freeport. Mr. Lowe then looked at a traditional financial view of the statement of revenues, expenses and changes in fund net assets showing total operating revenues of \$45.7 million, expenses of \$28.2 and \$17.5 in operating income. He pointed out the two figures for investment income and ad valorem income as well as the interest on debt of \$11.1 million which results in a net income of \$13.8. After adding in the contributed from others and taking out the port's possible contribution to the Corps results in net assets of \$31,962,000. Finally, Mr. Lowe went over the capital expansion projects which include \$950,00 for the Freeport Harbor Channel, buildout of the Port's Container Handling Facilities which is primarily backland development, the development of warehousing and OEM distribution facilities and the Port infrastructure support. Commissioner Giesecke noted the Buildout of the Port's Container Handling Facilities funding sources should include grants. He also congratulated the finance staff on a great job for the preparation of the budget and details, as it's an improvement over prior year. He then inquired about the capital plan for the gantry cranes assuming staff is going with capital lease asking how the port will work with the lender on the payment process. Mr. Lowe explained that depending on the timing, if it dictates the entire amount is borrowed, he would not anticipate going with multiple transactions, either with bonds or lending institution. If the Port is in a position to pay the initial down payment from available cash, the delta will be financed, and staff will track individualized accounts making progress payments to the vendor. With no further questions, Mr. Lowe stated that staff will make the necessary updates noted today and would appreciate the Commission's support for approval September 14. Commissioner Croft asked where the Port's funds from the Harbor Maintenance Trust Funds are shown in the budget. Ms. Saathoff explained that the federal government receives those funds which are then redirected through the U.S. Army Corps of Engineers appropriations package. Commissioner Fratila inquired about a line item for capital expansion projects for FY2024, noting an item for land acquisition with the purpose to purchase property adjacent to Velasco Terminal Entrance. Ms. Saathoff explained there is nothing left to acquire, the line item is for the final payment to the City of Freeport, staff used the descriptor from prior years and will tweak to reflect final payment to be made. Commissioner Giesecke inquired on the City of Freeport's water meter issue. Ms. Campus stated the last update she received two weeks ago is the City received the replacement meter and has installed it, however we are still working off of estimated water bills. The new meter didn't resolve the City's problem with the billing issue. The Port pays an estimated bill

monthly and is not in arrears. Commissioner Giesecke commented that he also has notes related to the state and federal liaisons, asking if they wanted to discuss now or when their contracts come up for renewal. Commissioner Singhania suggested they discuss when the contracts are up for renewal hoping to reduce their fees. He also noted an unspecified amount of \$150,000 in the budget to use, if necessary, for items related to ES&G. Commissioner Giesecke also asked about the port planning services and what that will entail. Ms. Saathoff stated that it's a placeholder in the budget for items that may come up such as a market analysis. It's not tied to any specific item. Other minor tweaks Commissioner Giesecke pointed out were under community events. He also requested staff update the Commission on the MAG numbers at the next meeting. Commissioner Singhania inquired about the summary on training, travel and promotional business development budget confirming that staff adjusts its focus to containers vs. Ro/Ro, which is supported by market study that determines investment priority. Under commercial events, Commissioner Singhania confirmed again that staff will shift its focus towards container-type events, scaling back on other events that aren't container focused. He then inquired about the \$150,000 budgeted for website redevelopment, asking what staff is visualizing. Mr. Miura stated that it will be a complete redevelopment and redesign of the website, adding that the current website was rolled out in 2016 but needs to be redeveloped to stay current with industry search engine optimization. The port has changed in a tremendous way since then and the website needs to reflect changes. Staff has added many different modules and items to the website that are exceeding its capacity of what it was intended for. The website needs a lot of work and it's not something that can be done in house. Staff reached out to different providers with indications of cost from \$100,000-\$150,000. Legal counsel has indicated an RFP needs to be sent out as it's not a professional service. With approval of the budget, staff will proceed with the RFP. Mr. Miura added that the website is more than just a redevelopment, it also ties into the ad development which also needs a refresh to stay relevant. Commissioner Fratila commented that as part of the website redevelopment, suggesting receiving input when it comes to being user friendly for members of the public who might want to access or request information, specifically adding a component for public information act requests. Commissioner Giesecke inquired how much support is received from the website for business development vs. networking at conferences and events. Mr. Miura stated that staff receives regular leads through the website staff responds to as well as requests for additional information on services the Port provides. The website is both a tool and a way to communicate to industry and community. Ms. Saathoff added that all of the cost is under business development's budget because they will take the lead on the redevelopment, but the website is equally important for business development, operations, safety/security, communication during emergency events as well as a communication to the community. There are also financial and administrative documents required to be posted on the website.

With no further discussion on the budget workshop, Commissioner Singhania recessed the meeting at 11:20 a.m.

7. 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) for discussion regarding:
 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 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:
1. Discussion regarding the potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the are known as the East End of Freeport and bordered by or adjacent to the following streets: FM1495; 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 12, 13, 14, 19, 27, 34 and property on Quintana Island.
- C. 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.
- D. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:
1. Discussion regarding issues related to the deployment, or specific occasions for implementation of security personnel or devices or security audit and services.

8. RECONVENE OPEN SESSION:

9. Adjourn.

With no further business before the Commission, the meeting adjourned at 12:17 PM.

Ravi K. Singhanian, Chairman

Rob Giesecke, Vice Chairman

Barbara Fratila, Secretary

Kim Kincannon, Asst. Secretary

Dan Croft, Commissioner

Rudy Santos, Commissioner



Fiscal Year 2023/24 Budget Workshop

September 14, 2023

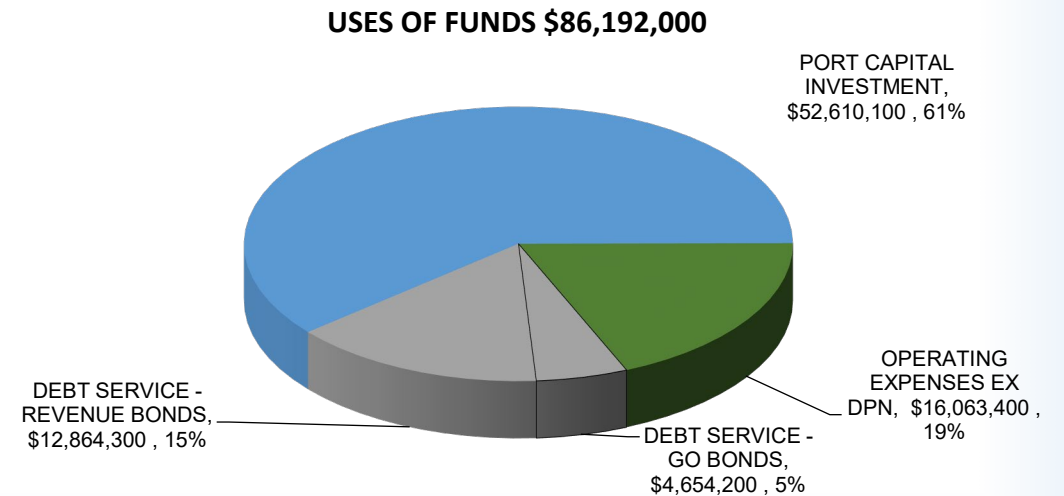
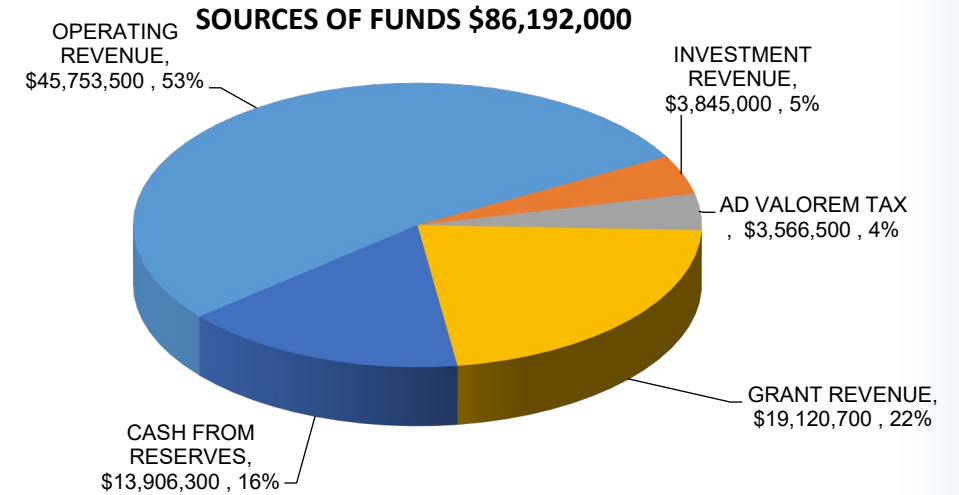
Rob Lowe, CFO

Mary Campus, Controller

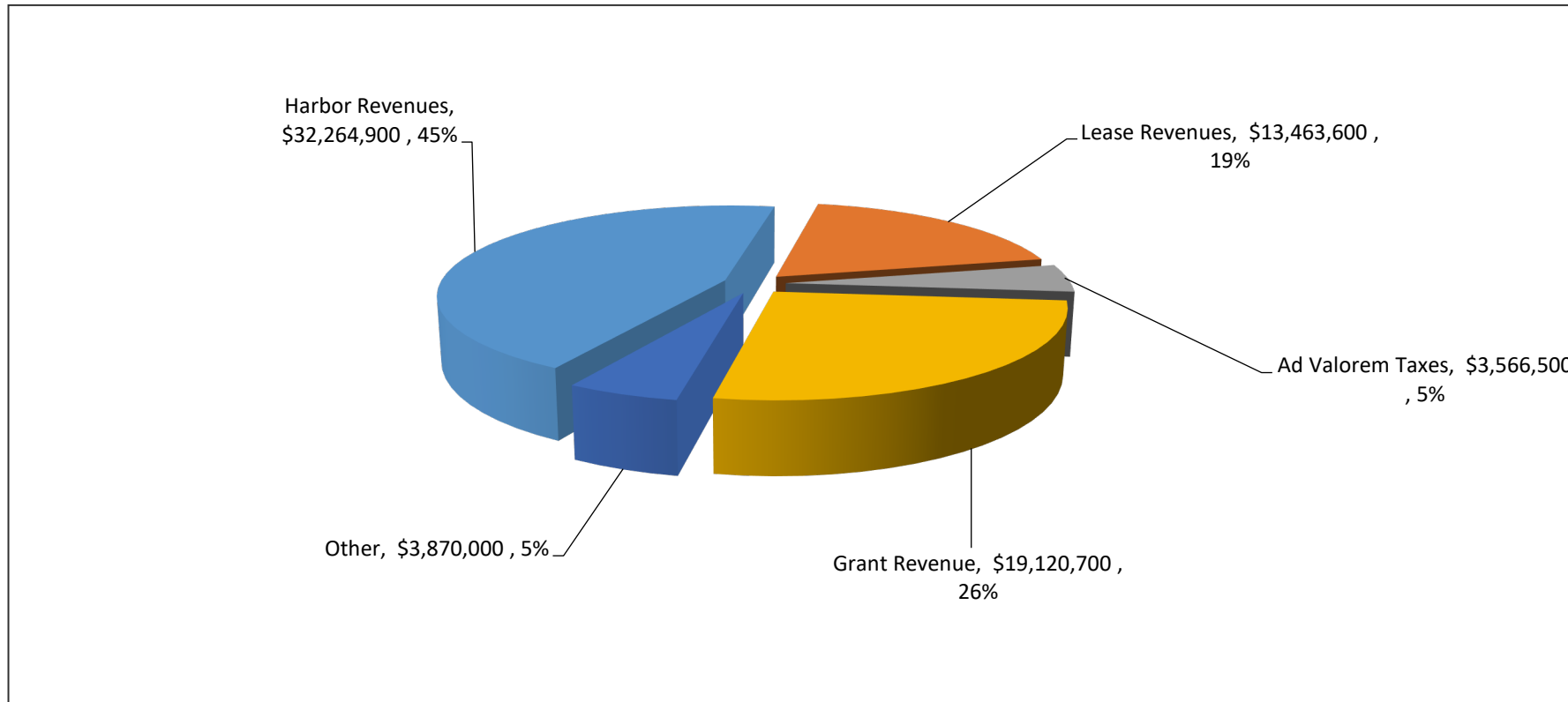
Budget Summary

Incorporates:

- \$45.7 million in Operating Revenues
- \$28.2 million in Operating Expense
- Produces an Operating Profit of \$17.5 million for an operating margin of 38%
- An increase in Net Assets of \$31.9 million is anticipated
- Planned Capital Expenditures amount to \$51.6 million plus Contributed to Others of \$950 thousand for a total of \$52.6 million, which will be funded through a combination of cash flows, debt and grants
- Debt Service interest expense on existing debt amounts to \$11.1 million



REVENUES \$72,285,700





- Total Operating Revenues \$45,753,500
- Harbor Revenues increase from 2023 forecasted \$6 million or 23%
- Tonnage 18,826,418 Ship calls 495
- Volumes are up 58% over 2023 forecasted due to resumption of Freeport LNG business operations
- Lease revenues \$13,463,600 – increase over 2023 forecasted of \$67 thousand or 1%.

(Note: Ro-Ro cargo is charged by unit, not by tons)

Ad Valorem Taxes –Port Freeport Roll



2023 Estimated Taxable Value \$22.7 billion, an increase of 17%
Taxable Value increased \$3.3 billion through new improvements, expired tax abatements and existing property valuation growth.

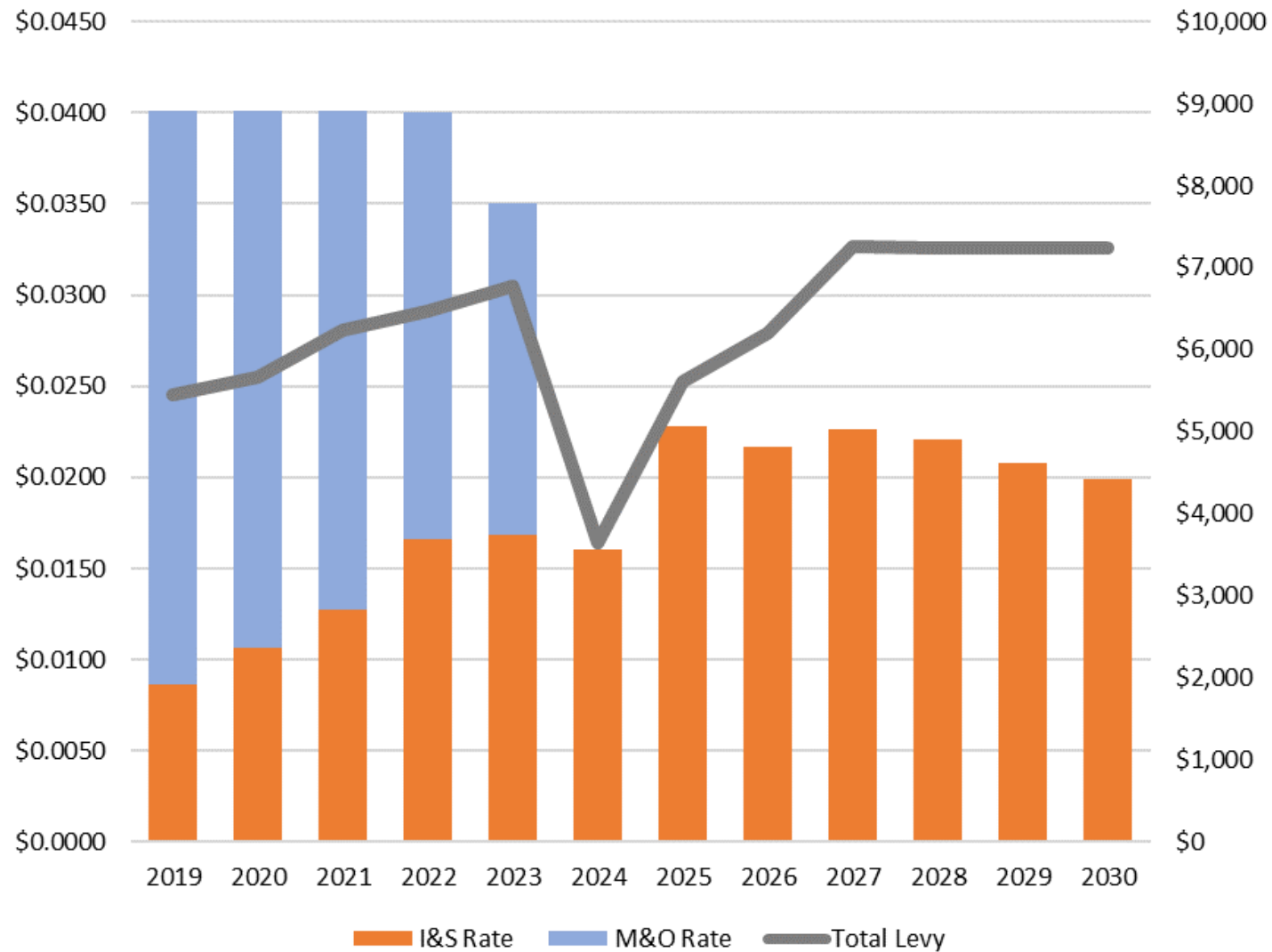
LEVY CALCULATION

<hr/>		
TAXABLE VALUE FOR 2023 APPRAISAL ROLL	\$	22,723,640,482
2023 LEVY:		
M & O		-
DEBT SERVICE (.016007)		3,637,373
TOTAL LEVY (.016007)		3,637,373
ESTIMATED AMOUNT TO BE UNCOLLECTED (100% COLLECTION RATE)		
		0
APPRAISAL DISTRICT AND TAX OFFICE FEES		70,873
NET AD VALOREM TAX REVENUE BUDGETED	\$	3,566,500

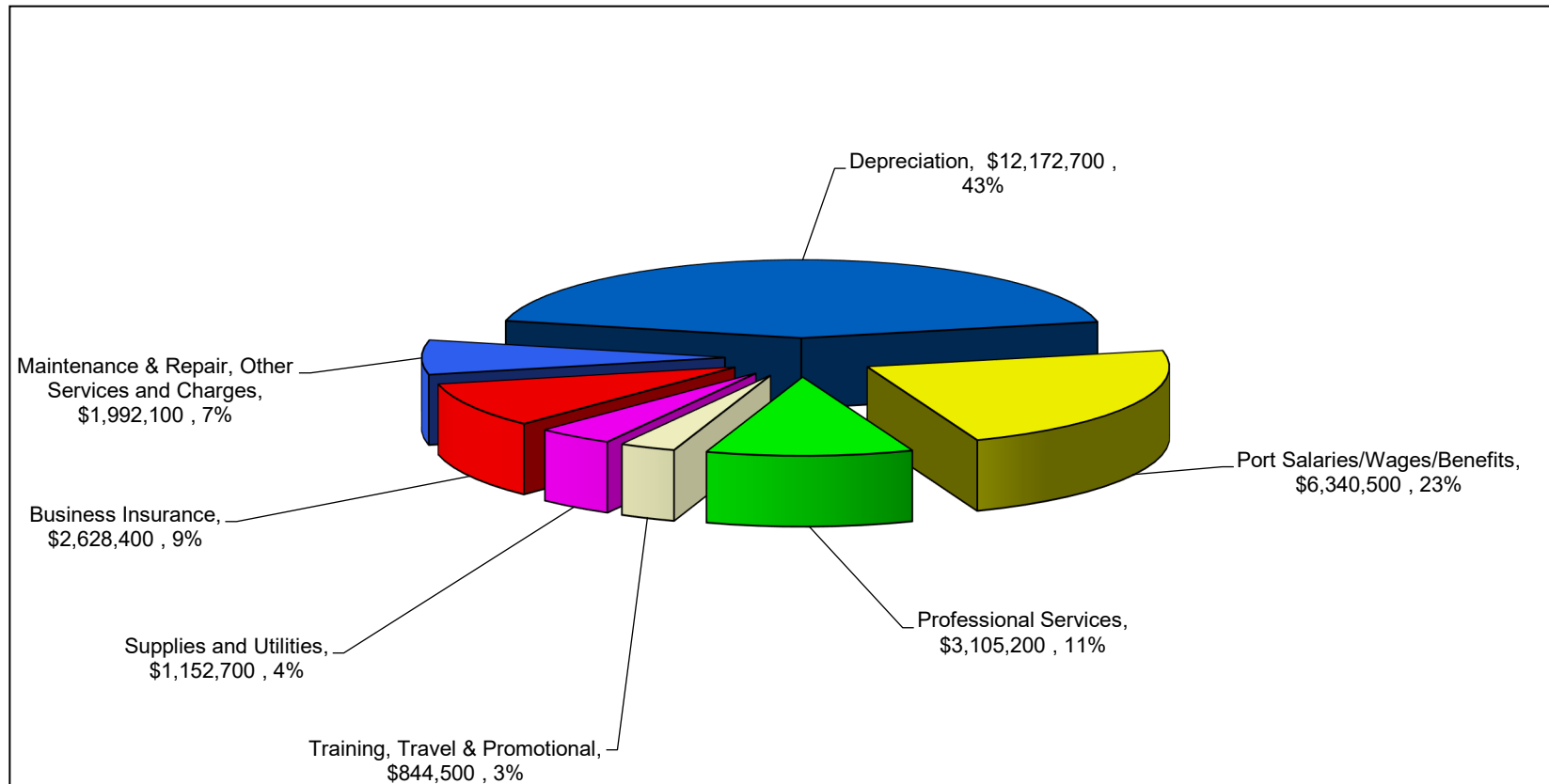


PORT FREEPORTSM

Tax Levy Projection



Operating Expenses \$28,236,100





Port Salaries, Wages and Benefits

Budgeted \$6,340,500 which is an increase over 2023 forecasted of \$776,921 or 14%

Budget includes:

- Fiscal year 2024 includes 5% increase in CPI/merit raises
- Filling three approved positions that are vacant
- \$40,000 in available market adjustments
- 10% increase forecasted in group health, 6% increase in forecasted dental and vision premiums (renewal is January 1)
- Percent of group health to total wages and benefits 14.9%
- Assumes full participation in retirement plan
- Percent benefits to salaries and wages 37%

Professional Services

Budgeted \$3,105,200 which is a decrease over 2023 forecasted of \$87 thousand or 3%

Includes:

- Security service fees include canine detection services
- Surveying
- Environmental consulting
- Federal and State level government liaisons
- Port planning services
- Grant related assistance
- Building code review services
- Records management permanent archives

Training, Travel and Promotional

Budgeted \$844,500 which is an increase from 2023 forecasted of \$325 thousand or 63%.

Includes:

- Commercial Events Participation-continue to promote Port Freeport's multi modal capabilities supporting Containerized Cargo, Roll On Roll Off and Breakbulk Cargo
- Website Redevelopment, carried over from fiscal year 2023
- Advertising-targeted publications
- Sales Travel
- Government Relations and Travel- State and Federal Government interaction
- Community Events-including four C.A.P. meetings
- Training and Education:
 - Focus on Professional Development
 - Electrical ZPMC training
 - Engineering Certifications
 - Emergency Management
 - Safety Programs



Utilities

Budgeted \$964,300 which is an increase over 2023 forecasted of \$158 thousand or 20%.

Utilities are calculated using an average of the previous year.

Increase over forecasted due to:

- An increase in the City of Freeport water and sewer rates by 12%.
- The current electricity contract will expire 12/31/23 and an increase of 25% is anticipated.

Business Insurance

Budget of \$2,628,400 which is an increase of \$685 thousand or 35% over 2023 forecasted.

- The March 1, 2023, property package renewal experienced a 65% increase, and the July 1 , 2023 liability package renewal experienced an 11% increase.
- Budget programmed in a 15% increase in premiums for 2024 based on additional asset value and continued market pressures.

Other Services and Charges

Budgeted \$554,900 which is an increase of \$66 thousand or 13% over 2023 forecasted.

Major items include:

- IT contracted services
- Dues -increase in AAPA Dues
- Port-a-cans and hand wash stations
- Property lease expense (Railroad)
- NOAA Port System (\$50k)



Maintenance and Repair

Budget \$1,437,200 which is an increase of \$39 thousand or 3% over 2023 forecasted.

Special Projects:

- Administration building major maintenance (carried over from FY 2022)
- Crane trolley rail repairs which could be capitalized, depending on final scope

Other Significant items:

- Terminal operations equipment (mostly cranes)
- Security equipment
- Cleaning and maintenance for office buildings
- Terminal facilities dust control product
- Road repairs (potholes)
- Mowing

Depreciation Expense

\$12,172,700, an increase of \$3.3 million or 37% over 2023 forecasted due to the addition of the berth 8 and the ro-ro ramp and future capital projects.



Debt Interest and Fees

SCHEDULED BOND INTEREST AND PRINCIPAL PAYMENTS

	Interest	Principal	Total Principal & Interest	Call Date
General Obligation Bonds, Series 2019	\$ 1,208,262	\$ 125,000	\$ 1,333,262	8/1/2029
General Obligation Bonds, Series 2021	894,250	-	894,250	8/1/2029
General Obligation Bonds, Series 2023	2,426,688	-	2,426,688	8/1/2033
Senior Lien Refunding Bonds, Series 2013A	391,776	2,395,000	2,786,776	Current
Senior Lien Revenue & Refunding Bonds, Series 2015A	1,543,838	895,000	2,438,838	6/1/2025
Senior Lien Revenue Refunding Bonds, Series 2018	1,342,200	645,000	1,987,200	6/1/2028
Senior Lien Revenue Bonds, Series 2019A	1,916,350	860,000	2,776,350	6/1/2029
Senior Lien Revenue Bonds, Series 2019B	933,300	615,000	1,548,300	6/1/2029
Senior Lien Revenue Bonds, Series 2021	1,326,850	-	1,326,850	6/1/2031
Total Debt Service	<u>\$ 11,983,514</u>	<u>\$ 5,535,000</u>	<u>\$ 17,518,514</u>	

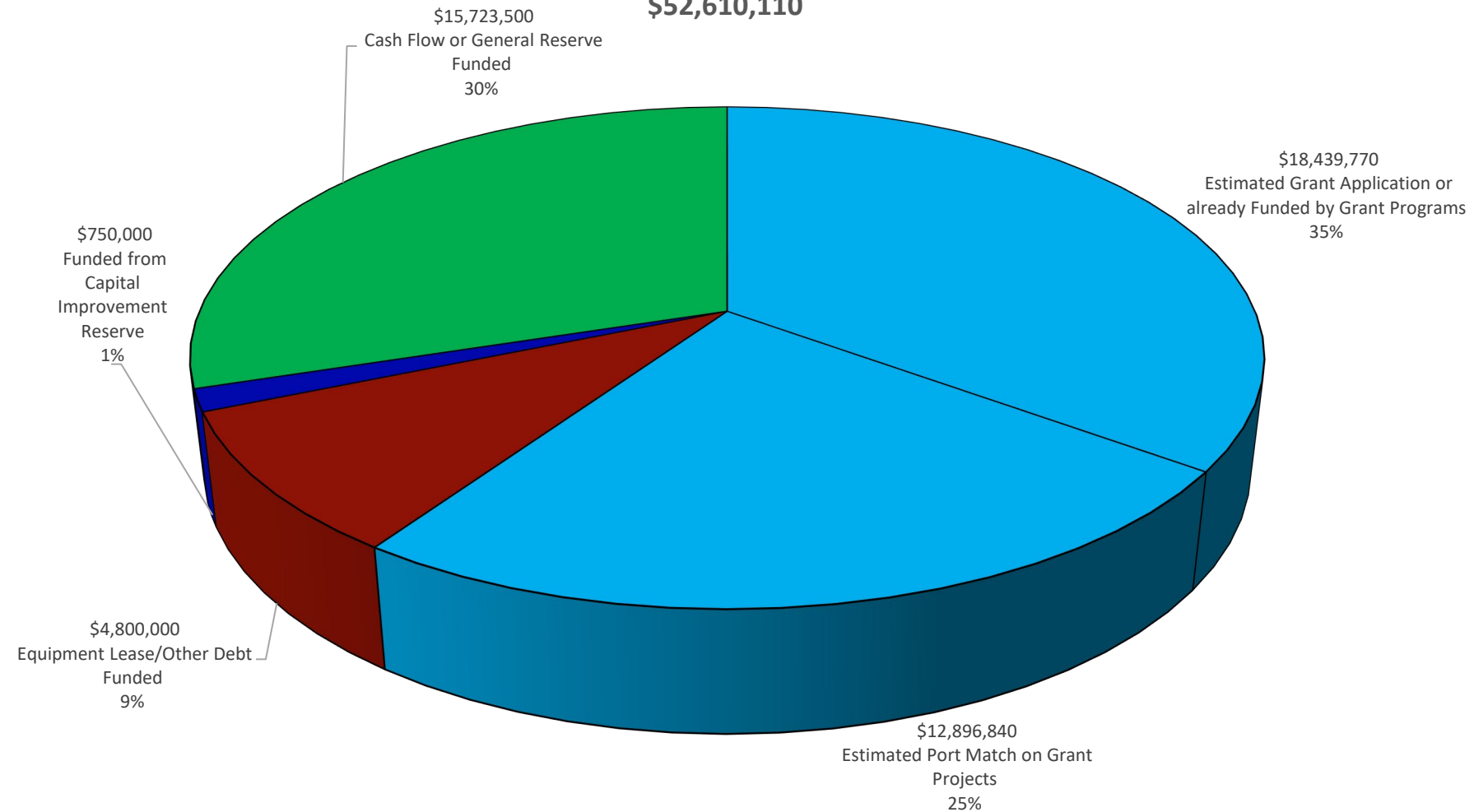
PORT FREEPORT PROPOSED PORT CAPITAL EXPANSION PLAN Fiscal Year 2024

Strategic Initiatives

Milestones

➤ Freeport Harbor Channel	\$ 950,000
➤ Buildout of the Port's Container Handling Facilities	37,124,000
➤ Development of warehousing and OEM distribution	1,440,000
➤ Port Infrastructure Support:	13,096,110
Total	\$ 52,610,110

**PORT FREEPORT 2024
CAPITAL BY FUNDING
\$52,610,110**



QUESTIONS AND COMMENTS



**2023/2024 FISCAL YEAR
BUDGET DRAFT
AUGUST 30, 2023**

PREPARED BY:

Mary Campus, Controller

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DRAFT BUDGET TRANSMITTAL

August 24, 2023

Members of the Port Commission
Port Freeport
Freeport, Texas

Presented herein is the Fiscal Year 2023/24 Budget. This budget was prepared through the collective efforts of staff, directors, and commissioners. It represents the planned financial and operating performance of the Port for the coming fiscal year and provides insight to the direction of Port expansion for the next five years. Overall, this budget anticipates a \$31.9 million increase in change in net assets. This year's budget follows the same format as the previous budgets with supporting documentation and schedules.

OPERATING BUDGET

Revenue:

When compared to the 2023 Budget, total operating revenue for fiscal year 2024 is expected to increase \$4.1 million to \$45.7 million, while net non-operating revenue and expenses are expected to increase by \$590 thousand to (\$3.7) million.

Harbor operations revenues have increased \$5.6 million to \$32.2 million primarily due to normal business resumption of the LNG market. Lease revenues have increased \$879 thousand to \$13.5 million primarily due to contractual inflation increases.

Net non-operating revenues at (\$3.7) million include debt service. Debt interest and fees have increased to \$11.1 million.

The Certification of Appraised Valuations prepared by the Brazoria County Appraisal District reports estimated assessed value for 2023 to be \$22.7 billion, which is 17.27% higher than the prior year. Increases were observed in market values, expiration of tax abatements, and asset additions, along with offsets in these increases from homestead, abatements, and other exemptions. The budget has been prepared with the tax rate of \$0.016007 per \$100 of valuation which is below the no new revenue tax rate of \$0.031012. The debt service rate includes \$1 million of funds encumbered by the Port Commission, which resulted in a debt service rate of \$0.016007 per \$100 valuation. There was no maintenance and operations tax rate levied. Assuming a 100% collection rate, ad valorem tax collections are projected to be \$3.6 million, net of appraisal district and tax office fees.

Expenditures:

Overall, expenditures, at \$28.2 million, are anticipated to increase \$2.6 million from the budget for fiscal year 2023. Expenditures, excluding depreciation, are expected to be \$16 million, an increase of 10.8% or \$1.5

PORT COMMISSION

RAVI K. SINGHANIA, CHAIRMAN; ROB GIESECKE, VICE CHAIRMAN; BARBARA FRATILA, SECRETARY; KIM KINCANNON, ASST. SECRETARY;
DAN CROFT, COMMISSIONER; RUDY SANTOS, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

DRAFT DATED 8/30/23
Page 3 of 41

million from the budget for fiscal year 2023. Fiscal year 2024 budgets resumption to normal activity with full staffing, however staff will continue to monitor conditions.

Port Salaries and Wages: The total amount budgeted for Port salaries and wages is \$4.6 million, an increase of \$132 thousand or 2.9% from the 2023 budget. The budget includes 5% CPI/merit increases, a market/internal equity pool and assumes filling three positions that are vacant.

Port Employee Benefits: The total amount budgeted employee benefits are \$1.7 million, a decrease of \$35 thousand or 2% from the 2023 budget. The primary reason for the decrease is the elimination of Commissioner benefits offset by an anticipated increase in medical (10%), dental and vision plan (6%) premiums, full participation in the retirement plan, and assumes filling three positions that are vacant.

Professional Services: The budget for consultant services has increased \$156 thousand or 5.3% from the 2023 budget to \$3.1 million. The largest line item in the professional services category is security service fees, which increased 6.5% or \$128 thousand to \$2.1 million due to contracted rates, increased manpower utilization and services. Fiscal year 2024 includes funds for Port planning services, grant writing services, records management, building code review services, environmental consulting, and surveying.

Training, Travel & Promotional: The training, travel and promotional category budget is \$844 thousand, which has decreased from the 2023 budget by 4% or \$35 thousand. Commercial business development at \$475 thousand, includes commercial trade shows, advertising, website development, economic development, and promotional items, has been increased \$3 thousand or 1% from last year due to increased focus on target cargo events. Sales and promotion plans have decreased by \$15 thousand or 20% to \$61 thousand. Government relations travel has decreased 40% or \$21 thousand to \$32 thousand due to decreased State and Federal legislative interaction. Community relations at \$89 thousand has increased 9% or \$7 thousand due to increased community events and interaction and costs. Training, education and related travel expenses at \$126 thousand, is reduced by \$6 thousand or 5%. Automobile expenses at \$62 thousand remain consistent.

Supplies: The supplies budget is \$188 thousand which is an increase of 7% or \$12 thousand due to small equipment and safety purchases planned.

Utilities: The utilities budget has increased by \$109 thousand or 13% to \$964 thousand. This anticipates an increase in water and sewer rates as well as an increase in the electrical contract which is up for renewal in the fiscal year 2024.

Business Insurance: Business insurance is being budgeted for \$2.6 million, which is a \$956 thousand or 57% increase from fiscal year 2023 budget. Contracted insurance premiums account for this increase.

Other Services & Charges: The \$555 thousand budget for other services and charges is planned to increase 10% or \$51 thousand from the 2023 budget. This category includes contract services, contract labor, lease expense, memberships, and subscriptions.

Maintenance & Repair: The \$1.4 million budget for 2024 is \$212 thousand or 17% more than 2023 with increases in some areas and decreases in others. Significant line items in this category include maintenance expense for the crane, software and computer support services, maintenance for the administration building, mowing services, and security systems maintenance.

Depreciation expense: Depreciation expense for fiscal year 2024 budget is projected at \$12.1 million, which has increased 10% or \$1 million over fiscal year 2023 budget. Depreciation additions from new assets are expected to be \$3 million.

CAPITAL BUDGET

Port Expansion:

The most significant projects planned over the next five-years are the continued build out of Velasco Terminal and the related development of backland property to support the berths. \$39.9 million in total has been budgeted for Port expansion projects for the fiscal year 2024. Cash flow requirements of the capital expansion plans will be funded from current cash flows, grant funds, or reserves.

Capital Contributed to Others:

Capital contributions to others include \$950 thousand for possible maintenance dredging and floodwall modifications. Cash flow requirements of the capital contributed to others plans will be funded from current cash flows or reserves.

Capitalized Maintenance & Repair:

The \$10.5 million in capitalized maintenance and repair projects include the continuation of the repairs of the dock concrete joints, railroad track renovations, building repairs and road repairs. Upgrades of paved areas to concrete as well as cathodic protection system repairs are planned. Cash flow requirement of the capitalized maintenance plan will be funded from current cash flows.

Capital Equipment Outlay:

Capital outlay includes equipment purchases over \$5,000 that will be capitalized and depreciated over a short life span of 3-20 years. The capital outlay budget for fiscal year 2024 is \$1.3 million. The major items in fiscal year 2024 include software upgrades, equipment purchases, security improvements, and operational equipment. Cash flow requirements for the capital outlay plans will be funded by grant funds and current cash flows, reserves, or financing.

CONCLUSION

The proposed budget for fiscal year 2023/24 continues to demonstrate the Port's commitment to the expansion and development of Port Freeport. Budgeted operating revenues exceed operating expenses by \$17.5 million with planned capital outlay of \$52.6 million. This budget is fiscally conservative without impeding the Port's continuing commitment to provide well-maintained, efficient, safe, and secure port facilities to our customers and to further the growth and development of Port Freeport.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mary Campus".

Mary Campus, Controller

**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

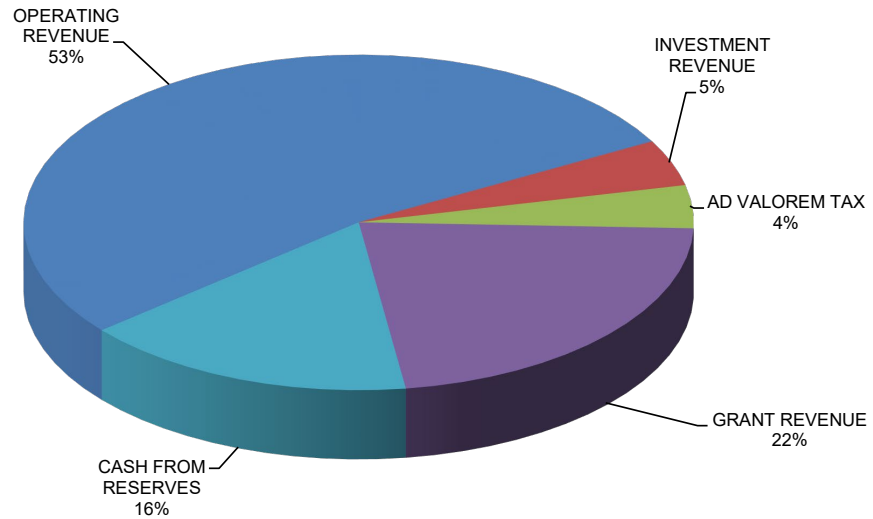
CASH FLOW WORKSHEET

Operating Revenue	\$	45,753,500	
Operating Expenses	(28,236,100)	
Operating Income (Loss)		17,517,400	
Net Non-Operating Revenues	(3,726,100)	
Net Income			\$ 13,791,300
Add Back Non-cash Items			
Depreciation		12,172,700	
Interest Expense		11,137,600	
Loss on Disposition of Assets		-	
Total Net Non-cash Expenses			<u>23,310,300</u>
Cash Flow from Operations, Taxes, Investments			37,101,600
Debt Service Payments			<u>(17,518,500)</u>
Net Cash Flow Before Capital Expenditures			19,583,100
Capital Expenditures and Contributed to Others:			
Funded by Grant Programs	(31,336,600)	
Cash Flow or General Reserve Funded	(16,473,500)	
Proceeds from Debt Funding and Operating Cash Flow	(4,800,000)	
Total			(52,610,100)
Reimbursement Resolution/Financing Proceeds			-
Contributed Capital From Grants			19,120,700
Cash To (From) Reserves	\$	(13,906,300)
<hr/>			
8/30/23 Net Assets Balance:			
Unrestricted	\$	30,559,271	
Reserve for Capital Improvements		17,430,152	
Restricted for Debt Service		14,110,963	
2021 Series GO Project Fund		42,903,542	
Restricted for Capital Improvements (Corps)		12,270	
Approximate FY 2024 Net Assets:			
Unrestricted	\$	17,403,471	
Reserve for Capital Improvements		16,680,152	
Restricted for Debt Service		14,110,963	
2021 Series GO Project Fund		42,903,542	
Restricted for Capital Improvements (Corps)		11,770	

PORT FREEPORT 2023/2024 FISCAL YEAR BUDGET

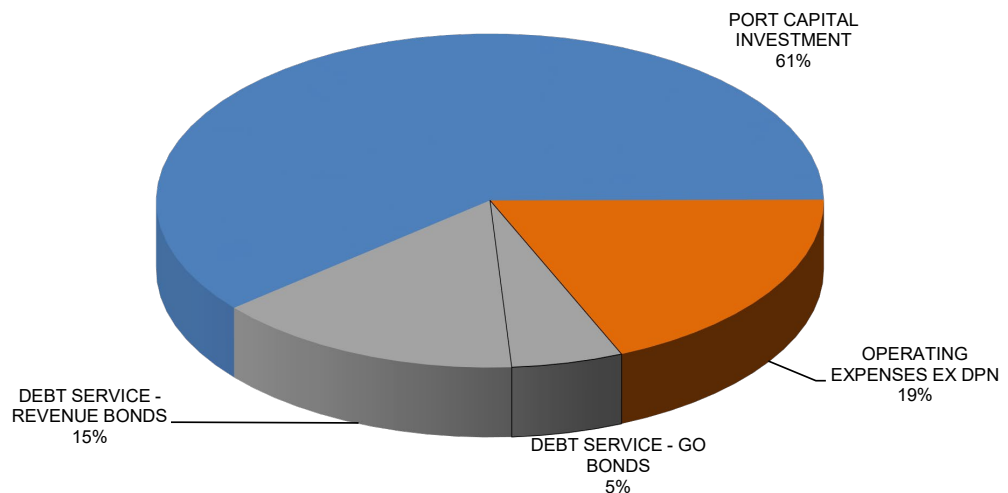
SOURCES OF FUNDS

OPERATING REVENUE	\$ 45,753,500
INVESTMENT REVENUE	3,845,000
AD VALOREM TAX	3,566,500
GRANT REVENUE	19,120,700
CASH FROM RESERVES	13,906,300
TOTAL	\$ 86,192,000



USES OF FUNDS

PORT CAPITAL INVESTMENT	\$ 52,610,100
OPERATING EXPENSES EX DPN	16,063,400
DEBT SERVICE - GO BONDS	4,654,200
DEBT SERVICE - REVENUE BONDS	12,864,300
TOTAL	\$ 86,192,000



PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

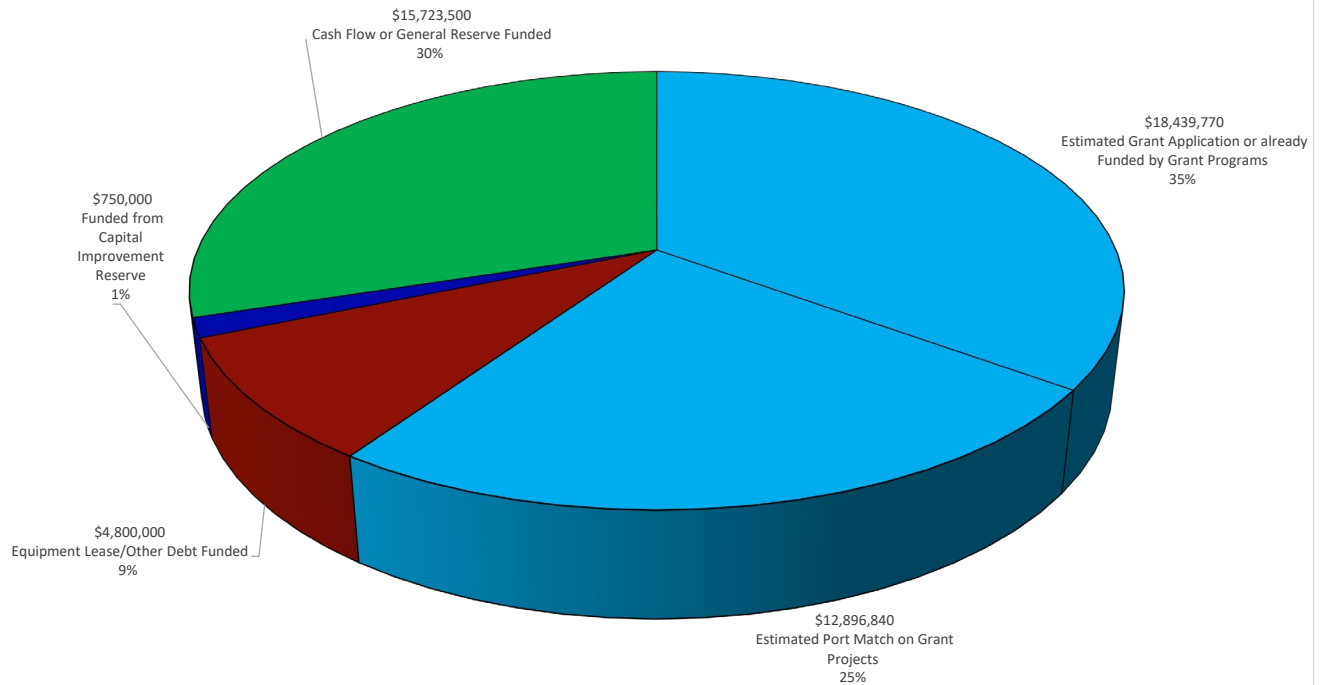
	2020 Actual	2021 Actual	2022 Actual	2022 Budget	2023 Budget	2023 Forecasted	2024 Budget	Percent of Total
OPERATING REVENUES:								
Wharfage	\$ 10,853,640	\$ 13,526,823	\$ 11,642,336	\$ 13,608,300	\$ 12,546,200	\$ 14,105,423	\$ 17,049,000	37%
Dockage & Deep Water Berth	4,181,863	7,356,823	6,927,659	7,864,100	7,743,700	5,767,777	8,134,100	18%
Equipment & Pallet Use Fees	1,686,489	1,098,167	1,454,339	1,277,800	1,303,450	1,460,483	1,537,600	3%
Facility Use Fees	880,516	1,168,335	1,666,677	1,150,000	1,437,600	1,286,788	1,116,200	2%
Security Fees	1,521,840	2,458,595	2,396,761	2,608,300	2,294,250	2,335,939	2,984,500	7%
Other Customer Service Fees	1,051,900	1,075,780	1,460,834	1,072,100	1,308,300	1,234,628	1,443,500	3%
Ground Leases	12,423,239	12,101,850	11,487,599	11,300,600	11,699,000	12,502,409	12,554,800	27%
Other Leases	964,948	868,345	878,200	944,700	885,300	894,511	908,800	2%
GASB87 Lease Recognition	-	-	4,845,575	-	-	-	-	-
Business Interruption Claim	-	-	4,500,000	-	2,340,000	3,400,000	-	0%
Other Revenue	8,880	8,303	24,289	25,000	25,000	97,300	25,000	0%
Total Operating Revenue	33,573,315	39,663,021	47,284,269	39,850,900	41,582,800	43,085,258	45,753,500	
OPERATING EXPENSES:								
Port Salaries/Wages	3,718,152	3,691,177	3,602,951	3,993,600	4,494,200	4,038,139	4,626,200	16%
Port Employee Benefits	1,350,053	1,418,715	1,342,713	1,648,300	1,749,800	1,525,440	1,714,300	6%
Professional Services	2,163,290	2,212,828	2,764,373	2,722,000	2,948,700	3,191,907	3,105,200	11%
Training, Travel & Promotional	296,763	312,831	497,564	802,900	879,900	518,651	844,500	3%
Supplies	170,938	159,881	175,862	156,700	176,200	193,741	188,400	1%
Utilities	636,683	741,203	719,222	800,500	854,900	806,535	964,300	3%
Business Insurance	1,128,006	1,254,661	1,379,717	1,557,500	1,672,300	1,942,927	2,628,400	9%
Other Services & Charges	515,468	487,467	625,425	723,800	503,600	488,852	554,900	2%
Maintenance & Repair	973,834	907,606	1,109,624	927,300	1,225,400	1,397,907	1,437,200	5%
Depreciation	7,592,533	8,192,602	7,914,177	8,093,700	11,106,800	8,882,900	12,172,700	43%
Total Operating Expenses	18,545,720	19,378,971	20,131,628	21,426,300	25,611,800	22,986,999	28,236,100	
OPERATING INCOME (LOSS)	15,027,595	20,284,050	27,152,641	18,424,600	15,971,000	20,098,259	17,517,400	
OPERATING MARGIN	45%	51%	57%	46%	38%	47%	38%	
NON-OPERATING REVENUES (EXPENSES):								
Ad Valorem Tax Collections	5,623,025	6,190,447	6,430,433	6,422,200	6,672,300	6,610,596	3,566,500	
Investment Net Revenue	2,095,520	87,667	153,341	200,000	10,000	3,244,333	3,845,000	
Gain (Loss) on Sale of Assets	-	460,696	271,813	-	-	-	-	
Debt Interest and Fees	(7,862,024)	(8,794,637)	(9,300,161)	(9,564,200)	(9,818,300)	(10,965,633)	(11,137,600)	
Other	237,140	(192,001)	-	-	-	-	-	
Non-Operating Revenues, Net	(143,479)	(1,818,687)	(2,636,575)	(2,942,000)	(3,136,000)	(1,110,704)	(3,726,100)	
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	14,884,116	18,465,363	24,516,066	15,482,600	12,835,000	18,987,555	13,791,300	
CAPITAL CONTRIBUTIONS-Grants	139,833	11,092	143,492	375,000	24,763,800	5,286,036	19,120,700	
NET CAPITAL CONTRIBUTIONS (To)/From Others	(8,310,245)	(15,152,065)	(45,619,399)	(31,000,000)	(60,932,700)	(20,320,449)	(950,000)	
CHANGE IN NET ASSETS	\$ 6,713,704	\$ 3,324,390	\$ (20,959,841)	\$ (15,142,400)	\$ (23,333,900)	\$ 3,953,142	31,962,000	

CAPITAL EXPANSION

PORT FREEPORT
PROPOSED PORT CAPITAL EXPANSION PLAN
Fiscal Year 2024

<i>Strategic Initiatives</i>	<i>Milestones</i>	<i>Funding Sources</i>
➤ Freeport Harbor Channel	\$ 950,000	General Obligation Bonds, Cash or Reserves
➤ Buildout of the Port's Container Handling Facilities	37,124,000	Pledged Revenue Debt, Grant, Cash or Reserves
➤ Development of warehousing and OEM distribution facilities	1,440,000	Pledged Revenue Debt, Cash or Reserves
➤ Port Infrastructure Support:		
Other	600,000	Cash or Reserves
Capital Maintenance	10,526,000	Cash or Reserves
Office, computer, IT related	260,500	Cash or Reserves
Security Related	1,399,860	Cash or Reserves
Vehicles	77,000	Cash or Reserves
Operational Equipment	232,750	Cash or Reserves
Total	<u>\$ 52,610,110</u>	

**PORT FREEPORT 2024
CAPITAL BY FUNDING**



PORT FREEPORT

PROPOSED PORT CAPITAL EXPANSION PLAN

FY 2024 to 2028

PROJECT	2024	2025	2026	2027	2028	2024-2028 TOTAL
VELASCO TERMINAL & RELATED INFRASTRUCTURE DEVELOPMENT						
Cash Funded	\$ 1,895,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 3,395,000
Revenue Debt/Cash Funded	-	-	3,000,000	5,000,000	-	8,000,000
Estimated Grant Application Funded	30,429,000	24,828,000	26,756,500	-	-	82,013,500
Cranes (2)- Equipment or Revenue Debt Funded	4,800,000	4,800,000	14,400,000	-	-	24,000,000
Revenue Growth Funded	-	-	-	10,000,000	-	10,000,000
Subtotal Velasco Terminal & Related Infrastructure	\$ 37,124,000	\$ 31,128,000	\$ 44,156,500	\$ 15,000,000		\$ 127,408,500
OEM / LOGISTICS CENTER						
Cash Funded	1,440,000	6,200,000	-	-	-	7,640,000
Revenue Debt/Cash Funded	-	-	-	-	-	-
Grant Application Funded	-	-	24,000,000	-	-	24,000,000
Subtotal OEM/Logistics Center	\$ 1,440,000	\$ 6,200,000	\$ 24,000,000	\$ -		\$ 31,640,000
OTHER PROJECTS, M & R, EQUIPMENT						
Cash Funded	12,188,500	2,011,000	699,000	592,000	391,000	15,490,500
Estimated Grant Application Funded	907,610	1,240,700	88,300	-	-	2,236,610
Subtotal Other Projects, M & R, Equipment	\$ 13,096,110	\$ 3,251,700	\$ 787,300	\$ 592,000		\$ 17,727,110
CAPITAL CONTRIBUTED TO OTHERS						
Cash Funded	200,000	2,000,000	-	-	-	2,200,000
General Obligation Debt Funded	-	-	-	-	5,000,000	-
Revenue Debt/Cash Funded	-	-	-	-	-	-
Funded From Capital Improvement Reserve	750,000	750,000	1,030,000	750,000	750,000	3,280,000
Subtotal Capital Contributed to Others	\$ 950,000	\$ 2,750,000	\$ 1,030,000	\$ 750,000		\$ 5,480,000
TOTALS						
Cash Funded	15,723,500	11,711,000	699,000	592,000	391,000	29,116,500
Revenue Debt Plus Cash Flow Funded	-	-	3,000,000	5,000,000	-	8,000,000
Equipment Lease/Other Debt Funded	4,800,000	4,800,000	14,400,000	-	-	24,000,000
Grant Funded* (see note below)	31,336,610	26,068,700	50,844,800	-	-	108,250,110
General Obligation Debt Funded	-	-	-	-	5,000,000	5,000,000
Funded From Capital Improvement Reserve	750,000	750,000	1,030,000	750,000	750,000	4,030,000
Revenue Growth Funded	-	-	-	10,000,000	-	10,000,000
	\$ 52,610,110	\$ 43,329,700	\$ 69,973,800	\$ 16,342,000	\$ 6,141,000	\$ 188,396,610

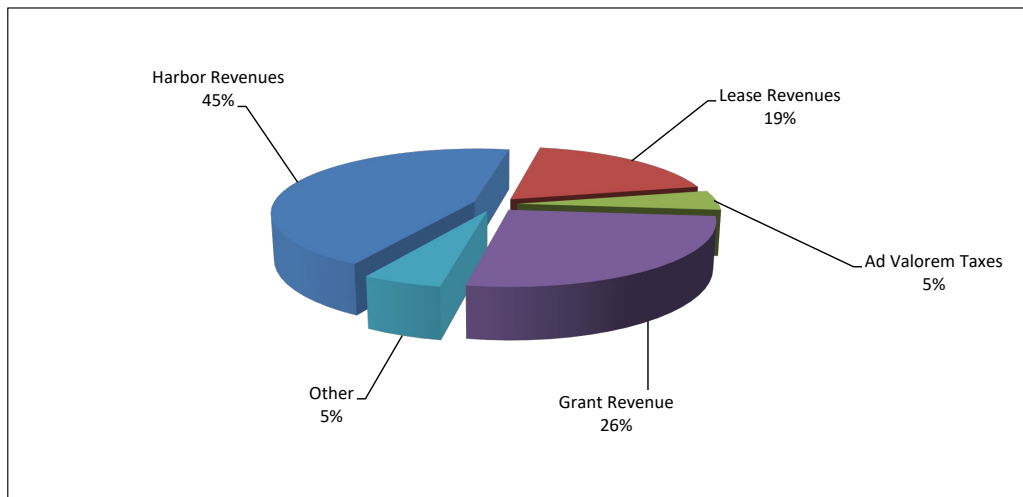
*Port Freeport Cashflow Portion of Grant	\$ 12,896,840	\$ 5,949,500	\$ 12,689,125			\$ 31,535,465
Total Cash Flow or General Reserve	\$ 28,620,340	\$ 16,160,500	\$ 13,388,125	\$ 592,000	\$ 391,000	\$ 59,151,965

REVENUES

**PORT FREEPORT
2023/2024 BUDGET**

TOTAL REVENUE

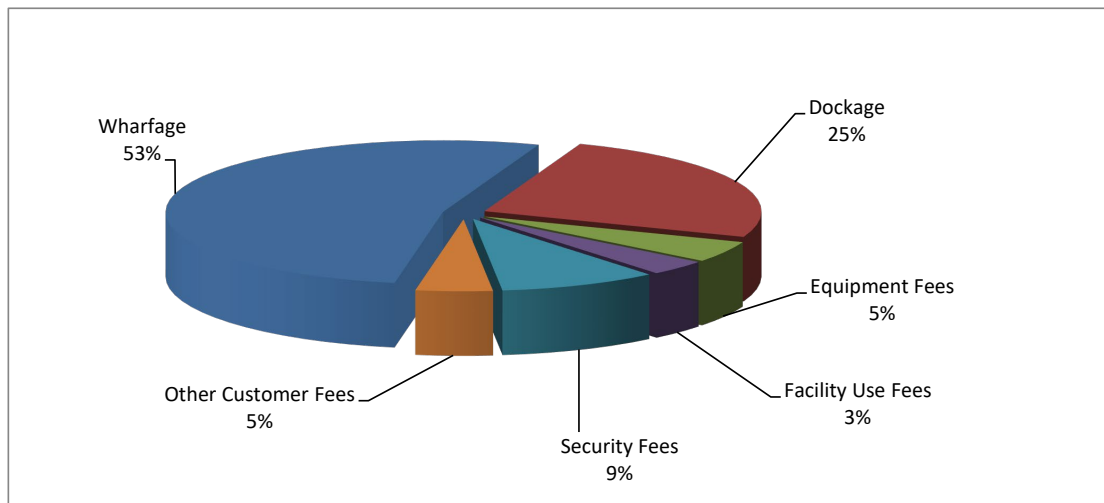
	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecasted	2024 Budget
OPERATING REVENUES:						
Wharfage	\$10,853,640	\$13,526,823	\$11,642,336	\$ 12,546,200	\$ 14,105,423	\$ 17,049,000
Dockage	4,181,863	7,356,823	6,927,659	7,743,700	5,767,777	8,134,100
Equipment Fees	1,686,489	1,098,167	1,454,339	1,303,450	1,460,483	1,537,600
Facility Use Fees	880,516	1,168,335	1,666,677	1,437,600	1,286,788	1,116,200
Security Fees	1,521,840	2,458,595	2,396,761	2,294,250	2,335,939	2,984,500
Other Customer Service Fees	1,051,900	1,075,780	1,460,834	1,308,300	1,234,628	1,443,500
Ground Leases	12,423,239	12,101,850	11,487,599	11,699,000	12,502,409	12,554,800
Other Leases	964,948	868,345	878,200	885,300	894,511	908,800
GASB 87 Lease Recognition			4,845,575			
Estimated Business Interruption Claim			4,500,000	2,340,000	3,400,000	0
Other Revenue	8,880	8,303	24,289	25,000	97,300	25,000
Total Operating Revenue	\$33,573,315	\$39,663,021	\$47,284,269	\$41,582,800	\$43,085,258	\$ 45,753,500
NON-OPERATING REVENUES (EXPENSES):						
Ad Valorem Tax Collections	5,623,025	6,190,447	6,430,433	6,672,300	6,610,596	3,566,500
Investment Income	2,095,520	87,667	153,341	10,000	3,244,333	3,845,000
Gain (loss) on Sale of Assets		460,696	271,813	-	-	-
Debt Interest and Fees	(7,862,024)	(8,794,637)	(9,300,161)	(9,818,300)	(10,965,633)	(11,137,600)
Other		246,000	(192,001)		-	
Non-Operating Revenues, Net	(143,479)	\$ (1,809,827)	\$ (2,636,575)	\$ (3,136,000)	\$ (1,110,704)	\$ (3,726,100)
TOTAL REVENUE BEFORE CONTRIBUTIONS	\$ 33,429,836	\$ 37,853,194	\$ 44,647,694	\$ 38,446,800	\$ 41,974,554	\$ 42,027,400
Capital Contributions - Grants	139,833	11,092	143,492	24,763,800	5,286,036	19,120,700
Capital Contributions (To)From Others	(8,310,245)	(15,152,065)	(45,619,399)	(60,932,700)	(20,320,449)	(950,000)
TOTAL REVENUE	\$ 25,259,424	\$ 22,712,221	\$ (828,213)	\$ 2,277,900	\$ 26,940,141	\$ 60,198,100



**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

HARBOR OPERATIONS

	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 Forecasted	2024 Budget
OPERATING REVENUES:						
Wharfage	\$10,853,640	\$13,526,823	\$11,642,336	\$ 12,546,200	\$ 14,105,423	\$ 17,049,000
Dockage	4,181,863	7,356,823	6,927,659	7,743,700	5,767,777	8,134,100
Equipment Fees	1,686,489	1,098,167	1,454,339	1,303,450	1,460,483	1,537,600
Facility Use Fees	880,516	1,168,335	1,666,677	1,437,600	1,286,788	1,116,200
Security Fees	1,521,840	2,458,595	2,396,761	2,294,250	2,335,939	2,984,500
Other Customer Fees	1,051,900	1,075,780	1,460,834	1,308,300	1,234,628	1,443,500
TOTAL HARBOR REVENUE	\$ 20,176,248	\$ 26,684,523	\$ 25,548,606	\$ 26,633,500	\$ 26,191,038	\$ 32,264,900
TOTAL TONNAGE	8,702,200	17,035,929	12,994,761	14,707,260	11,936,309	18,826,418
SHIP CALLS	412	531	456	483	402	495



**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

TAX RATE

	TAX RATE PER \$100	PERCENT OF TOTAL
2022 LEVY TAX RATE	0.035000	
2023 NO NEW REVENUE TAX RATE	0.031012	
2023 VOTER APPROVAL TAX RATE	0.033567	
2023 TAX RATE:		
M & O	0.000000	0.00%
DEBT SERVICE	0.016007	100.00%
TOTAL TAX RATE	0.016007	100.00%

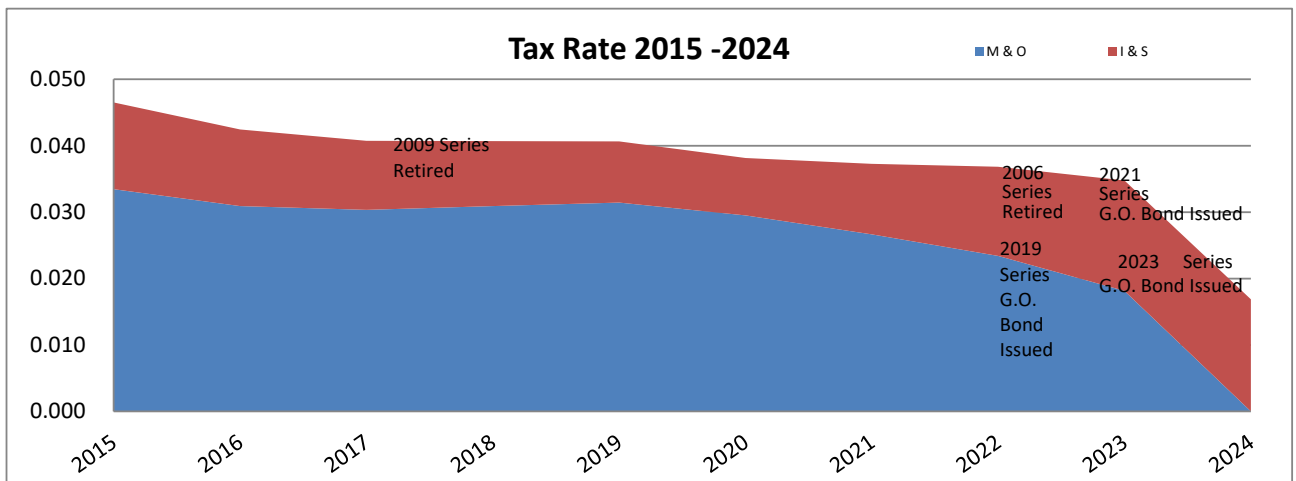
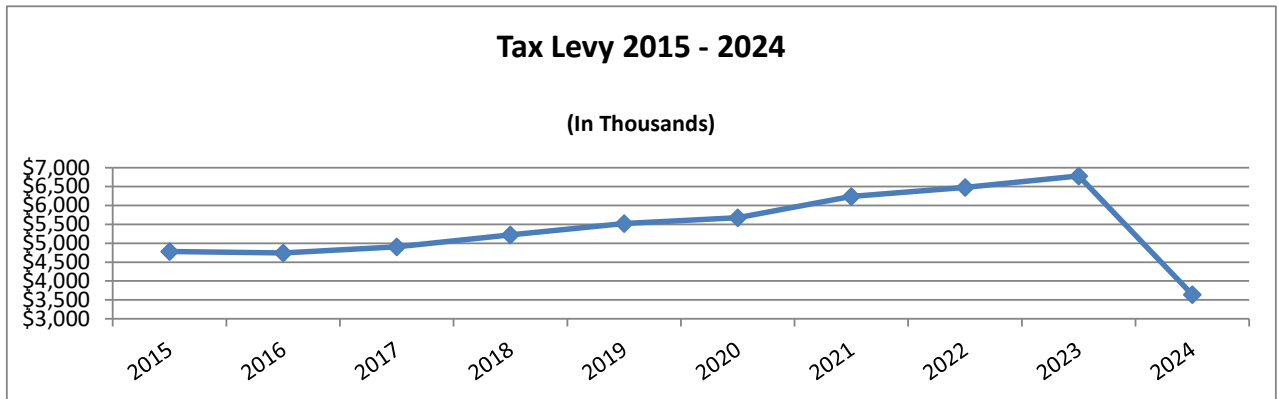
LEVY CALCULATION

TAXABLE VALUE FOR 2023 APPRAISAL ROLL	\$ 22,723,640,482
2023 LEVY:	
M & O	-
DEBT SERVICE (.016007)	3,637,373
TOTAL LEVY (.016007)	3,637,373
ESTIMATED AMOUNT TO BE UNCOLLECTED (100% COLLECTION RATE)	0
APPRAISAL DISTRICT AND TAX OFFICE FEES	70,873
NET AD VALOREM TAX REVENUE BUDGETED	\$ 3,566,500

**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

VALUATION AND TAX RATE HISTORY

	FISCAL YEAR				
	2020	2021	2022	2023	2024
TAXABLE VALUE	\$ 14,147,947,460	\$ 15,562,627,567	\$ 16,195,665,393	\$ 19,377,876,871	\$ 22,723,640,482 ¹
TAX RATE:					
M&O	0.029485	0.026657	0.023394	0.018144	0.000000
DEBT SERVICE	0.010615	0.013443	0.016606	0.016856	0.016007
TOTAL TAX RATE	0.040100	0.040100	0.040000	0.035000	0.016007
LEVY AMOUNT	\$5,673,327	\$6,240,614	\$6,478,266	\$6,782,257	\$3,637,373
% OF LEVY COLLECTED ³	98.65%	98.65%	101.24%	100.00%	100.00% ²



¹ TAXABLE VALUE FOR CURRENT YEAR HAS BEEN CERTIFIED BY THE BRAZORIA COUNTY APPRAISAL DISTRICT.
TAXABLE VALUE FOR PAST YEARS ARE TAKEN FROM THE CERTIFIED ROLL FROM BRAZORIA COUNTY.

² PROPOSED OR ESTIMATED

³ INCLUDES COLLECTION OF CURRENT & DELINQUENT TAXES AND PENALTIES & INTEREST.

**RESOLUTION APPROVING 2023 TAX RATE PROPOSAL
AND SETTING THE DATE FOR A RECORD VOTE**

At a regular meeting of the Commissioners of Port Freeport of Brazoria County, Texas ("Port") held at the office of the Port at 1100 Cherry Street, Freeport, Texas, on the 24th day of August 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's 2022 tax rate was \$0.035000;
3. The Port considered a 2023 tax rate proposal of \$0.016007, ("Proposed 2023 Tax Rate"); and
4. The Port finds and determines that it is in the best interest of Port Freeport of Brazoria County, Texas to approve the 2023 Tax Rate Proposal and set a date to take a record vote of the Proposed 2023 Tax Rate.

NOW, THEREFORE, BE IT RESOLVED, that the Port hereby approves the Proposal of the 2023 Tax Rate and will take a record vote on September 14, 2023 at 1:00 p.m.at the Port's Administration Building.

The following members of the Port Commission present and participating in the deliberation and vote on the above and foregoing Resolution and the manner in which each member voted is evidenced below:

Ravi K Singhania, Chairman

VOTED: Yes

Kim Kincannon, Assistant Secretary

VOTED: Yes

Rob Giesecke, Vice Chairman

VOTED: Yes

Dan Croft, Commissioner

VOTED: Yes

Barbara Fratila, Secretary

VOTED: Yes

Rudy Santos, Commissioner

VOTED: Present


Ravi K Singhania, Chairman


Barbara Fratila, Secretary

2023 Tax Rate Calculation Worksheet

Taxing Units Other Than School Districts or Water Districts

Form 50-856

PORT FREEPORT

979-233-2667

Taxing Unit Name

Phone (area code and number)

1100 Cherry, Freeport, TX 77541

www.portfreeport.com

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2022 total taxable value. Enter the amount of 2022 taxable value on the 2022 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 18,982,450,149
2.	2022 tax ceilings. Counties, cities and junior college districts. Enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary 2022 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 18,982,450,149
4.	2022 total adopted tax rate.	\$ 0.035000 /\$100
5.	2022 taxable value lost because court appeals of ARB decisions reduced 2022 appraised value.	
	A. Original 2022 ARB values: \$ 70,433,940	
	B. 2022 values resulting from final court decisions: - \$ 63,943,900	
	C. 2022 value loss. Subtract B from A. ³	\$ 6,490,040
6.	2022 taxable value subject to an appeal under Chapter 42, as of July 25.	
	A. 2022 ARB certified value: \$ 0	
	B. 2022 disputed value: - \$ 0	
	C. 2022 undisputed value. Subtract B from A. ⁴	\$ 0
7.	2022 Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 6,490,040

¹ Tex. Tax Code §26.012(14)

² Tex. Tax Code §26.012(14)

³ Tex. Tax Code §26.012(13)

⁴ Tex. Tax Code §26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	2022 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 18,988,940,189
9.	2022 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2022. Enter the 2022 value of property in deannexed territory. ⁵	\$ 0
10.	2022 taxable value lost because property first qualified for an exemption in 2023. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2023 does not create a new exemption or reduce taxable value. <p>A. Absolute exemptions. Use 2022 market value: \$ 1,015,771</p> <p>B. Partial exemptions. 2023 exemption amount or 2023 percentage exemption times 2022 value: + \$ 205,277,386</p> <p>C. Value loss. Add A and B.⁶</p>	\$ 206,293,157
11.	2022 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2023. Use only properties that qualified in 2023 for the first time; do not use properties that qualified in 2022. <p>A. 2022 market value: \$ 6,804,982</p> <p>B. 2023 productivity or special appraised value: - \$ 98,470</p> <p>C. Value loss. Subtract B from A.⁷</p>	\$ 6,706,512
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 212,999,669
13.	2022 captured value of property in a TIF. Enter the total value of 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2022 taxes were deposited into the tax increment fund. ⁸ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 0
14.	2022 total value. Subtract Line 12 and Line 13 from Line 8.	\$ 18,775,940,520
15.	Adjusted 2022 total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 6,571,579
16.	Taxes refunded for years preceding tax year 2022. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2022. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. ⁹	\$ 2,897
17.	Adjusted 2022 levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁰	\$ 6,574,476
18.	Total 2023 taxable value on the 2023 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ¹¹ <p>A. Certified values: \$ 20,407,022,124</p> <p>B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$</p> <p>C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0</p> <p>D. Tax increment financing: Deduct the 2023 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2023 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below.¹² - \$ 0</p> <p>E. Total 2023 value. Add A and B, then subtract C and D.</p>	\$ 20,407,022,124

⁵ Tex. Tax Code §26.012(15)⁶ Tex. Tax Code §26.012(15)⁷ Tex. Tax Code §26.012(15)⁸ Tex. Tax Code §26.03(c)⁹ Tex. Tax Code §26.012(13)¹⁰ Tex. Tax Code §26.012(13)¹¹ Tex. Tax Code §26.012, 26.04(c-2)¹² Tex. Tax Code §26.03(c)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹³ A. 2023 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴ \$ 2,316,618,358 B. 2023 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵ + \$ 0 C. Total value under protest or not certified. Add A and B.	\$ 2,316,618,358
20.	2023 tax ceilings. Counties, cities and junior colleges enter 2023 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2022 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ 0
21.	2023 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ 22,723,640,482
22.	Total 2023 taxable value of properties in territory annexed after Jan. 1, 2022. Include both real and personal property. Enter the 2023 value of property in territory annexed. ¹⁸	\$ 0
23.	Total 2023 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2022. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2022 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2023. ¹⁹	\$ 1,524,102,486
24.	Total adjustments to the 2023 taxable value. Add Lines 22 and 23.	\$ 1,524,102,486
25.	Adjusted 2023 taxable value. Subtract Line 24 from Line 21.	\$ 21,199,537,996
26.	2023 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ 0.031012 /\$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2023 county NNR tax rate. ²¹	\$ _____ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2022 M&O tax rate. Enter the 2022 M&O tax rate.	\$ 0.018144 /\$100
29.	2022 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 18,988,940,189

¹³ Tex. Tax Code §26.01(c) and (d)

¹⁴ Tex. Tax Code §26.01(c)

¹⁵ Tex. Tax Code §26.01(d)

¹⁶ Tex. Tax Code §26.012(6)(B)

¹⁷ Tex. Tax Code §26.012(6)

¹⁸ Tex. Tax Code §26.012(17)

¹⁹ Tex. Tax Code §26.012(17)

²⁰ Tex. Tax Code §26.04(c)

²¹ Tex. Tax Code §26.04(d)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
30.	Total 2022 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ 3,445,353
31.	Adjusted 2022 levy for calculating NNR M&O rate. A. M&O taxes refunded for years preceding tax year 2022. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. + \$ 1,708 B. 2022 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2023 captured appraised value in Line 18D, enter 0. - \$ 0 C. 2022 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0 D. 2022 M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ 1,708 E. Add Line 30 to 31D.	\$ 3,447,061
32.	Adjusted 2023 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 21,199,537,996
33.	2023 NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.016260 /\$100
34.	Rate adjustment for state criminal justice mandate. ²³ If not applicable or less than zero, enter 0. A. 2023 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0 B. 2022 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100
35.	Rate adjustment for indigent health care expenditures. ²⁴ If not applicable or less than zero, enter 0. A. 2023 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state assistance received for the same purpose. \$ 0 B. 2022 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose. - \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100

²² [Reserved for expansion]²³ Tex. Tax Code §26.044²⁴ Tex. Tax Code §26.0441

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	Rate adjustment for county indigent defense compensation. ²⁵ If not applicable or less than zero, enter 0. A. 2023 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2022 and ending on June 30, 2023, less any state grants received by the county for the same purpose..... \$ 0 B. 2022 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose..... \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ 0.000000 /\$100 D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100..... \$ 0.000000 /\$100 E. Enter the lesser of C and D. If not applicable, enter 0.	\$ 0.000000 /\$100
37.	Rate adjustment for county hospital expenditures. ²⁶ If not applicable or less than zero, enter 0. A. 2023 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2022 and ending on June 30, 2023. \$ 0 B. 2022 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022. \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ 0.000000 /\$100 D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100..... \$ 0.000000 /\$100 E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	\$ 0.000000 /\$100
38.	Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information. A. Amount appropriated for public safety in 2022. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year \$ 0 B. Expenditures for public safety in 2022. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year \$ 0 C. Subtract B from A and divide by Line 32 and multiply by \$100 \$ 0.000000 /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0.000000 /\$100
39.	Adjusted 2023 NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	\$ 0.016260 /\$100
40.	Adjustment for 2022 sales tax specifically to reduce property taxes. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2022 should complete this line. These entities will deduct the sales tax gain rate for 2023 in Section 3. Other taxing units, enter zero. A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2022, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent \$ 0 B. Divide Line 40A by Line 32 and multiply by \$100 \$ 0.000000 /\$100 C. Add Line 40B to Line 39.	\$ 0.016260 /\$100
41.	2023 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.	\$ 0.017560 /\$100

²⁵ Tex. Tax Code §26.0442²⁶ Tex. Tax Code §26.0443

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D41.	Disaster Line 41 (D41): 2023 voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or 2) the third tax year after the tax year in which the disaster occurred If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁷ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	\$ 0.000000 / \$100
42.	Total 2023 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year, and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ²⁸ Enter debt amount \$ 4,655,700 B. Subtract unencumbered fund amount used to reduce total debt. - \$ 1,000,000 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ 0 D. Subtract amount paid from other resources - \$ 0 E. Adjusted debt. Subtract B, C and D from A.	\$ 3,655,700
43.	Certified 2022 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ 0
44.	Adjusted 2023 debt. Subtract Line 43 from Line 42E.	\$ 3,655,700
45.	2023 anticipated collection rate. A. Enter the 2023 anticipated collection rate certified by the collector. ³⁰ 100.50 % B. Enter the 2022 actual collection rate. 100.50 % C. Enter the 2021 actual collection rate. 101.30 % D. Enter the 2020 actual collection rate. 100.73 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹	100.50 %
46.	2023 debt adjusted for collections. Divide Line 44 by Line 45E.	\$ 3,637,512
47.	2023 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 22,723,640,482
48.	2023 debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ 0.016007 / \$100
49.	2023 voter-approval tax rate. Add Lines 41 and 48.	\$ 0.033567 / \$100
D49.	Disaster Line 49 (D49): 2023 voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.	\$ _____ / \$100

²⁷ Tex. Tax Code §26.042(a)²⁸ Tex. Tax Code §26.012(7)²⁹ Tex. Tax Code §26.012(10) and 26.04(b)³⁰ Tex. Tax Code §26.04(b)³¹ Tex. Tax Code §§26.04(h), (h-1) and (h-2)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
50.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2023 county voter-approval tax rate.	\$ 0.000000 /\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	Taxable Sales. For taxing units that adopted the sales tax in November 2022 or May 2023, enter the Comptroller's estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2022, enter 0.	\$ 0
52.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2022 or in May 2023. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2022. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ 0
53.	2023 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 22,723,640,482
54.	Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ 0.000000 /\$100
55.	2023 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.031012 /\$100
56.	2023 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2022 or in May 2023. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2022.	\$ 0.031012 /\$100
57.	2023 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.033567 /\$100
58.	2023 voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ 0.033567 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ 0
60.	2023 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 22,723,640,482
61.	Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ 0.000000 /\$100
62.	2023 voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ 0.033567 /\$100

³² Tex. Tax Code §26.041(d)

³³ Tex. Tax Code §26.041(i)

³⁴ Tex. Tax Code §26.041(d)

³⁵ Tex. Tax Code §26.04(c)

³⁶ Tex. Tax Code §26.04(c)

³⁷ Tex. Tax Code §26.045(d)

³⁸ Tex. Tax Code §26.045(i)

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate adjusted to remove the unused increment rate for the prior three years.³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the portion of the unused increment rate must be backed out of the calculation for that year.

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020;⁴⁰
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a);⁴¹ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval.⁴²

Individual components can be negative, but the overall rate would be the greater of zero or the calculated rate.

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit.⁴³

Line	Unused Increment Rate Worksheet	Amount/Rate
63. Year 3 component.	Subtract the 2022 actual tax rate and the 2022 unused increment rate from the 2022 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 67)..... \$ 0.000000 /\$100	
B.	Unused increment rate (Line 66)..... \$ 0.000000 /\$100	
C.	Subtract B from A..... \$ 0.000000 /\$100	
D.	Adopted Tax Rate..... \$ 0.035000 /\$100	
E.	Subtract D from C..... \$ -0.035000 /\$100	
64. Year 2 component.	Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 67)..... \$ 0.000000 /\$100	
B.	Unused increment rate (Line 66)..... \$ 0.000000 /\$100	
C.	Subtract B from A..... \$ 0.000000 /\$100	
D.	Adopted Tax Rate..... \$ 0.040000 /\$100	
E.	Subtract D from C..... \$ -0.040000 /\$100	
65. Year 1 component.	Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate.	
A.	Voter-approval tax rate (Line 65)..... \$ 0.000000 /\$100	
B.	Unused increment rate (Line 64)..... \$ 0.000000 /\$100	
C.	Subtract B from A..... \$ 0.000000 /\$100	
D.	Adopted Tax Rate..... \$ 0.040100 /\$100	
E.	Subtract D from C..... \$ -0.040100 /\$100	
66. 2023 unused increment rate.	Add Lines 63E, 64E and 65E.	\$ 0.000000 /\$100
67. Total 2023 voter-approval tax rate, including the unused increment rate.	Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).	\$ 0.033567 /\$100

³⁹ Tex. Tax Code §26.013(a)

⁴⁰ Tex. Tax Code §26.013(c)

⁴¹ Tex. Tax Code §26.0501(a) and (c)

⁴² Tex. Local Gov't Code §120.007(d), effective Jan. 1, 2022

⁴³ Tex. Tax Code §26.063(a)(1)

⁴⁴ Tex. Tax Code §26.012(8-a)

⁴⁵ Tex. Tax Code §26.063(a)(1)

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

Line	De Minimis Rate Worksheet	Amount/Rate
68.	Adjusted 2023 NNR M&O tax rate. Enter the rate from Line 39 of the <i>Voter-Approval Tax Rate Worksheet</i>	\$ 0.016260 /\$100
69.	2023 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 22,723,640,482
70.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 69 and multiply by \$100.	\$ 0.002200 /\$100
71.	2023 debt rate. Enter the rate from Line 48 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.016007 /\$100
72.	De minimis rate. Add Lines 68, 70 and 71.	\$ 0.000000 /\$100

SECTION 7: Voter Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago. This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	2022 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.035000 /\$100
74.	Adjusted 2022 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2022 and the taxing unit calculated its 2022 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2022 worksheet due to a disaster, complete the applicable sections or lines of Form 50-856-a, <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> . - or - If a disaster occurred prior to 2022 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2022, complete the separate <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2022 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. ⁴⁸ Enter the final adjusted 2022 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2022 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0.000000 /\$100
75.	Increase in 2022 tax rate due to disaster. Subtract Line 74 from Line 73.	\$ 0.000000 /\$100
76.	Adjusted 2022 taxable value. Enter the amount in Line 14 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 18,775,940,520
77.	Emergency revenue. Multiply Line 75 by Line 76 and divide by \$100.	\$ 0
78.	Adjusted 2023 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 21,199,537,996
79.	Emergency revenue rate. Divide Line 77 by Line 78 and multiply by \$100. ⁴⁹	\$ 0.000000 /\$100

⁴⁶ Tex. Tax Code §26.042(b)

⁴⁷ Tex. Tax Code §26.042(f)

⁴⁸ Tex. Tax Code §26.042(c)

⁴⁹ Tex. Tax Code §26.042(b)

Line	Emergency Revenue Rate Worksheet	Amount/Rate
80.	2023 voter-approval tax rate, adjusted for emergency revenue. Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	\$ 0.033567 /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. \$ 0.031012 /\$100

As applicable, enter the 2023 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax).

Indicate the line number used: 26

Voter-approval tax rate. \$ 0.033567 /\$100

As applicable, enter the 2023 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue).

Indicate the line number used: 49

De minimis rate. \$ 0.000000 /\$100

If applicable, enter the 2023 de minimis rate from Line 72.

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code.⁵⁰

**print
here** ➡

KRISTIN R. BULANEK, TAX-ASSESSOR-COLLECTOR

Printed Name of Taxing Unit Representative

**sign
here** ➡

Taxing Unit Representative

Date

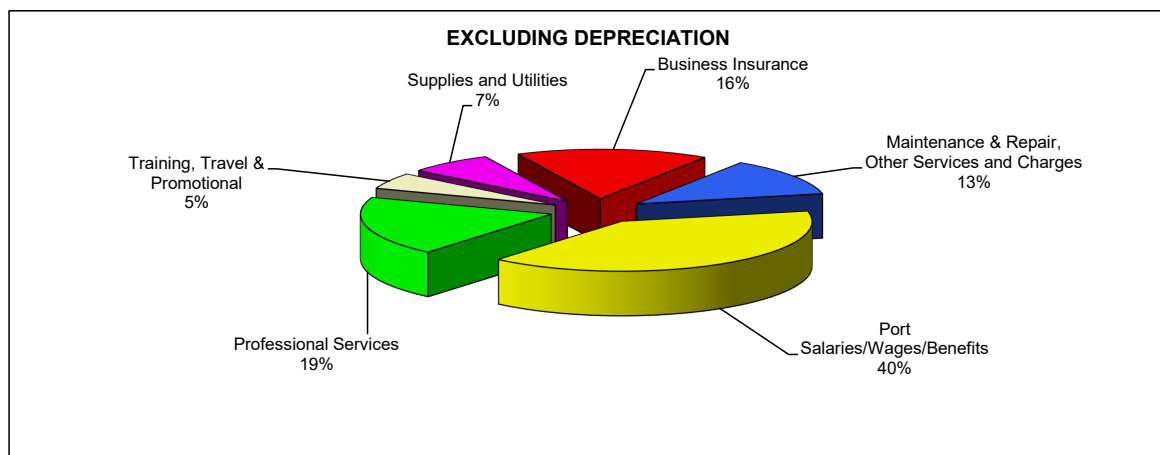
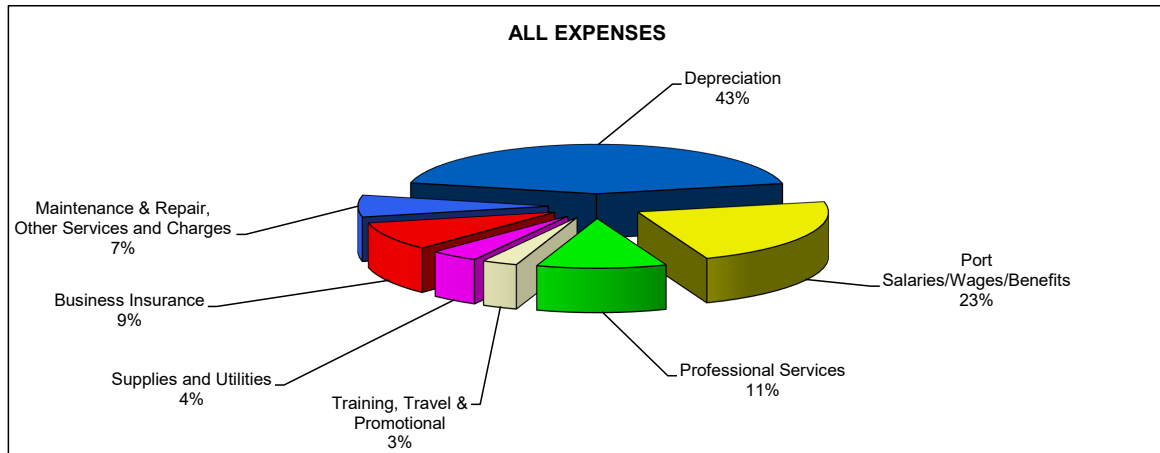
⁵⁰ Tex. Tax Code §§26.04(c-2) and (d-2)

EXPENSES BY MAJOR CLASSIFICATIONS

**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

OPERATING EXPENSES

	2020 Actual	2021 Actual	2022 Actual	2022 Budget	2023 Budget	2023 Forecasted	2024 Budget
Port Salaries/Wages	\$ 3,718,152	\$ 3,691,177	\$ 3,602,951	\$ 3,993,600	\$ 4,494,200	\$ 4,038,139	\$ 4,626,200
Port Employee Benefits	1,350,053	1,418,715	1,342,713	1,648,300	1,749,800	1,525,440	1,714,300
Professional Services	2,163,290	2,212,828	2,764,373	2,722,000	2,948,700	3,191,907	3,105,200
Training, Travel & Promotional	296,763	312,831	497,564	802,900	879,900	518,651	844,500
Supplies	170,938	159,881	175,862	156,700	176,200	193,741	188,400
Utilities	636,683	741,203	719,222	800,500	854,900	806,535	964,300
Business Insurance	1,128,006	1,254,661	1,379,717	1,557,500	1,672,300	1,942,927	2,628,400
Other Services & Charges	515,468	487,467	625,425	723,800	503,600	488,852	554,900
Maintenance & Repair	973,834	907,606	1,109,624	927,300	1,225,400	1,397,907	1,437,200
TOTAL GENERAL OPERATING	10,953,187	11,186,369	12,217,451	13,332,600	14,505,000	14,104,099	16,063,400
Depreciation	7,592,533	8,192,602	7,914,177	8,093,700	11,106,800	8,882,900	12,172,700
TOTAL OPERATING EXPENSE	\$ 18,545,720	\$ 19,378,971	\$ 20,131,628	\$ 21,426,300	\$ 25,611,800	\$ 22,986,999	\$ 28,236,100



**PORT FREEPORT
2023/2024 FISCAL YEAR BUDGET**

OPERATING EXPENSES DETAIL

	2020 Actual	2021 Actual	2022 Actual	2022 Budget	2023 Budget	2023 Forecasted	2024 Budget
OPERATING EXPENSES:							
Port Salaries/Wages							
Commissioners	\$ 57,600	\$ 57,600	\$ 57,600	\$ 60,500	\$ 61,400	\$ 61,400	\$ 57,600
Administration	1,183,588	1,217,141	1,185,964	1,373,300	1,475,900	1,251,910	1,493,900
Engineering	418,593	417,988	420,177	428,000	456,100	430,707	477,700
Operations & Maintenance	1,496,542	1,460,874	1,378,086	1,525,000	1,816,550	1,643,341	1,904,300
Oper. & Maint. - Overtime	196,726	173,504	187,077	150,000	150,000	219,453	150,000
Business Development	365,103	364,070	374,047	436,800	494,250	431,328	502,700
Variable Pay & Other				20,000	40,000		40,000
TOTAL PORT SALARIES & WAGES	3,718,152	3,691,177	3,602,951	3,993,600	4,494,200	4,038,139	4,626,200
Port Employee Benefits							
Social Security Expense	262,975	261,279	272,426	297,500	334,800	299,484	344,600
Unemployment Ins.	7,048	11,860	578	12,100	7,600	589	7,200
Group Health & Life Ins.	796,923	819,149	782,631	977,100	1,029,100	824,384	947,000
Retirement Fund	252,207	292,042	254,965	326,700	337,400	373,561	378,700
Workers' Comp. Ins.	30,900	34,385	32,113	34,900	40,900	27,422	36,800
TOTAL PORT EMPLOYEE BENEFITS	1,350,053	1,418,715	1,342,713	1,648,300	1,749,800	1,525,440	1,714,300
Professional Services:							
Legal Service Fees/Expenses	189,255	123,192	322,824	231,600	273,000	510,367	275,000
Audit Service Fees	29,000	30,740	31,900	30,800	32,400	32,400	33,200
Election Expenses	-	-	-	-	34,300	44,460	-
Security Service Fees	1,486,961	1,642,358	1,803,921	1,761,250	1,970,950	2,121,780	2,099,000
Consultant Services	458,074	416,538	605,728	698,350	638,050	482,900	698,000
TOTAL PROFESSIONAL SERVICES	2,163,290	2,212,828	2,764,373	2,722,000	2,948,700	3,191,907	3,105,200
Training, Travel & Promotional:							
Commercial Business Development	128,911	161,253	307,438	438,450	472,100	246,885	474,850
Sales/Promotion Travel	17,126	18,107	37,882	59,450	76,300	48,495	60,800
Governmental Relations Travel	8,846	4,854	7,624	41,875	53,300	35,930	32,100
Community Relations	41,068	50,286	56,314	80,425	81,700	57,717	88,650
Training and Education	38,741	16,939	26,472	118,500	132,000	65,285	125,700
Automobile Expense	62,071	61,392	61,834	64,200	64,500	64,339	62,400
TOTAL TRAINING TRAVEL & PROMOTIONAL	296,763	312,831	497,564	802,900	879,900	518,651	844,500
Supplies, Furniture & Equipment							
Supplies	84,675	68,629	69,465	74,800	78,000	92,791	86,900
Furniture & Equipment	17,826	32,582	23,389	26,400	25,200	16,931	26,500
Postage & Freight	1,471	4,115	3,233	4,500	4,500	2,330	4,000
Maintenance & Operation	13,609	9,913	14,014	12,000	12,500	17,603	15,000
Fuel/Oil	53,357	44,642	65,761	39,000	56,000	64,086	56,000
TOTAL SUPPLIES, FURNITURE & EQUIPMENT	170,938	159,881	175,862	156,700	176,200	193,741	188,400
Utilities							
Telephone	59,789	63,004	64,371	69,100	77,700	79,180	61,900
Electricity	346,285	327,305	343,285	384,100	387,200	372,419	492,400
Water & Gas	230,609	350,894	311,566	347,300	390,000	354,936	410,000
TOTAL UTILITIES	636,683	741,203	719,222	800,500	854,900	806,535	964,300
Business Insurance							
Business Insurance Expense	1,128,006	1,254,661	1,379,717	1,557,500	1,672,300	1,942,927	2,628,400
TOTAL BUSINESS INSURANCE	1,128,006	1,254,661	1,379,717	1,557,500	1,672,300	1,942,927	2,628,400
Other Services & Charges:							
Contract Labor Expense	9,364	11,723	44,631	116,800	14,500	9,500	14,500
Contract Services	295,634	267,907	377,426	396,700	267,350	265,668	312,100
Dues, Memberships & Subscriptions	107,470	102,900	96,436	105,300	114,800	104,697	117,900
Lease Expense	103,000	104,937	106,932	105,000	106,950	108,987	110,400
TOTAL OTHER SERVICES & CHARGES	515,468	487,467	625,425	723,800	503,600	488,852	554,900
Maintenance & Repair:							
Equipment	292,566	429,845	566,110	336,900	490,150	640,794	611,550
Vehicles	20,061	25,553	18,077	13,750	14,650	30,818	11,900
Buildings	148,030	151,187	164,650	280,250	305,000	246,061	447,200
Warehouses	32,040	58,572	28,275	19,850	22,000	31,195	24,850
Transit Sheds	38,970	72,946	70,366	49,950	64,700	44,800	69,700
Terminal Facilities	305,428	58,711	105,608	103,100	203,400	213,293	120,000
Leased Facilities	74,223	17,630	44,461	37,000	37,000	62,700	54,500
Other	62,516	93,162	112,077	86,500	88,500	128,246	97,500
TOTAL MAINTENANCE & REPAIR	973,834	907,606	1,109,624	927,300	1,225,400	1,397,907	1,437,200
TOTAL GENERAL OPERATING	10,953,187	11,186,369	12,217,451	13,332,600	14,505,000	14,104,099	16,063,400
DEPRECIATION	7,592,533	8,192,602	7,914,177	8,093,700	11,106,800	8,882,900	12,172,700
TOTAL OPERATING EXPENSES	\$ 18,545,720	\$ 19,378,971	\$ 20,131,628	\$ 21,426,300	\$ 25,611,800	\$ 22,986,999	\$ 28,236,100

**PORT FREEPORT
2023/24 FISCAL YEAR BUDGET
DEBT INTEREST AND FEES SCHEDULE**

SCHEDULED BOND INTEREST AND PRINCIPAL PAYMENTS

	Interest	Principal	Total Principal & Interest	Call Date
General Obligation Bonds, Series 2019	\$ 1,208,262	\$ 125,000	\$ 1,333,262	8/1/2029
General Obligation Bonds, Series 2021	894,250	-	894,250	8/1/2029
General Obligation Bonds, Series 2023	2,426,688	-	2,426,688	8/1/2033
Senior Lien Refunding Bonds, Series 2013A	391,776	2,395,000	2,786,776	Current
Senior Lien Revenue & Refunding Bonds, Series 2015A	1,543,838	895,000	2,438,838	6/1/2025
Senior Lien Revenue Refunding Bonds, Series 2018	1,342,200	645,000	1,987,200	6/1/2028
Senior Lien Revenue Bonds, Series 2019A	1,916,350	860,000	2,776,350	6/1/2029
Senior Lien Revenue Bonds, Series 2019B	933,300	615,000	1,548,300	6/1/2029
Senior Lien Revenue Bonds, Series 2021	1,326,850	-	1,326,850	6/1/2031
Total Debt Service	<u>\$ 11,983,514</u>	<u>\$ 5,535,000</u>	<u>\$ 17,518,514</u>	

INTEREST EXPENSE RECOGNIZED - FY 2024

	Interest & Fees	Amortized Premiums	Total
General Obligation Bonds, Series 2019	\$ 1,214,420	\$ (118,025)	\$ 1,096,395
General Obligation Bonds, Series 2021	899,704	(76,251)	823,453
General Obligation Bonds, Series 2023	2,440,632	(23,913)	2,416,719
Senior Lien Refunding Bonds Series 2013A	368,187	1,163	369,350
Senior Lien Revenue & Refunding Bonds, Series 2015A	1,529,921	(40,516)	1,489,405
Senior Lien Revenue Refunding Bonds, Series 2018	1,332,450	(50,723)	1,281,727
Senior Lien Revenue Bonds, Series 2019A	1,903,017	(223,028)	1,679,989
Senior Lien Revenue Bonds, Series 2019B	924,050	(53,251)	870,799
Senior Lien Revenue Bonds, Series 2021	1,327,850	(218,094)	1,109,756
Other - Rounding	7		7
Total Interest Expense Recognized	<u>\$ 11,940,238</u>	<u>\$ (802,638)</u>	<u>\$ 11,137,600</u>

PORT FREEPORT

Senior Lien Revenue Refunding Bonds, Series 2013A (AMT)
September 30, 2023

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						\$ 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
		\$ 599,445	\$ 599,445	\$ 12,720,000	\$ 13,918,890	

PORT FREEPORT

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

September 30, 2023

Fiscal Year		Interest	Interest	Principal	Total	
Ending		Due	Due	Due	Principal &	Principal
September 30	Coupon	December 1	June 1	June 1	Interest	Balance
						\$ 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
		\$ 10,202,091	\$ 10,202,091	\$ 33,270,000	\$ 53,674,182	

PORT FREEPORT

Senior Lien Revenue Refunding Bonds, Series 2018 (AMT)
September 30, 2023

Fiscal Year Ending September 30	Coupon	Interest Due December 1	Interest Due June 1	Principal Due June 1	Total Principal & Interest	Principal Balance
						\$ 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
		\$ 9,820,150	\$ 9,820,150	\$ 30,070,000	\$ 49,710,300	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2019A (AMT)
September 30, 2023

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						\$ 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
		\$ 15,151,300	\$ 15,151,300	\$ 41,855,000	\$ 72,157,600	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2019B (NON-AMT)
September 30, 2023

Fiscal Year Ending September 30	Coupon	Interest Due 1-Dec	Interest Due 1-Jun	Principal Due 1-Jun	Total Principal & Interest	Principal Balance
						\$ 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
		\$ 6,546,450	\$ 6,546,450	\$ 27,190,000	\$ 40,282,900	

PORT FREEPORT

Senior Lien Revenue Bonds, Series 2021 (AMT)
September 30, 2023

TABLE 18

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
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
		\$ 12,141,400	\$ 12,141,400	\$ 29,885,000	\$ 54,167,800	

PORT FREEPORT

General Obligation Bonds, Series 2019 (Non-AMT)
September 30, 2023

Fiscal Year Ending September 30	Coupon	Interest Due February 1	Interest Due August 1	Principal Due August 1	Total Principal & Interest	Principal Balance
						\$ 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
		\$ 9,541,142	\$ 9,541,142	\$ 30,045,000	\$ 49,127,284	

PORT FREEPORT

General Obligation Bonds, Series 2021 (Non-AMT)
September 30, 2023

TABLE 17

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
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
		\$ 6,922,025	\$ 6,922,025	\$ 37,135,000	\$ 50,979,050	

PORT FREEPORT

General Obligation Bonds, Series 2023 (Non-AMT)
September 30, 2023

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
						\$ 55,800,000
2024	5.500 %	\$ 1,213,344	\$ 1,213,344	\$ -	\$ 2,426,688	55,800,000
2025	5.500	1,213,344	1,213,344	380,000	2,806,688	55,420,000
2026	5.500	1,202,894	1,202,894	995,000	3,400,788	54,425,000
2027	5.500	1,175,531	1,175,531	1,050,000	3,401,063	53,375,000
2028	5.000	1,146,656	1,146,656	1,110,000	3,403,313	52,265,000
2029	5.000	1,118,906	1,118,906	1,165,000	3,402,813	51,100,000
2030	5.000	1,089,781	1,089,781	1,220,000	3,399,563	49,880,000
2031	5.000	1,059,281	1,059,281	1,285,000	3,403,563	48,595,000
2032	5.000	1,027,156	1,027,156	1,345,000	3,399,313	47,250,000
2033	5.000	993,531	993,531	1,415,000	3,402,063	45,835,000
2034	5.000	958,156	958,156	1,485,000	3,401,313	44,350,000
2035	5.000	921,031	921,031	1,560,000	3,402,063	42,790,000
2036	5.000	882,031	882,031	1,640,000	3,404,063	41,150,000
2037	5.000	841,031	841,031	1,720,000	3,402,063	39,430,000
2038	4.000	798,031	798,031	1,805,000	3,401,063	37,625,000
2039	4.000	761,931	761,931	1,880,000	3,403,863	35,745,000
2040	4.000	724,331	724,331	1,950,000	3,398,663	33,795,000
2041	4.000	685,331	685,331	2,030,000	3,400,663	31,765,000
2042	4.000	644,731	644,731	2,110,000	3,399,463	29,655,000
2043	4.000	602,531	602,531	2,195,000	3,400,063	27,460,000
2044	4.000	558,631	558,631	2,285,000	3,402,263	25,175,000
2045	4.000	512,931	512,931	2,375,000	3,400,863	22,800,000
2046	4.000	465,431	465,431	2,470,000	3,400,863	20,330,000
2047	4.000	416,031	416,031	2,570,000	3,402,063	17,760,000
2048	4.000	364,631	364,631	2,670,000	3,399,263	15,090,000
2049	4.125	311,231	311,231	2,780,000	3,402,463	12,310,000
2050	4.125	253,894	253,894	2,895,000	3,402,788	9,415,000
2051	4.125	194,184	194,184	3,015,000	3,403,369	6,400,000
2052	4.125	132,000	132,000	3,135,000	3,399,000	3,265,000
2053	4.125	67,341	67,341	3,265,000	3,399,681	-
		\$ 22,335,869	\$ 22,335,869	\$ 55,800,000	\$ 100,471,738	

RESOLUTION ADOPTING 2022 TAX RATE

At a Regular Meeting of the Port Commission of Port Freeport held at the office of said Port at 1100 Cherry Street, Freeport, Texas on the 14th day of September 2023, among other business came on to be considered the following Resolution, which was upon motion duly made and seconded, adopted by a _____ vote of six Commissioners present, which Resolution is as follows:

FINDINGS:

The Port Commission finds:

- (1) Notice of the date, time, place and purpose of the meeting at which this Resolution has been considered and adopted has been duly given in accordance with the requirements of Section 551.001, Texas Government Code, et. sec.
- (2) A quorum of the members of the Port Commission were present and participated in the deliberation and adoption of this Resolution.
- (3) The deliberation and vote on this Resolution has been conducted in open meeting as defined in Section 551.001, Texas Government Code, et. sec.
- (4) The deliberation and vote on this Resolution was separate from the vote adopting the budget for Port Freeport for the Fiscal Year 2023/2024.
- (5) The designated Officer of the Port has publicized the No New Revenue Tax Rate and the calculation used to determine it in the manner required by Section 26.04, Texas Property Tax Code, and has submitted same to the Port Commission.
- (6)
 - (A) A tax rate of zero cents on each \$100 valuation for the purpose of maintenance and operations;
 - (B) A tax rate of one and 6007/100 (\$0.016007) cents on each \$100 valuation for the payment of principal and interest on debts of the Port;
 - (C) A total tax rate of one and 6007/100 (\$0.06007) cents for each \$100 valuation to be applied to the total taxable value of all taxable property located within Port Freeport, subject to taxation and calculated as provided in Sections 26.04 and 26.05, Texas Property Tax Code, should be proposed for adoption as the tax rate of Port Freeport for the year 2023.

RESOLUTION

NOW THEREFORE, BE IT RESOLVED, ORDAINED AND ORDERED, by the Port Commission of Port Freeport, that: a tax rate of zero cents on each \$100 valuation for the purpose of maintenance and operations, and a tax rate of one and 6007/100 (\$0.016007) cents on each \$100 valuation for the payment of principal and interest on debts of the Port, for a total tax rate of one and 6007/100 (\$0.016007) on each \$100 valuation to be applied to the total taxable value of all taxable property located within Port Freeport, subject to taxation and is hereby levied or adopted as the tax rate of Port Freeport for the year 2023.

The following members of the Port Commission present and participating in the deliberation and vote on the above and foregoing Resolution and the manner in which each member voted is evidenced by the signature of each member present as indicated below:

Chairman

VOTED

Vice Chairman

VOTED

Secretary

VOTED

Assistant Secretary

VOTED

Commissioner

VOTED

Commissioner

VOTED

FOREIGN-TRADE ZONE OPERATOR AGREEMENT

BETWEEN

PORT FREEPORT
AS GRANTEE,

AND

VOLKSWAGEN GROUP OF AMERICA, INC.
AS OPERATOR

DATED July 1, 2023

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THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

FOREIGN-TRADE ZONE OPERATOR AGREEMENT

THIS AGREEMENT is made and entered into on this the 1 day of July, 2023, by and among PORT FREEPORT, of Brazoria County, Texas, a conservation and reclamation district, a body politic, and a corporate and governmental agency of the State of Texas, hereinafter referred to as "Grantee," and Volkswagen Group of America, Inc. having an office and place of business in Brazoria County, Texas, hereinafter referred to as "Operator."

WITNESSETH:

WHEREAS, Grantee has been approved by the United States Foreign-Trade Zones Board ("the Board") as Grantee of Foreign-Trade Zone No. 149 pursuant to Board Order No. 385, dated July 11, 1988 and expanded by Board Order No. 1185 dated August 7, 2001 and Board Order No. 1666 dated February 23, 2010; and

WHEREAS, Grantee has moved into the Alternative Site Framework, as defined at 15 C.F.R. 400.2(c), and has pursuant to Board Order No. 1853 dated August 29, 2012 as expanded by Board Order No. 2009 dated July 29, 2016 designated its sites as magnet or usage-driven/subzone sites; and

WHEREAS, Grantee desires to offer foreign-trade zone utilization to entities located in its Service Area as defined in Board Order 1853 (hereinafter referred to as the "Service Area") in accordance with its FTZ policies and in support of the economic development of the Service Area;

WHEREAS, the parcel(s) of land described and/or depicted in Exhibit A (hereinafter referred to as the "Zone Site" is located within the Service Area of FTZ No. 149;

WHEREAS, Grantee deems it practicable to limit its participation in the everyday operations of the Zone Site and to place the operation of the Zone Site under the supervision of Operator; and

WHEREAS, Operator, upon the terms and conditions herein set forth, desires to undertake the development and exclusive operational management of foreign-trade zone activities at the Zone Site herein described in accordance with standards of operation required by U.S. Customs and Border Protection ("Customs") and the Board.

NOW THEREFORE, the parties hereto, in consideration of the mutual agreements herein contained and promises herein expressed, and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, do hereby agree as follows:

I. AUTHORITY GRANTED/ACCEPTED

1.1 Authority Granted: Grantee hereby grants to Operator the right to utilize the Site as a foreign-trade zone, subject to all terms and conditions of this Agreement for the term specified herein and any extension thereof.

1.2 Authority Accepted: Operator hereby agrees to accept foreign-trade zone status for the Site and hereby agrees to operate the Site in accordance with the terms and conditions of this Agreement, the effective Zone Schedule and any applicable standards of operation, rules or regulations which now exist, or which may in the future be instituted or amended by Grantee, and generally applicable to all Operators in Foreign-Trade Zone No. 149. Furthermore, Operator hereby agrees to operate the Site in accordance with the laws and regulations of Customs, the Board and any other federal, state, county or local authority relating to occupancy or use of the Site.

II. COMMENCEMENT DATE AND DURATION OF AGREEMENT

2.1 Primary Term: The term of this Agreement is five (5) years, beginning on July 1, 2023 (the “Commencement Date”) and ending at midnight on June 30, 2028. If Operator should hold over beyond the primary term, the terms and conditions of this Agreement shall continue in effect thereafter on a month-to-month basis until terminated as herein provided in Section 2.2.

2.2 Right to Terminate: Notwithstanding the foregoing, at the end of the first year following the commencement date of this Agreement, any party hereto shall have the absolute right and authority to terminate this Agreement, with or without cause, upon giving ninety (90) days advance written notice of such termination to all parties. Furthermore, pursuant to paragraph IX, Grantee has the right to terminate this Agreement at any time, should Operator fail to remedy a material breach of any of the provisions of this Agreement within thirty (30) days from the date of receiving notice of said breach from Grantee.

2.3 Withdrawal of Grant: If the Foreign-Trade Zone grant to Grantee should be revoked or canceled, this Agreement shall terminate upon notification by Grantee, and Operator shall have no claim against Grantee by reason of such revocation or termination, and Operator shall have no further interest in the subject matter of this Agreement. Notwithstanding such revocation or termination, Operator shall remain obligated to remit such sums as may be due pursuant to this Agreement, by virtue of services provided before the date of such revocation or cancellation.

2.4 Continuing Obligations of Operator upon Termination - Upon termination of this Agreement for any reason, Operator shall remain responsible for all merchandise in zone status, and for compliance with all applicable Customs laws, regulations, and other requirements, until the Zone Site is deactivated or suspended and all merchandise in zone status (except domestic status for which no permit is required) has been removed from the Zone Site. In the event that activation of the Zone Site is suspended or revoked for any reason, Operator shall remain liable for reimbursement of all costs or expenses incurred by Customs and or the Board in connection with suspension or revocation of activation of the Zone Site which are payable by Operator and

or Grantee; and all costs or expenses incurred by Grantee either directly or indirectly in connection with such suspension or revocation.

Additionally, upon any termination of this Agreement, Operator shall remain liable for all accrued but unpaid expenses or fees, all duties, taxes, charges, fees, penalties, fines, assessments and liquidated damages payable in connection with the Zone Site and for any other amounts payable by Operator under this Agreement and pursuant to the indemnification provisions of paragraph VII.

III. STANDARDS OF OPERATION

3.1 Operational Management Procedures: Operator shall establish operating standards for all areas activated within the Site, which shall conform to all applicable requirements of Grantee, Customs, the Board, and any other federal, state, county or local authority with authority to regulate in this area. Operator shall operate in conformance with such operating standards for the term of this Agreement, and shall ensure the compliance of other parties operating at the Site.

3.2 Right of Entry: Operator shall permit authorized representatives of Grantee, Customs, and the Board, to enter the Site at all reasonable times during the Operator's normal business hours, for the sole purpose of inspecting the Site to ensure that all activities conform to the operating standards promulgated by Grantee or Operator and the requirements of this Agreement. Except when unusual circumstances require otherwise, any such entry shall be limited to normal working hours and reasonable advance notice shall be provided to Operator. Any such entry shall be made in accordance with the established safety and security procedures of Operator. Operator shall have no claim against Grantee for interference with Operator's interests during such period of entry.

IV. RECORDKEEPING

4.1 Annual Reporting: Within forty five (45) days of the close of the reporting period, as specified by the Board, of each year during the term of this Agreement, and within sixty (60) days after the termination of this Agreement, Operator shall submit to Grantee, through the Online FTZ Information System (OFIS) account established for Operator by Grantee, the data and information required to complete the Annual Report for the Foreign-Trade Zones Board. In addition, Operator shall provide, by the above referenced dates, a separate written certification signed by an authorized representative of Operator that to the best of his knowledge and belief, the data and information provided through the OFIS is true, correct and accurate. Unless Grantee has provided Operator with a written extension of time to submit the above information and data for the Annual Report, Operator shall pay Grantee \$100 per calendar day for each and every calendar day after the aforementioned submission date that said information and data is not submitted through OFIS by Operator for Grantee's review. All written communications with the Foreign-Trade Zones Board concerning operations within Foreign-Trade Zone No. 149 are to be made through Grantee.

4.2 Activity Reports: At the request of Grantee during the term of this Agreement, or upon the expiration hereof, Operator shall within fifteen (15) days of the request submit financial

statements or activity reports containing such information as may be required by Grantee to comply with requests of Board, Customs or any other authorized federal, state, county or local agency. All such statements or reports submitted by Operator shall be signed by an authorized representative of Operator, certifying that said statements or reports are true, correct and accurate.

4.3 OPEN RECORDS ACT: NOTWITHSTANDING ANYTHING CONTAINED HEREIN, IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT GRANTEE IS A GOVERNMENTAL ENTITY FORMED UNDER THE CONSTITUTION AND GENERAL LAWS OF THE STATE OF TEXAS AND WILL DISCLOSE ANY INFORMATION CONFIDENTIAL OR OTHERWISE RECEIVED BY IT AS FOLLOWS:

(1) TO THE EXTENT THAT ANY INFORMATION RECEIVED BY IT IS REQUIRED TO BE DISCLOSED UNDER ANY APPLICABLE STATE OR FEDERAL LAW INCLUDING, BUT NOT LIMITED TO, THE "OPEN RECORDS ACT" (PUBLIC INFORMATION ACT") AND/OR "THE OPEN MEETINGS ACT" OF THE STATE OF TEXAS.

(2) TO THE EXTENT ANY INFORMATION RECEIVED BY IT INVOLVES OR APPEARS TO INVOLVE ANY VIOLATION OR INTENDED VIOLATION OF ANY APPLICABLE LAW OR REGULATION OF ANY LOCAL, STATE OR FEDERAL GOVERNMENT OR AGENCY, THE SAME SHALL BE REPORTED TO THE APPLICABLE LAW ENFORCEMENT AGENCY FOR INVESTIGATION.

4.4 Notification: Operator shall promptly notify Grantee of any audit, investigation or additional reporting requirement instituted by Customs, the Board or any federal, state, county or local governmental agency which concerns foreign-trade zone operations within the Site. Operator agrees to furnish, upon written request, copies to Grantee of all such requests for documentation, together with any response thereto.

4.5 Review: Grantee, or its designated representatives, reserve the right, subject to all the terms and condition of this Agreement, to review Operator's books, financial statements, records and inventory control system only as they pertain to Foreign-Trade Zone related activity at the Zone Site for the sole purpose of verifying the information provided by Operator under this section.

4.6 Conformance: In the event it is determined that the operations of Operator are not in conformance with the requirements of Grantee, Customs or the Board, Operator agrees to take whatever steps are necessary to immediately remedy the situation. In the event the deficiency cannot be corrected within five (5) working days after notification, Operator shall prepare a written plan of performance outlining the measures to be taken to ensure conformance with said requirements and the time period required therefore, which shall be subject to approval by Grantee, which approval shall not be unreasonably withheld.

4.7 Retention: Operator shall retain in whatever manner is required for Customs purpose all receiving, shipping, financial and accounting records concerning foreign-trade zone operations for five (5) years after the date of the transaction or occurrence. All such records shall be

made available for inspection and audit by any appropriate governmental agency, Grantee, or its designated representative, during normal business hours.

V. ADVERTISING

Grantee reserves the right to advertise the fact that Operator is located within the Foreign-Trade Zone (with permission from Operator to use their information in advertisements) in connection with the general promotion of Foreign-Trade Zone No. 149.

VI. FEES

6.1 Board Expenses – Operator shall pay the full cost of any fees imposed by the Board, which are attributable to Operator's establishment, modification and operation of the Zone Site.

6.2 Customs Expenses - Operator shall pay the full cost of any activation fee and annual fee imposed by Customs attributable to Operator's operation of the Zone Site.

6.3 Customs Bond Expense - Operator shall pay the full cost of any Customs Bond required by Customs, including the Customs Form 301 Foreign-Trade Operator's bond for the operation of the Zone Site. Operator will provide Grantee with a copy of the Customs Form 301 Foreign-Trade Operator's bond and any amendments or riders thereto within ten (10) days of filing said bond with Customs.

6.4 Reimbursement by Grantee – Grantee shall not be obligated to reimburse Operator for any expenses incurred by Operator in connection with its operations at the Zone Site, including, without limitation, expenses covering or relating to any of the following: assignment to the Zone Site of Customs employees; obtaining surety bond as may be required of Operator by Customs; keeping of books, records and accounts in the manner required by the Regulations; any costs incurred by Operator pursuant to the Regulations and any other expenses involving in any way the administration or operation of the Zone Site or Operator's compliance with the terms of this Agreement. All such expenses shall be the sole responsibility of Operator.

6.5 Reimbursement by Operator – Prior to the presentation of this Agreement to the Port Commission of Grantee, Operator shall pay Grantee the non-refundable Start-Up Fee set forth in Grantee's Foreign-Trade Zone No. 149 Fee Schedule. The parties agree that this amount is fair and reasonable compensation for the services to be rendered by Grantee in assisting Operator to start up its zone operations.

Upon Customs approval of the activation of the Zone Site, Operator agrees to pay to Grantee the applicable fees as specified in Grantee's Foreign-Trade Zone Fee Schedule. The parties agree that these fees are fair and reasonable compensation for the services to be rendered by Grantee to Operator with regard to Operator's operation of the Zone Site. These fees are published in the FTZ No. 149 Zone Schedule and are subject to review and modification every year this Agreement remains in effect. Grantee agrees to invoice Operator for these fees annually in advance.

Should there be a change in the fee amount, a credit will be issued for the unused amount billed in advance and another invoice reflecting the new amount, will be issued.

6.6 Manner of Payment: Operator shall forward payment to Grantee at the following address:

PORT FREEPORT
1100 Cherry Street
Freeport, Texas 77541

6.7 Penalty on Delinquent Payments: Any payment received by Grantee more than thirty (30) days past due shall be assessed a late payment penalty of one and one-half percent (1.5%) per month on the amount due for each day over thirty (30) days. In addition, any amount received by Grantee over sixty (60) days after the invoice date shall constitute a breach by Operator of this Agreement and shall give rise to any of the remedies provided herein.

VII. INDEMNIFICATION

OPERATOR'S INDEMNITY. TO THE FULLEST EXTENT PERMITTED BY LAW OTHER THAN WITH RESPECT TO THE SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF GRANTEE, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "INDEMNIFIED PARTIES"), OPERATOR HEREBY ASSUMES ALL LIABILITY FOR, AND AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE INDEMNIFIED PARTIES FROM ALL CLAIMS, FINES, DAMAGES, LIABILITIES, LOSSES, COSTS, EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES AND COURT COSTS), PENALTIES, ASSESSMENTS, ENVIRONMENTAL RESPONSE COSTS, AND/OR INJUNCTIVE OBLIGATIONS, WHICH MAY BE SUFFERED OR INCURRED AT ANY TIME BY THE INDEMNIFIED PARTIES, ON ACCOUNT OF INJURIES TO OR DEATH OF ANY COMMISSIONER, OFFICIAL OR EMPLOYEE OF THE GRANTEES, DAMAGE TO OR DESTRUCTION OF ANY PROPERTY, AND/OR ANY VIOLATION OF ANY APPLICABLE LAW, RULE, REGULATION, OR ORDER OF ANY GOVERNMENTAL AUTHORITY, CAUSED BY, RESULTING FROM, OR ARISING OUT OF (I) THE ACTS OR OMISSIONS OF OPERATOR, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS, GUESTS AND INVITEES, (II) THE RIGHTS GRANTED HEREIN, OR (III) ANY DEFAULT, BREACH OR VIOLATION OF THIS AGREEMENT BY OPERATOR.

THE OBLIGATIONS OF THE OPERATOR DESCRIBED ABOVE SHALL NOT BE LIMITED IN ANY WAY BY ANY LIMITATION ON THE AMOUNT OR TYPE OF DAMAGES, COMPENSATION OR BENEFITS PAYABLE BY OR FOR THE OPERATOR UNDER WORKER'S OR WORKMEN'S COMPENSATION ACTS, DISABILITY BENEFIT ACTS, OR OTHER EMPLOYEE BENEFIT ACTS OR THE MINIMUM INSURANCE LIMIT SET FORTH IN THIS AGREEMENT.

GRANTEE RESERVES THE RIGHT TO REQUIRE OPERATOR TO POST AND MAINTAIN FOR THE DURATION OF THIS AGREEMENT AN INDEMNITY BOND, AT OPERATOR'S SOLE EXPENSE, IN SUCH AMOUNT AS SHALL BE DETERMINED BY GRANTEE, AND UPON SUCH TERMS AND CONDITIONS AS SHALL BE CONTAINED IN FOREIGN-TRADE ZONE NO. 149 ZONE SCHEDULE.

VIII. INSURANCE

Operator agrees to obtain and continuously maintain in effect during the term of this Agreement and any extension hereof, insurance against such risks as are customarily insured against by businesses of like size and type, paying as the same come due all premiums with respect thereto, with a uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage at the time in use in the State of Texas. All such policies shall be obtained and maintained in generally recognized, responsible insurance companies qualified under the laws of the State of Texas to assume the risks undertaken. Operator shall obtain and continuously maintain in effect during the term of this Agreement commercial general liability insurance with respect to its use and occupation of the Site with limits sufficient to reasonably cover all activities of Operator, but in no event less than One Million Dollars (\$1,000,000) per occurrence as to bodily injury, including death and damage to property. Policies shall afford additional insured status to Grantee and agree to waive subrogation against Grantee.

Operator shall provide to Grantee a certificate of insurance, evidencing additional insured status to Grantee and waiving subrogation against Grantee, and the insurance carrier shall give Grantee thirty (30) days' advance written notification of any cancellation or material modification of the policy. Notwithstanding the other provisions of this Article VIII, Operator shall be considered to fulfill its obligations hereunder by maintaining in full force and effect, through such policies of insurance issued by insurers authorized to do business in the State of Texas and with a minimum rating of either (a) A-VII in the most recent issue of *Best's Guide to Property Liability Insurance Companies*, or (b) BBB+ by Standard & Poor's, in such amount and covering its properties and operations, such insurance as is customarily maintained by companies engaged in the same or similar businesses in the locality where the Site is located. Operator agrees to provide Grantee upon request with a copy of the public financial information for Operator most recently filed on an annual basis with the Securities and Exchange Commission.

IX. DEFAULT

9.1 Default: In the event of Operator's material breach of any of the provisions of this Agreement, Grantee shall give to Operator written notice of default. In the event said default is not remedied within thirty (30) days from the date of notice of default, Grantee shall have the right to terminate this Agreement upon notice to Operator. Grantee reserves the right to assert whatever remedies are available, in equity or at law, to collect any sums due hereunder, to enforce any provisions of this Agreement, to collect damages for breach of contract or to effect or obtain any other available remedy.

An assignment for the benefit of creditors, the appointment of a receiver, any proceedings in bankruptcy, whether voluntary or involuntary, or any act of Operator's insolvency shall be deemed to be a breach of this Agreement.

9.2 Attorney's Fees: Operator agrees to pay reasonable attorney's fees and all costs of legal proceedings if it becomes necessary for Grantee to employ an attorney or legal process to collect any amounts due hereunder, or to enforce any provisions of this Agreement upon default by Operator.

X. NOT JOINT VENTURER

Grantee and Operator are not and shall not be considered as joint venturers, partners, or agents of each other, and neither shall have the power to bind or obligate the other except as set forth in this Agreement. Grantee and Operator agree not to represent to anyone that they are joint venturers, partners, or agents of one another or have any authority to act on behalf of one another.

XI. RECOGNITION OF SUCCESSOR

Grantee agrees to recognize any successor to Operator under this Agreement as long as it is a subsidiary, affiliate, or direct or indirect parent of Operator. Grantee shall not unreasonably withhold approval of any other successor to Operator under this Agreement. In any event, notice of the closing of a sale, sublease or other change of interest in the ownership of or operations conducted at the Zone Site must be given in writing by Operator at least sixty (60) days prior to such sale, sublease, or other change and shall contain the names and addresses of every person acquiring any interest in the ownership of or operations conducted at the Zone Site.

XII. CONFLICTS OF INTEREST

Grantee is a governmental authority and, as such, Grantee is firmly committed to making business decisions based solely on the objective evaluation of offers. Grantee's business decisions can in no way be connected to or influenced by any relationship, gift or thing of value. Moreover, because Grantee is a governmental entity, certain laws set forth limitations of relationships and gifts to certain governmental officers. Operator acknowledges, represents and warrants the following:

1. To the best of the knowledge of the individuals signing this agreement on behalf of Operator, Operator has not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or any other thing of value or benefit (including employment, contracts or subcontracts relating to Operator's business) to any Commissioner, official or employee of Grantee for the purpose of entering into this Agreement or related transactions;
2. To the best of the knowledge of the individuals signing this agreement on behalf of Operator, no Commissioner, official or employee of Grantee has (directly or indirectly) solicited any such payment or contribution for the purpose of entering into this

- Agreement or related transactions; and
3. Operator agrees to use reasonable efforts to notify Grantee should the individuals signing this Agreement on behalf of Operator acquire actual knowledge of any of the following:
 - a. a Commissioner, official or employee of Grantee or an affiliate of a Commissioner, official or employee of Grantee owns ten percent (10%) of the ownership of the Operator or ownership in Operator with a fair market value of \$15,000 or more; or
 - b. a Commissioner, official or employee of Grantee or an affiliate of a Commissioner, official or employee of Grantee has an employment or other business relationship with the Operator that results in taxable income or receipt of something of value by a Commissioner, official or employee of the Grantee or an affiliate of a Commissioner, official or employee of the Grantee; or
 - c. a Commissioner, official or employee of Grantee or an affiliate of a Commissioner, official or employee of Grantee receives, in their capacity with Grantee, one or more gifts from Operator that have a total value of more than \$250 in one 12-month period.

An "affiliate" of a person is (1) a family member of the person, related within the first degree by consanguinity or affinity, as defined by Subchapter B, Chapter 573 of the Texas Government Code, or (2) an entity owned in whole or in part by the person or by a family member of the person related within the first degree by consanguinity or affinity. Grantee has provided Operator with a complete and accurate list of the Commissioners, officials, or employees of Grantee and any affiliate thereof as of the date of this Agreement, and will provide updates to Operator upon request.

The representations, warranties and certifications made in this Section are ongoing and will remain in effect for the term of this agreement. Should Operator learn of any violation of this provision, it shall use best efforts to notify Grantee by filing a written statement with the Secretary of the Port Commission through the office of the Executive Port Director.

XIII. MISCELLANEOUS

13.1 Waiver: No failure of any party hereto to exercise any right or power given it hereunder, or to insist upon strict compliance by any other party hereto of any obligations hereunder, and no custom or practice at variance with the terms hereof, shall constitute a waiver of any party's right to demand exact compliance with the terms hereof.

13.2 Integration: This Agreement contains the entire agreement of the parties, and no representation, inducement, promise or agreement, oral or otherwise, not embodied herein, shall be of any force or effect, and cannot be altered or amended except in writing and signed by all parties hereto, and the parties specifically disclaim reliance on any such prior representations, inducements, promises or agreements in entering into this Agreement. The terms of this Agreement take precedence over any conflicting provisions contained in Foreign-Trade Zone No. 149 Zone Schedule issued by Grantee.

13.3 Binding Effect: This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successors and assigns. However, this paragraph is in no way to be construed as granting to Operator the right to assign this Agreement or any interest herein without the express prior written approval of Grantee, which may be withheld for any reason.

13.4 Texas Law to Apply: This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, except where federal law has preempted such application. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect the validity of any other provision of this Agreement which shall continue in full force and effect. The parties hereby submit unconditionally and irrevocably to the jurisdiction of the Courts of Brazoria County, Texas, for the enforcement of, the interpretation of, or any dispute arising out of or in conjunction with, this Agreement.

13.5 Rights and Remedies Cumulative: The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. These rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

13.6 Notices: All notices required or permitted by this Agreement, unless otherwise provided, shall be given by certified mail or registered mail to Grantee at the following address:

PORT FREEPORT
Foreign-Trade Zone No. 149
1100 Cherry Street
Freeport, Texas 77541

All notices required or permitted by this Agreement, unless otherwise provided, shall be given by certified mail or registered mail to Operator at the following address:

Volkswagen Group of America, Inc.
131 East Loop North
Houston, TX 77029
Or
Volkswagen Group of America, Inc.
2300 SH 288
Freeport, TX 77541

13.7 Amendment - This Agreement cannot be changed orally but only by an agreement in writing by all parties hereto.

13.8 Exhibits - All exhibits referred to herein, or which from time to time may be referred to in any duly executed amendment hereto, are by such reference incorporated herein and shall be deemed a part of this Agreement as if fully set forth herein. Any exhibit incorporated herein may be adjusted without the necessity of formal amendment of this

Agreement. Upon adjustment of any exhibit, a revised exhibit shall be prepared by Grantee and executed by the parties hereto. Each exhibit as its effective date shall be deemed a part of this Agreement at all times so long as it bears the signatures or initials of both parties hereto.

IN WITNESS WHEREOF, the parties hereto set their hands and seals as of the date first written above.

GRANTEE:

PORT FREEPORT
OF BRAZORIA COUNTY, TEXAS

By: _____ (SEAL)
Chairman

ATTEST:

By: _____
Secretary

OPERATOR:

Volkswagen Group of America, Inc.

By: Richard P Regan (SEAL)
Name Richard P Regan
Title Director of Port Operations and Vehicle Logistics

ATTEST:

By:  _____,
Name Elliott Hughes
Title VWGoA Port Manager

EXHIBIT A

DESCRIPTION OF SUBZONE SITES



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

TO: Executive Director/CEO
Port Commissioners
Legal Counsel

FROM: Director of Business and Economic Development

DATE: September 14, 2023

SUBJECT: Vulcan Construction Materials

Staff presented the enclosed memo and letter from Vulcan Construction Materials to the Finance Advisory Committee on July 11, 2023. The direction from the Finance Advisory Committee was for Vulcan to meet with the City of Freeport about their request to ensure the city was comfortable with the request to obtain a standard permit for the portable HMA batch plant on Parcel 14.

Vulcan attended a City Council meeting met with members of the City Council. Vulcan invited the members of City Council to view the batching operation.

Staff seeks the Port Commission's confirmation to begin working on an amendment to the Lease Agreement between Port Freeport and Vulcan Construction Materials that permits Vulcan to obtain a standard permit for the portable HMA batch plant on Parcel 14.

PORT COMMISSION

RAVI K. SINGHANIA, CHAIRMAN; ROB GIESECKE, VICE CHAIRMAN; BARBARA FRATILA, SECRETARY; KIM KINCANNON, ASST. SECRETARY;
DAN CROFT, COMMISSIONER; RUDY SANTOS, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



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

TO: Executive Director/CEO
Port Commission
Legal Counsel

FROM: Director of Business & Economic Development

DATE: July 11, 2023

SUBJECT: Vulcan Construction Materials

On May 24, 2023, Port Freeport received the enclosed letter from Vulcan Construction Materials.

PORT COMMISSION

RAVI K. SINGHANIA, CHAIRMAN; ROB GIESECKE, VICE CHAIRMAN; BARBARA FRATILA, SECRETARY; KIM KINCANNON, ASST. SECRETARY;
DAN CROFT, COMMISSIONER; RUDY SANTOS, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO



May 17, 2023

ATTN: Jason Miura, Director, Business & Economic Development, Phyllis Saathoff, Port Director, and Port Freeport Commissioners

In 2021, Vulcan Materials Company worked with the Port Freeport and the City of Freeport to permit and erect a portable asphalt plant on property Vulcan has leased for a rail terminal at the Port Freeport. This plant was erected to supply hot mix asphalt to the TXDOT Brazoria - Highway 36 project, which, at the time, Vulcan agreed to only apply for a single project permit with the TCEQ. This was done to give the City of Freeport and the Port Freeport ample time to understand any concerns that may arise with this new business, before applying for the TCEQ standard asphalt permit. Test batches began running through the plant in March of 2023, followed by hot mix asphalt being supplied to the TXDOT Brazoria - Highway 36 project during April of 2023 with no reported issues to date.

I am now writing this letter to the Port Freeport and its Port Freeport Commissioners to formally request its consent and support in Vulcan Materials Company submitting for the TCEQ standard asphalt permit. This permit would allow Vulcan to supply multiple projects simultaneously. This would include, but not be limited to, several more projects in the Brazoria County area, City of Freeport projects, as well as any projects the Port Freeport may have in the future. The expanded ability to furnish hot mix materials in this market would imply supplying more aggregates by rail through the existing facility, potentially causing further demand for expanded property size and greater material storage area for the facility and asphalt plant.

We look forward to your reply supporting Vulcan Materials Company's request to apply for the TCEQ standard asphalt permit and approving the operation of the plant under the TCEQ standard asphalt permit as a "Permitted Use" under the lease. If you have any questions, please contact me using the information in the signature block.

Respectfully,

A handwritten signature in black ink, appearing to read "Terry Cummins", with a stylized flourish at the end.

Terry Cummins
VP/GM Coastal Region
Vulcan Materials Company
Email: cumminst@vmcmail.com
Phone: 205-296-6748



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

PRIVATE AND CONFIDENTIAL
Exempt Under Authority of Section 551.072
(Deliberation of Real Property Matters)

TO: Executive Director/CEO
Port Commissioners
Legal Counsel

FROM: Director of Business and Economic Development

DATE: September 14, 2023

SUBJECT: Amendment to Interlocal Agreement with TxDOT (Heavy Lift Corridor)

On August 24, 2023, the Port Commission approved a Resolution Authorizing Execution of an Interlocal Agreement between Port Freeport and Texas Department of Transportation for the Heavy Lift Corridor.

After approval of the Resolution, TxDOT advised they inadvertently excluded Attachment F from the final the Interlocal Agreement that staff had presented to the Port Commission.

Enclosed please find Attachment F.

Staff recommends the Port Commission's approval of an Amendment to the Interlocal Agreement with Texas Department of Transportation to include Attachment F, and to authorize Phyllis Saathoff, Executive Director & CEO of Port Freeport to execute the amendment.

PORT COMMISSION

RAVI K. SINGHANIA, CHAIRMAN; ROB GIESECKE, VICE CHAIRMAN; BARBARA FRATILA, SECRETARY; KIM KINCANNON, ASST. SECRETARY;
DAN CROFT, COMMISSIONER; RUDY SANTOS, COMMISSIONER; PHYLLIS SAATHOFF, EXECUTIVE DIRECTOR/CEO

ATTACHMENT F

Information Resources and Security Requirements

1. TYPES OF DATA

“TxDOT Data” means TxDOT information, data, records, and information to which a Contractor-Related Entity has access, has possession, or is otherwise provided to the a Contractor-Related Entity by TxDOT, whether or not intended under or for the purposes of the agreement, including, without limitation, data generated or collected under this agreement, intellectual property created as a work for hire under this agreement, and Personal Identifying Information (as defined below).

TxDOT Data is classified into the four categories that control applicability of security standards: Public, Sensitive, Confidential, and Regulated. See Section 4 for Definitions.

Any data that a Contractor-Related Entity accesses and downloads from a TxDOT system, for use, manipulation, storage, or management is considered Confidential Data unless otherwise specified in writing by TxDOT.

2. DATA REQUIREMENTS

2.1 Data, Data Dictionaries, and Data Flow Diagrams

Contractor shall ensure that all TxDOT Data that is generated, manipulated, transmitted, or stored, utilizes the TxDOT taxonomy, with documented data dictionaries, and data flow diagrams (including security protocols).

2.2 Data Transfer

- (a) At the completion of a deliverable, the Contractor shall transfer all TxDOT Data generated and stored for that deliverable to TxDOT in a manner and format acceptable to TxDOT and approved by TxDOT’s Information Technology Division (“ITD”).
- (b) All metadata associated with the TxDOT Data transferred must remain attached to that data.
- (c) Contractor shall maintain the appropriate level of data security throughout the transfer of the TxDOT Data.

2.3 Backup and Disaster Recovery

- (a) Contractor shall implement business continuity procedures to fulfill all requirements of this agreement that address, as a minimum, fire, theft, natural disaster, technical difficulty, workforce problems equipment failure, or other disruption of business.
- (b) Contractor shall maintain a disaster recovery plan. Contractor is responsible for all project related costs of disaster recovery during the project except for costs associated with disasters beyond Contractor’s reasonable control, and for those costs included as part of the TxDOT infrastructure responsibilities.

2.4 Open Records Requests

Contractor shall not release Information in response to an open record request related to this agreement request unless TxDOT has approved the release in writing.

2.5 Encryption

For Sensitive, Confidential, and Regulated TxDOT Data, the Contractor shall ensure TxDOT Data is encrypted while in-transit and while at-rest in accordance with the TxDOT Controls Catalog Standard SC-13, Cryptographic Protection and SC-08, Transmission Confidentiality and Integrity security requirements.

2.6 Accessibility

Contractor shall ensure all products provided under this agreement comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 Texas Administrative Code (TAC) Chapters 206 and 213.

3. INFORMATION RESOURCE AND SECURITY REQUIREMENTS

3.1 Information Security Safeguards

- (a) Contractor shall implement appropriate administrative, physical, and technical safeguards, in accordance with TxDOT's security requirements, that reasonably and appropriately protects the confidentiality, integrity, and availability of TxDOT Data.
- (b) Contractor shall conform its policies and procedures relating to the implementation of security safeguards to comply with TxDOT's Information Resources security program pursuant to the TxDOT and DIR's Information Security Controls Catalog Standards.

3.2 Potential Cybersecurity Incident or Breach Notification

Contractor shall immediately report to TxDOT via the Report Cybersecurity Incident Page on TxDOT.gov, any potential cybersecurity incident or breach involving TxDOT Data (See Section 4, Definitions).

3.3 Demonstrating Compliance with Information Security Requirements

Prior to contract award, at renewal, and on a recurring basis, Contractor shall provide a TxDOT Security Questionnaire as documented in the contract. Additionally, upon reasonable notice to the Contractor, and if TxDOT determines that the Contractor has violated this agreement, TxDOT, directly or through its agent, may request an attestation, which may include additional attestations, and evidence that Contractor is in compliance with applicable laws, regulations, and standards outlined in 3.5.

3.4 Security Training

In accordance with Section 2054.5192 of the Texas Government Code, each Contractor-Related Entity that will access a TxDOT computer system or database must complete a TxDOT approved cybersecurity training program that is certified under Section 2054.5192 of the Texas Government Code. The training program must be completed during the term of the contract and during any renewal period. The Contractor shall provide verification of completion of the cybersecurity training program in a method designated by TxDOT.

3.5 Applicable Laws, Regulations, and Standards

Contractor shall perform the services in accordance with the following standards, notify TxDOT of situations where compliance is not achievable, and assist TxDOT with the prevention of security gaps or conflicts that could impair security performance. Contractor shall comply with all applicable federal, state, and local laws and regulations necessary to perform the services. A non-exhaustive list of federal, state, and local laws and regulations that might be applicable includes the following.

- (1) DIR Security Controls Standard Catalog and applicable TxDOT Security Requirements
 - (A) For Public Data, TxDOT and DIR Security Controls Standards Catalog low baseline and applicable TxDOT security requirements.
 - (B) For Sensitive Data TxDOT and DIR Security Controls Standards Catalog low baseline with Sensitive overlay and applicable TxDOT security requirements.
 - (C) For Confidential Data, TxDOT and DIR Security Controls Standards Catalog moderate baseline and applicable TxDOT security requirements.

- (D) For Regulated Data, TxDOT and DIR Security Controls Standards Catalog moderate baseline, applicable TxDOT security requirements, and applicable regulated security requirements.
- (2) TX-RAMP Requirements
 - (A) Contractor shall ensure that any Contractor-Related Entities providing a Cloud Computing Service to TxDOT that creates, accesses, transmits, uses, or stores TxDOT Data must be authorized in the Texas Risk and Authorization Management Program ("TX-RAMP")
 - (B) TxDOT may approve the use of a TX-RAMP provisional status in lieu of a TX-RAMP certification. This approval is not effective unless approved in writing by the TxDOT Chief Information Security Officer ("CISO") and DIR.
 - (C) Applicable Contractor-Related Entities must achieve the following levels of authorization by the following dates for any new contract or renewal of existing contract:
 - a. Low Security Baseline – TX-RAMP Level 1 Status no later than January 1, 2024
 - b. Moderate Security Baseline – TX-RAMP Level 2 Status no later than January 1, 2022
 - c. High Security Baseline –
 - 1. TX-RAMP Level 2 Status no later than January 1, 2022
 - 2. Federal Risk and Authorization Management Program ("FedRAMP") High Baseline no later than January 1, 2022
- (3) State Laws and Regulations:
 - (A) Texas Administrative Code, Chapter 202 – Information Security Standards
 - (B) Texas Administrative Code, Chapter 206 – State Websites
 - (C) Texas Administrative Code, Chapter 213 – Electronic and Information Resources
 - (D) Texas Government Code, Chapter 552 – Public Information
 - (E) Texas Government Code, Chapter 2054 – Information Resources
 - (F) Texas Penal Code, Chapter 33 – Computer Crimes
 - (G) For Confidential data, Texas Business and Commerce Code, Chapter 521 – Unauthorized Use of Identifying Information
 - (H) For Confidential data containing Protected Health Information, Texas Health and Safety Code, Chapter 181 – Medical Records Privacy
 - (I) For Regulated data containing Payment Card Industry ("PCI") information, the Payment Card Industry Data Security Standards ("PCI-DSS")
 - (J) For Regulated data containing Criminal Justice Information ("CJI"), the Criminal Justice Information Services ("CJIS") Security Policy

3.6 Information Resources Technology

- (a) Any proposed information resources technology that will be installed on any TxDOT owned equipment or that will access any TxDOT network must be reviewed and approved by the ITD Architectural Review Board ("ARB") prior to any development or design.
- (b) Any proposed information resources technology that will be installed on any TxDOT owned equipment or that will access any TxDOT network must be reviewed and approved by the

ITD Change Advisory Board (“CAB”) prior to implementation or delivery.

3.7 Information Resources Technology (“IRT”) Procurements

ITD must approve all procurements of:

- (1) Information Resources Technology that will be owned by TxDOT.
- (2) IT services for any environment that provides processing, storage, networking, management and the distribution of data to ensure alignment with Texas Government Code, Chapter 2054, Subchapter L.

3.8 Prohibited Technologies

In accordance with the Texas Statewide Plan for Prohibited Technologies, Contractor shall not provide services, equipment, or systems to TxDOT determined to be a Prohibited Technology by TxDOT. A list of the entities currently determined to be Prohibited Technologies is available at: <https://ftp.txdot.gov/pub/txdot/itd/cybersecurity/prohibited-technologies-list-cybersecurity.pdf>

3.9 Background Checks Required for Access to TxDOT Data and TxDOT Systems

- (a) The contractor shall ensure that a Background Check is performed on each Contractor-Related Entity prior to that person receiving access to any TxDOT system.
- (b) Contractor shall ensure that a Background Check is performed on each Contractor-Related Entity prior to that person receiving access in a Contractor-Related Entity Environment to TxDOT Data that requires a Moderate or High Security Baseline
- (c) A “Background Check” must include the following:
 - (1) Verification of Social Security number;
 - (2) All true alias names and counties
 - (3) Federal and county level checks for felony and misdemeanor arrest and convictions for the past seven years, including sentences of deferred adjudication – all names;
 - (4) Search of national criminal database – all names;
 - (5) Search of state and national sex offender registry – all names; and
 - (6) Search of the government sanction registry listings.
- (d) Contractor shall not allow any Contractor-Related Entity for which Contractor received any unfavorable result when conducting a Background Check to access TxDOT Data or any TxDOT System.
- (e) TxDOT may make exceptions to 3.9(d) on a case-by-case basis. Any exception granted by TxDOT must be in writing to be effective.
- (f) Upon request by TxDOT, Contractor shall provide documentation that demonstrates to TxDOT’s satisfaction that Background Checks have been conducted as required and that no Contractor-Related Entity with one or more unfavorable results has received access to TxDOT Data or any TxDOT System.
- (g) Contractor shall immediately notify TxDOT if it learns of any change in status that might cause a Contractor-Related Entity to receive an unfavorable result from a Background Check.
- (h) If Contractor fails meet the requirements of 3,9, TxDOT may terminate this contract immediately with no further liability to the Contractor.

3.10 Interconnection of TxDOT and Contractor-Related Entity Environment

If a Contractor-Related Entity has or will have one or more interconnections between an Information System in that Contractor-Related Entity's Environment and a TxDOT System or Systems, the Contractor shall execute or cause to be executed an Interconnection Security Agreement ("ISA") for each interconnection. An executed ISA must be provided to TxDOT for each new interconnection prior to connection.

- 3.11 Upon request by TxDOT, the Contractor shall provide any additional information or documentation that TxDOT determines is necessary to confirm a Contractor-Related Entity's compliance with this section. If Contractor fails to provide requested information as required, TxDOT may terminate this contract immediately with no further liability to the Contractor.
- 3.12 If completion of any of the requirements in this section requires obtaining information and/or action from a Contractor-Related Entity or other non-party entity, Contractor shall obtain the required information or action from that entity. For example, if the Contractor is a reseller of a Contractor-Related Entity's product or service, the Contractor is responsible for completing the TxDOT Security Questionnaire and the Contractor must obtain all the information or actions from the Contractor-Related Entity necessary for the Contractor to complete the questionnaire.

4. DEFINED TERMS

- 4.1 "baseline" means the set of minimum-security controls defined for a low-impact, moderate-impact, or high-impact information system. Information on applicable baselines is available at <https://www.txdot.gov/inside-txdot/division/information-technology/Cybersecurity/cybersecurity-resources.html>.
- 4.2 "Breach" means "breach of system security" as defined in Section 521.053(a) of the Texas Business and Commerce Code, which defines breach of system security as "the unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of sensitive personal information maintained by a person, including data that is encrypted if the person accessing the data has the key required to decrypt the data."
- 4.3 "Cloud Computing Service" means a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. Cloud computing is referenced in Texas Government Code Title 10, Subtitle D, Chapter 2157, Subchapter A, Section 2157.007 and is defined in NIST 800-145.
- 4.4 "Confidential Information" has the meaning provided in 1 Texas Administrative Code § 202.1(5), which states the confidential information means "information that must be protected from unauthorized disclosure or public release based on published laws or legal agreements." Information that is Confidential Information under this definition includes:
 - (a) Dates of birth of living persons
 - (b) Driver's license numbers
 - (c) License plate numbers
 - (d) Credit card numbers
 - (e) Insurance policy numbers
 - (f) Attorney-Client communications
 - (g) Drafts of policymaking documents
 - (h) Information related to pending litigation

- (i) Audit working papers
 - (j) Competitive bidding information before contract awarded.
 - (k) Personal Identifiable Information
 - (l) Sensitive Personal Information
 - (m) Regulated data
 - (n) Information excepted from disclosure requirements of Chapter 552 of the Texas Government Code ("Texas Public Information Act") or other applicable state or federal law
 - (o) Compliance reports for which the Texas Attorney General has granted permission to withhold
 - (p) Investigative working papers and draft reports excepted from disclosure under Section 552.116 of the Texas Government Code
- 4.5 "Contractor-Related Entity" means Contractor; subcontractors; their employees, agents and officers; and all other persons for whom Contractor might be legally or contractually responsible.
- 4.6 "Contractor-Related Entity Environment" means an Environment for which TxDOT does not manage or control the system environment, servers, operating systems, or storage with the exception of user-specific configuration settings.
- 4.7 "Data" means the representation of facts; as the raw material of information that is used as a basis for reasoning, decision-making, discussion, or calculation.
- 4.8 "Data Dictionary" means a directory of the definitions, purpose, policies and structure about data. It is a compilation of information about the data owned by the enterprise. It describes every data item in a database in enough detail for users and application developers to know what the data is and how to make use of it.
- 4.9 "Environment" means an aggregate of procedures, conditions, and objects affecting the development, operation, and maintenance of an information system.
- 4.10 "Information" means data, regardless of form, that is created, contained in, or processed by information resources facilities, communications networks, or storage media.
- 4.11 "Information Resources Technology" means data processing and telecommunications hardware, software, services, supplies personnel, facility resources, maintenance and training that are employed, designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information.
- 4.12 "Information System" means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information. An Information System normally includes, but is not limited to, hardware, software, network infrastructure, information, applications, communications, and people.
- 4.13 "Personal Identifying Information" means information that alone or in conjunction with other information identifies an individual, including an individual's:
- (a) Name, social security number, date of birth, or government-issued identification number;
 - (b) Mother's maiden name;
 - (c) Unique biometric data, including the individual's fingerprint, voice print, and retina or iris image; and
 - (d) Unique electronic identification number, address, or routing code.

- 4.14 “Potential Cybersecurity Incident” means an event which may result in the accidental or deliberate unauthorized access, loss, disclosure, modification, disruption, or destruction of information or information resources.
- 4.15 “Public Data” means Data that is subject to public disclosure pursuant to the Texas Public Information Act and freely and without reservation made available to the public.
- 4.16 “Public information” means information written, produced, collected, assembled, or maintained by or for a governmental body, including information held by individual officers or employees of a governmental body, in connection with the transaction of official TxDOT business. This includes information that is held by contractors and consultants and that TxDOT owns, to which TxDOT has a right of access, or on which public money was spent for the purpose of writing, producing, collecting, assembling, or maintaining the information. Public information includes any electronic communication created, transmitted, received, or maintained on any device if the communication is in connection with the transaction of official business. Public information may be stored in any medium and may exist in forms such as books, papers, letters, documents, e-mails, Internet postings, text messages, instant messages, printouts, photographs, maps, drawings, and audio and video recordings. Public information does not include tangible items, such as computers or guardrails.
- 4.17 “Regulated Data” means information for which the use and protection of is dictated by a state or federal agency or by third party agreements.
- 4.18 “Sensitive Data” means information that could be subject to release under an open records request, but should be controlled to protect third parties, and should be vetted and verified before release. At TxDOT, this could include operational information, personnel records, research, or internal communications.
- 4.19 “Sensitive Personal Information” has the meaning provided by Section 521.002(2) of the Texas Government Code, which defines sensitive personal information as:
- (a) An individual’s first name or first initial and last name in combination with any one or more of the following items, if the name and item are not encrypted:
 - (1) Social Security Number
 - (2) Driver’s license number or government-issued identification number; or
 - (3) Account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to an individual’s financial account; or
 - (b) Information that identifies an individual and relates to:
 - (1) The physical or mental health or condition of the individual;
 - (2) The provision of health care to the individual; or
 - (3) Payment for the provision of health care to the individual.
- 4.20 “TxDOT Security Questionnaire” means a cybersecurity and privacy questionnaire that provides TxDOT ITD necessary information for third party attestation in accordance with TxDOT requirements.
- 4.21 “TxDOT System” means an Information System that is owned, managed, or maintained by TxDOT or on behalf of TxDOT.