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PORT COMMISSION LOWERS TAX RATE AND APPROVES 2022 BUDGET

FREEPORT, TX (September 13, 2021) - At the regularly scheduled meeting on September 9th, the Port Freeport Commission approved the Fiscal Year 2022 budget and passed a resolution to adopt a tax rate of \$0.040000 which is less than the No New Revenue Tax Rate of \$0.040080. The new total tax rate of \$0.040000 includes \$0.016606 dedicated to debt service and \$0.023394 directed to Maintenance and Operations, which has been reduced by 12 percent.

“The Port Commission voted to reduce the current tax rate below the No New Revenue Tax Rate, keeping our commitment to Navigation District taxpayers to advance the Freeport Harbor Channel Improvement Project as part of our overall growth and management strategy without increasing the tax rate. The Port’s growth and commodity diversification supports local job creation and overall economic prosperity for our entire region,” Port Commission Chairman John Hoss said.

The decision to reduce the tax rate is due in part to the strength and continual growth of the industrial value included on our tax roll. It has been consistently communicated to the citizens in support of the \$130 million bond referendum which was approved by voters in the Navigation District in 2018 to maintain the tax rate; however, the Port Commission’s decision to reduce the tax rate goes beyond that. The bond package will support the local sponsor share for the deepening and partial widening of the Freeport Harbor Channel, a \$295 million federal cost-shared project. Of the \$130 million bond package, a total of \$74.2 million has been accounted for to date with General Obligation Bond issuances in 2019 and 2021. The Port will issue additional bonds in multiple series over the next several years as construction progresses on the Freeport Harbor Channel Improvement Project. Dredging on the first segment of the channel began in April 2021

and will be completed this month. Port Freeport anticipates a contract award on Reach 2 of the project this fall. The overall project is progressing as planned for completion in five years or less.

In addition, the Port Commission approved the budget for Fiscal Year 2022. The budget reflects revenues and cash flows from the public dock operations supporting the Port's operations and continued investment in strategic infrastructure projects. Most notably, the budget includes \$52 million for the ongoing expansion of port terminal facilities, financed through a combination of revenue backed debt and port operating cash.

“Port staff collaborated to build a budget to support both the daily operations of the Port as well as the advancement of the Port's strategic initiatives, including landside infrastructure expansion projects, that will enable us to continue growing in support of the growth of the local and regional economies,” Port Freeport Chief Financial Officer Rob Lowe said.

Prior to adopting the budget and setting the tax rate, the Port Commission held a public workshop to allow citizens the opportunity to comment on the proposed tax rate and budget. Information on the tax rate and budget, as well as the Freeport Harbor Improvement Project and the 2018 Bond Referendum, can be found on the Port website at www.portfreeport.com.

Port Freeport is a leading port in the export of crude oil and natural gas liquids and ranked 6th in chemicals, 15th in foreign waterborne tonnage, and 26th in containers. A 2019 Economic Impact Study by Texas A&M Transportation Institute revealed that, nationally, the Freeport Harbor Channel generates 279,780 jobs and has a total economic output of \$149 billion. Port Freeport serves Atlantic Container Lines, AMPORTS, BASF, Chiquita Fresh N.A., CEMEX, CMA CGM, Dole Fresh Fruit, The Dow Chemical Company, Enterprise Products, Exxon Mobile, Freeport LNG, Glovis, Grimaldi Lines, Hoegh Autoliners, Kirby Marine, Liberty Global Logistics, Mammoet, MEGlobal, Phillips 66, Riviana Foods, Inc., Sallaum Lines, Tenaris, U.S Department of Energy, Wallenius Wilhelmsen, and Vulcan Materials Company.

Port Freeport is committed to keeping the local community informed of our operations and results. If you have questions or comments about this announcement, please email or call Tricia Vela, Public Affairs Assistant.