

**AGENDA**

**Port Freeport  
Port Commission  
Special Meeting  
Thursday, February 17, 2022, 9:15 am - 3:00 pm  
In Person & Videoconference - Administration Building - 1100 Cherry Street - Freeport**

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.

Public comment will be available at the beginning of the meeting during the agenda item devoted to public comment. Public comment may be communicated in person or by videoconference, but in either event public comment will be limited to 5 minutes per participant and must be communicated verbally. Following public comment, the public will not be permitted to communicate with the Port Commission.

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

The videoconference is available online as follows:

Join Zoom Meeting

<https://us02web.zoom.us/j/87287242797?pwd=TXFOY250Z1FYMDFCbjFIUnZudXJTdz09>

Meeting ID: 872 8724 2797

Passcode: 608561

Dial by your location

1 346 248 7799 US (Houston)

1 301 715 8592 US (Washington DC)

Meeting ID: 872 8724 2797

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

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et.seq., to review and consider the following:
2. Invocation.
3. Roll Call.
4. Public Comment. (Public comment will be limited to 5 minutes per participant and can be completed in person or by videoconference)
5. Discussion and consideration of Port Commission Meeting frequency and form of agenda posting.
6. Update and discussion regarding the search for General Counsel and the Request for Proposals.
7. Conduct a Planning Workshop for Port Freeport regarding the following:
  - A. Global Economic and Trade Outlook.
  - B. Vessel Arrivals, Tonnage and Forecasts.
  - C. Port Freeport Strategic Initiatives and Capital Plan Update.
  - D. Financing Strategies, Cash Flow Forecast, Debt Capacity, Tax Valuation and Rate Forecast.
8. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

A. Under authority of Section 551.071 (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. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcel 14.
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 and 7.
3. The potential exchange, lease, or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by or adjacent to the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
4. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 19, 27, 31, 34, 35 and 38.
5. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26 and 37.

C. Under authority of Section 551.076 (Deliberation of Security Matters) for discussion regarding:

1. Issues related to the deployment or specific occasions for implementation of security personnel or devices or security audit and services.

9. RECONVENE OPEN SESSION:

10. 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.



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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.*



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## Port Commission Workshop

February 17, 2022

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## Global Economic and Trade Overview

February 17, 2022

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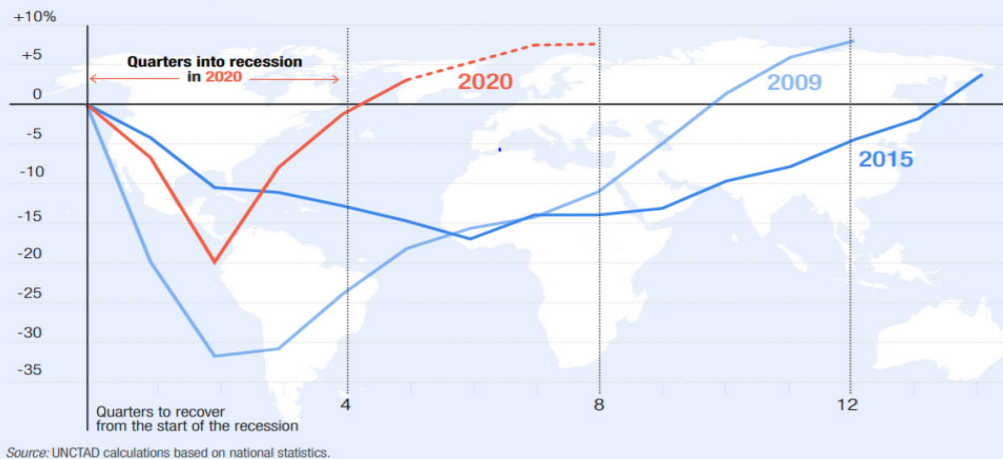
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## Global Economic and Trade Overview

### A faster recovery than in the last two trade recessions

Cumulative change in global trade from the start of each recession



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## Global Economic and Trade Overview

**Table 1: Merchandise trade volume and real GDP, 2017-2022<sup>a</sup>**

Annual % change

	2017	2018	2019	2020	2021P	2022P
<b>Volume of world merchandise trade<sup>b</sup></b>	4.8	3.1	0.1	-5.3	10.8	4.7
<b>Exports</b>						
North America	3.4	3.8	0.3	-8.6	8.7	6.9
South America <sup>c</sup>	2.2	-0.2	-2.2	-4.7	7.2	2.0
Europe	4.1	1.9	0.6	-7.9	9.7	5.6
CIS <sup>d</sup>	3.9	4.1	-0.3	-1.5	0.6	8.5
Africa	5.3	3.6	-0.7	-8.8	7.0	6.0
Middle East	-2.2	4.8	-2.2	-11.6	5.0	9.6
Asia	6.7	3.7	0.8	0.3	14.4	2.3
<b>Imports</b>						
North America	4.4	5.1	-0.6	-6.1	12.6	4.5
South America <sup>c</sup>	4.4	5.6	-2.6	-9.9	19.9	2.1
Europe	3.9	1.9	0.3	-7.6	9.1	6.8
CIS <sup>d</sup>	13.9	4.0	8.5	-5.6	13.8	-0.8
Africa	-1.7	5.3	2.8	-11.1	11.3	4.1
Middle East	1.2	-4.1	2.4	-13.9	9.3	8.7
Asia	8.5	5.0	-0.5	-1.2	10.7	2.9

Source: WTO

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## Global Economic and Trade Overview

	2017	2018 <sup>a</sup>	2019	2020	2021P	2022P
<b>World GDP at market exchange rates</b>	3.2	3.1	2.4	-3.5	5.3	4.1
North America	2.3	2.8	2.0	-4.0	5.6	3.7
South America <sup>c</sup>	0.7	0.3	-0.5	-7.5	4.9	2.9
Europe	2.7	2.0	1.5	-6.4	4.3	4.0
CIS <sup>d</sup>	2.3	3.1	2.6	-2.7	3.9	3.4
Africa	3.1	3.0	2.9	-2.8	3.5	4.1
Middle East	0.7	0.4	0.0	-4.6	2.9	4.5
Asia	5.0	4.7	3.9	-0.9	6.1	4.7
<b>Memo: Least developed countries (LDCs)</b>						
Volume of merchandise exports	4.3	4.0	2.1	-2.0	5.3	4.7
Volume of merchandise imports	4.9	5.3	7.6	-6.7	5.5	8.6
Real GDP at market exchange rates	3.1	3.2	3.8	0.3	2.2	4.4

Source: WTO

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## Annual Economic Outlook (AEO) 2021

### Examines a range of conditions from 2020 to 2050

#### Assumptions

- Current laws and regulations as of September 2020 remain unchanged
- Current views on economic and demographic trends, and technology improvements will remain the same.
- Compound annual growth rate for real U.S. gross domestic product (GDP) is 2.1% (Reference case)
  - High Economic Growth case (2.6%) and Low Economic Growth case (1.6%)
- The Brent crude oil price by 2050 is \$95 per barrel (value based on 2020 dollars- reference case)
  - High Oil Price case (\$173/b) and Low Oil Price case (\$48/b)
- Oil and natural gas supply cases
  - High: more accessible resources and lower extraction technology costs than the Reference case
  - Low: fewer accessible resources and higher extraction technology costs than the Reference case
- Renewables cost cases
  - High: no cost reductions in renewable technologies
  - Low: renewables achieve 40% lower capital costs by 2050 compared to Reference case

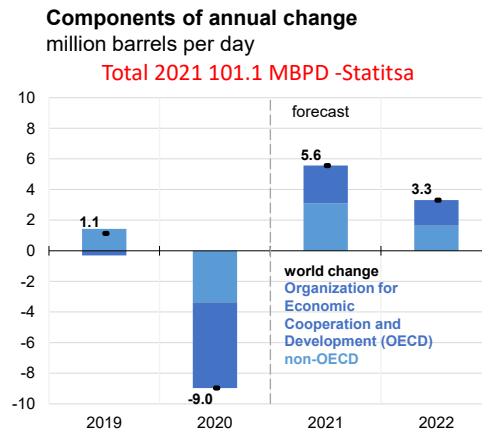
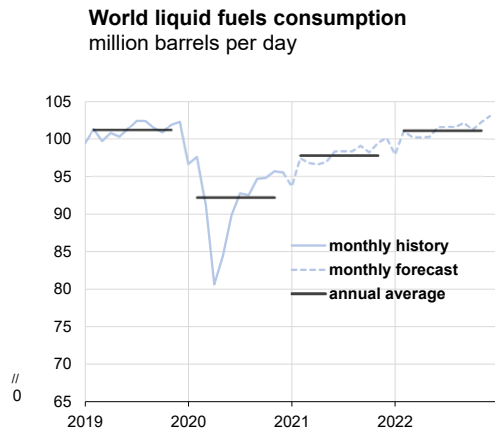
Source: EIA

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## Global Liquid Fuel Consumption

Because of responses to COVID-19, the near-term projections in AEO2021 are more uncertain than in previous AEOs



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021

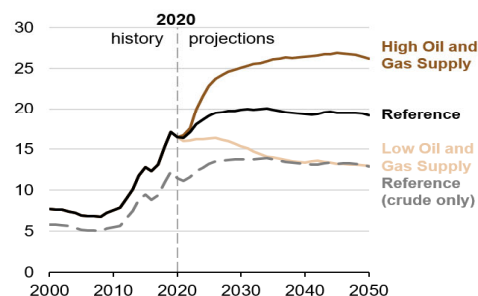
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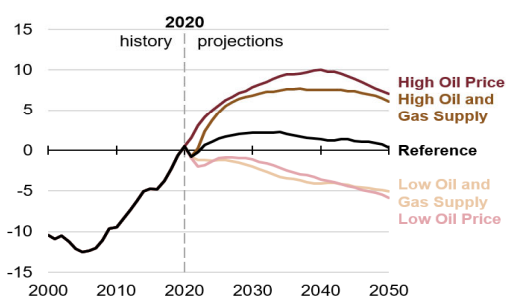
## U.S. Production Overview

In all cases, the United States continues to be a globally significant producer of crude oil and refined liquids

**U.S. crude oil and natural gas plant liquids production**  
AEO2021 oil and gas supply cases  
million barrels per day

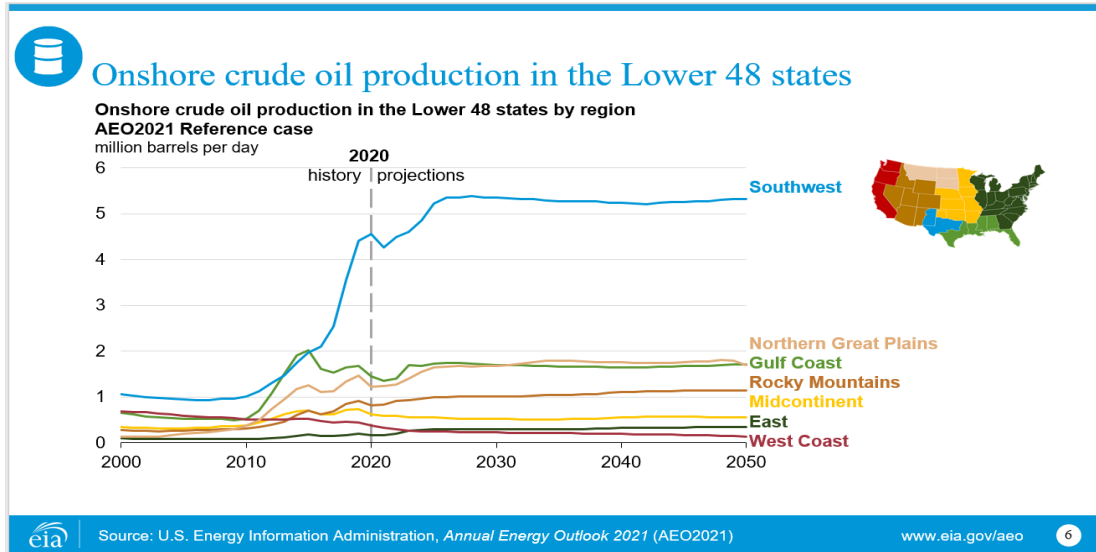


**U.S. petroleum and other liquids net exports**  
AEO2021 oil and gas supply and price side cases  
million barrels per day



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## U.S. Crude Oil Production



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## Petroleum and other liquids



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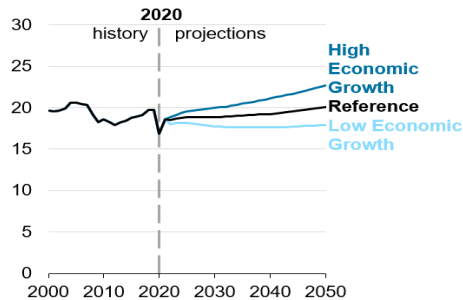
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## Petroleum Consumption and Production

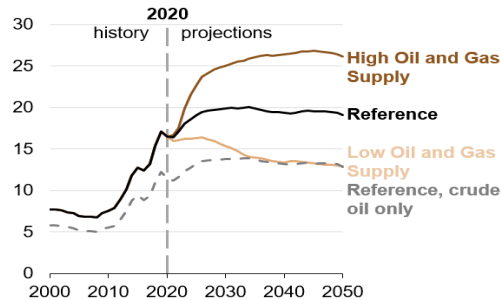


### U.S. crude oil and natural gas plant liquids production and consumption

**U.S. petroleum and other liquids consumption**  
AEO2021 economic growth cases  
million barrels per day



**U.S. crude oil and natural gas plant liquids production**  
AEO2021 oil and gas supply cases  
million barrels per day



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2021* (AEO2021)

www.eia.gov/aeo

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## Current News

### U.S. Oil Output Could Hit Record in 2023: EIA

February 9 - Crude oil production in the United States could reach 12.6 million barrels daily next year, which would be a record high on an annual-average basis, the Energy Information Administration said in its latest [Short-Term Energy Outlook](#). Oil production was already growing strongly, reaching 11.8 million bpd in November-the latest month the EIA has hard data for. It is still growing, too, and is expected to hit 12 million bpd this year. Growth in U.S. production as well as growth in OPEC+ production prompted the EIA to revise its price projections for Brent crude and West Texas Intermediate for this year.

[Oil Price](#)

Source: U.S. Energy Information Administration

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## Natural Gas



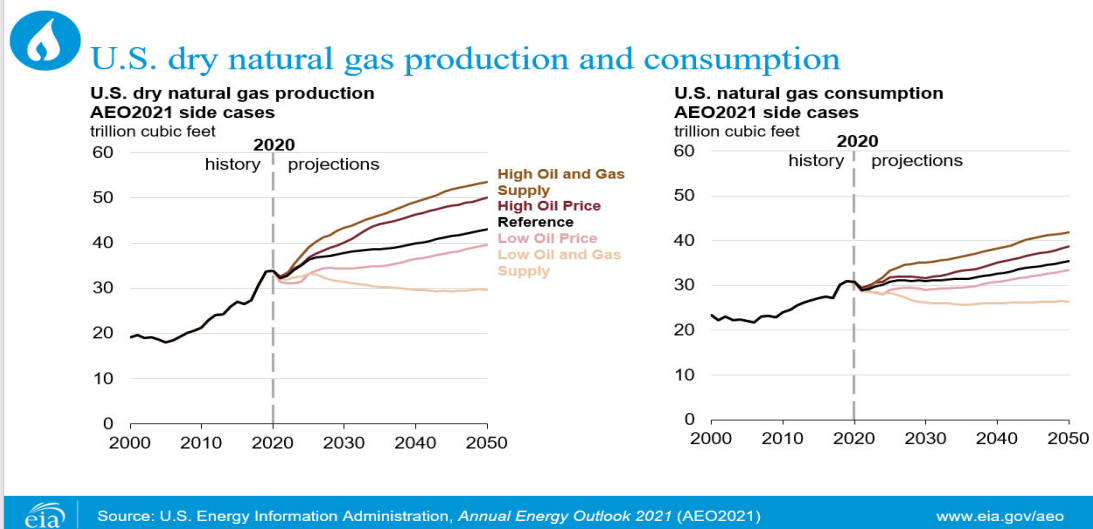
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## Natural Gas Production and Consumption



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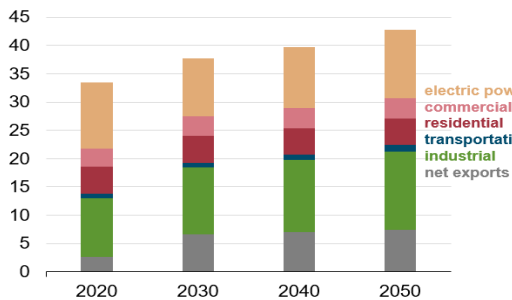
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## Natural Gas

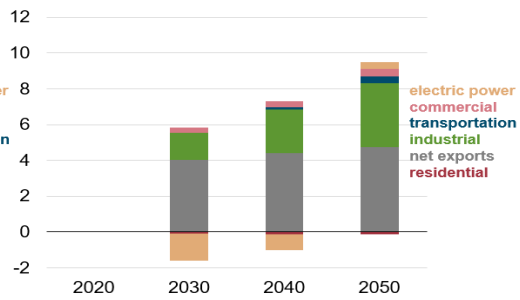


### Change in natural gas disposition by sector and net exports

**Natural gas disposition by sector and net exports**  
AEO2021 Reference case  
trillion cubic feet



**Change in natural gas disposition and net exports**  
AEO2021 Reference case  
relative to 2020 in trillion cubic feet



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2021* (AEO2021)

www.eia.gov/aeo

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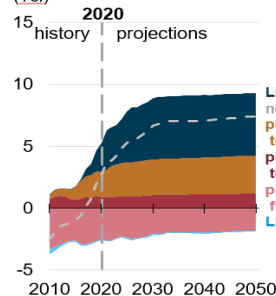
## U.S. Natural Gas and LNG Trade



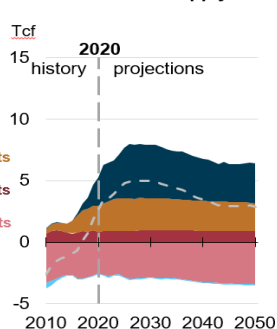
### U.S. natural gas and liquefied natural gas (LNG) trade

**U.S. natural gas and LNG trade, AEO2021 oil and gas supply cases**

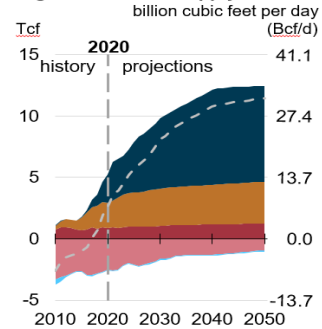
**Reference case**  
trillion cubic feet  
(Tcf)



**Low Oil and Gas Supply case**



**High Oil and Gas Supply case**



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2021* (AEO2021)

www.eia.gov/aeo

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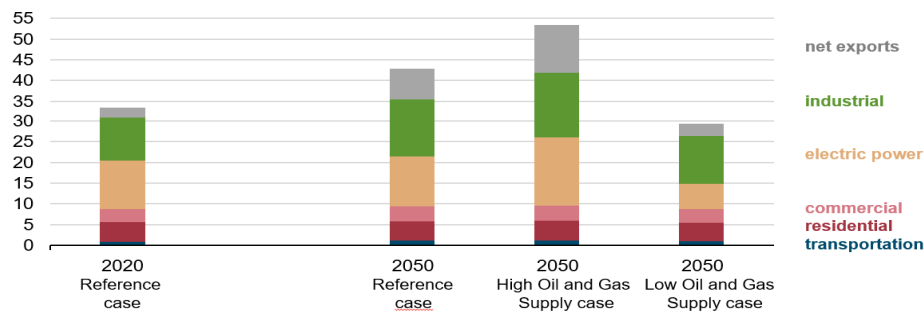
## Natural Gas Consumption

Natural gas consumption in the Reference case grows the most in the industrial sector; electric power and exports are the most sensitive to prices

U.S. natural gas consumption by sector and net exports, 2020 and 2050

AEO2021 selected cases

trillion cubic feet



AEO2021 Press Release  
February 3, 2021

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## Energy Outlook and Projections

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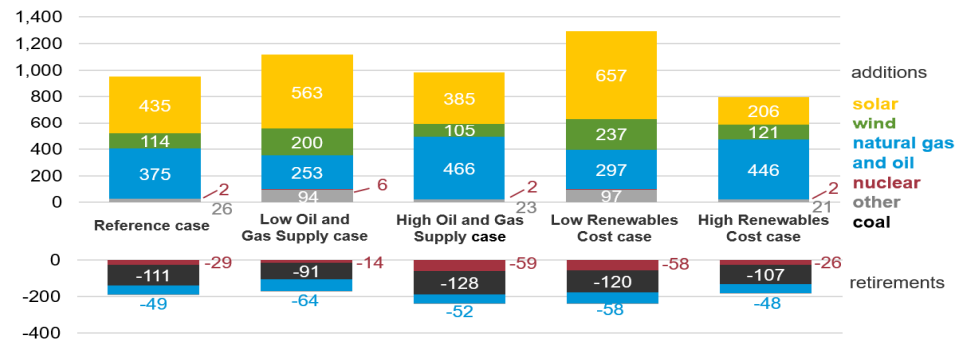
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## Energy Outlook and Projections

### Electricity generating capacity increases 52% to 84% across AEO cases; additions come mostly from solar, wind, and natural gas

Cumulative electricity generating capacity additions and retirements (2021–2050)  
AEO2021 selected cases  
gigawatts



AEO2021 Press Release  
February 3, 2021

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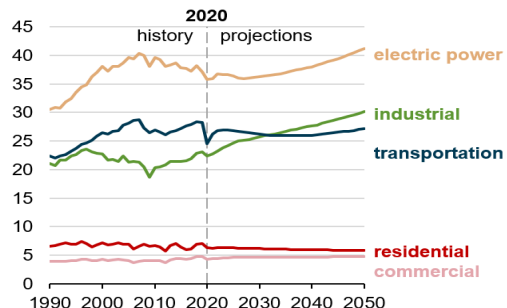
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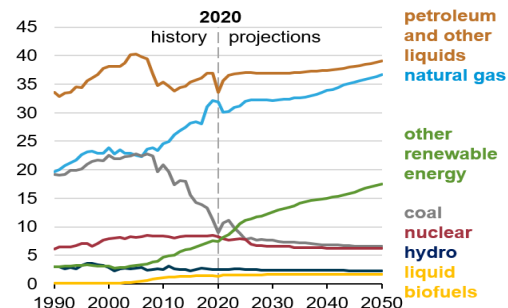
## Energy Consumption Outlook and Projections

### Industrial and electric power drive most of the increases in U.S. energy consumption in the Reference case

U.S. energy consumption by sector  
AEO2021 Reference case  
quadrillion British thermal units



U.S. energy consumption by fuel  
AEO2021 Reference case  
quadrillion British thermal units



AEO2021 Press Release  
February 3, 2021

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## Autos and Ro/Ro

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## Autos and Ro/Ro

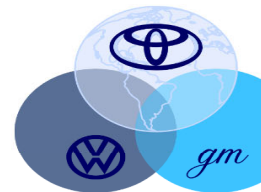
### Worldwide Car Sales by Manufacturer

#### F&I Tools key points

Toyota was the #1 automaker worldwide for the 2nd year in a row for 2021.

Chinese automaker, Changan, had the strongest year-over-year performance, up 15% worldwide. Tesla had tremendous gains, up 87% worldwide, but fell short of 1 million units and did not make our top 15 list in 2021.

As supply deficiencies settle, it becomes ever clearer that a swift rebound followed by a gradual increase into new EV markets will emerge and be led by the manufacturers brave enough to ally with global rivals.



Source: FactoryWarrantylist.com

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## Autos and Ro/Ro

### Annual Worldwide Car Sales (2013-2021)

Annual car sales in various major markets monitored by the VDA were as follows between 2013 and 2021:

Region	2021	2020	2019	2018	2017	2016	2015	2014	2013
Europe (EU+UK+EFTA)	11,774,900	11,961,200	15,805,800	15,624,500	15,631,700	15,131,700	14,201,900	13,006,500	12,308,200
Russia*	1,666,800	1,598,800	1,759,500	1,800,600	1,595,700	1,425,800	1,601,200	2,491,400	2,777,400
USA*	14,913,700	14,450,800	16,965,200	17,215,200	17,134,700	17,465,000	17,386,300	16,435,300	15,531,600
Japan	3,675,700	3,810,000	4,301,100	4,391,200	4,386,400	4,146,500	4,215,900	4,699,600	4,562,300
Brazil*	1,977,100	1,954,800	2,665,600	2,475,400	2,176,000	1,988,600	2,480,500	3,333,400	3,579,900
India	3,082,400	2,435,100	2,962,100	3,394,700	3,229,100	2,966,600	2,772,700	2,570,500	2,554,000
China	21,090,200	19,790,000	21,045,000	23,256,300	24,171,400	23,693,400	20,047,200	18,368,900	16,303,700
*Light vehicles			—	—	—	—	—	—	—
Combined:	58,180,800	56,000,700	65,504,300	68,157,900	68,325,000	66,817,600	62,705,700	60,905,600	57,617,100

Source: VDA

Passenger vehicle sales in the largest car markets in the world increased by around 3.9% in 2021. Combined worldwide car sales in the largest global markets were at 58 million cars — better than in 2020 but lower than any other year since 2013. Combined car sales for these large global markets are still around 10 million vehicles lower than during the peaks in 2018 and 2017.

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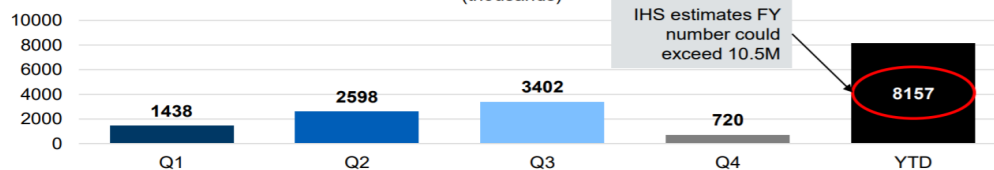
## Autos and Ro/Ro

### Global Chip Impact

Based on OEM announcements as of October 4, 2021

NORTH AMERICA		EMEA		APAC		CHINA		SOUTH AMERICA	
Q1	354	Q1	429	Q1	219	Q1	365	Q1	57
Q2	867	Q2	743	Q2	437	Q2	420	Q2	131
Q3	936	Q3	729	Q3	910	Q3	685	Q3	142
Q4	88	Q4	96	Q4	420	Q4	60	Q4	55

Global Chip Impact by Quarter (thousands)



Source: IHS Markit  
  
 Powering Business Worldwide

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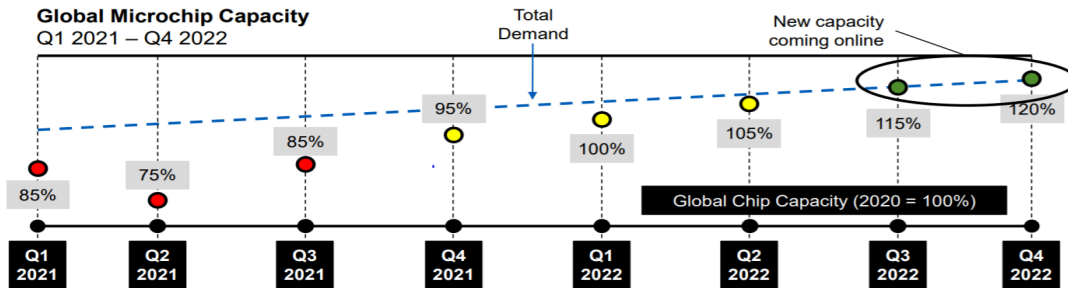
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## Autos and Ro/Ro

## Chip Outlook

Backlog + high demand = constraints thru at least H1 2022

**Global Microchip Capacity**  
Q1 2021 – Q4 2022



Chip capacity will continue to increase as existing production stabilizes and new capacity begins coming online during H2 2022. However, demand will increase in kind, resulting in continued constraint throughout 2022.

Source: Based on Converge / Gartner Report (March 2021), Market Intelligence Analysis



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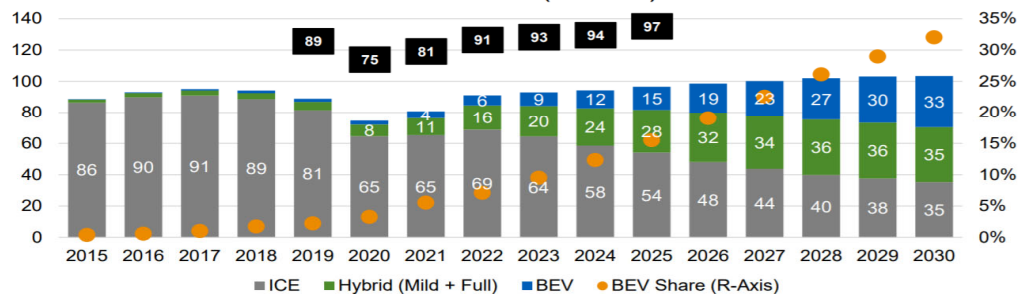
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## Autos and Ro/Ro

## Global Light Vehicle Outlook

Peak ICE is behind us ICE= Internal combustion engine

**Light Vehicle Production by Propulsion Type**  
2015 – 2030 (millions)



Source: IHS Markit



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## Autos and Ro/Ro

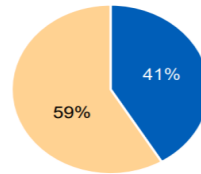
## Electrification Targets

## OEMs targeting aggressive BEV goals by 2030

ICE= internal combustion engine  
BEV= battery electric vehicle













## Commentary

- Top 12 OEMs account for ~80% of global production.
- If each OEM achieved their stated 2030 targets, global BEV share would reach ~41%
- Top 12 OEMs would account for ~36M BEVs in 2030, remaining OEM production would be ~6.5M.

2030 BEV Share  
Based on OEM targets

ICE Variants  
BEV / Fuel Cell

## 2030 OEM BEV Targets

 <b>100% by 2035*</b> Current: 4%	 <b>40% by 2030</b> Current: 2%	 <b>40% by 2030</b> Current: 6%	 <b>Europe: 70% by 2030; US: 35% by 2030</b> Current: 3%	 <b>80% by 2030*</b> Current: 5%	 <b>30% by 2030*</b> Current: 5%
 <b>20% by 2030*</b> Current: 0%	 <b>30% by 2030*</b> Current: 3%	 <b>40% by 2030</b> Current: 0.5%	 <b>10% by 2030*</b> Current: 0%	 <b>50% by 2030</b> Current: 4%	 <b>30% by 2030*</b> Current: 4%

Significant hurdles must be overcome in order to achieve targets over the next decade

\*Estimated targets based on company announcements

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## Autos and Ro/Ro



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## Global Container Trade

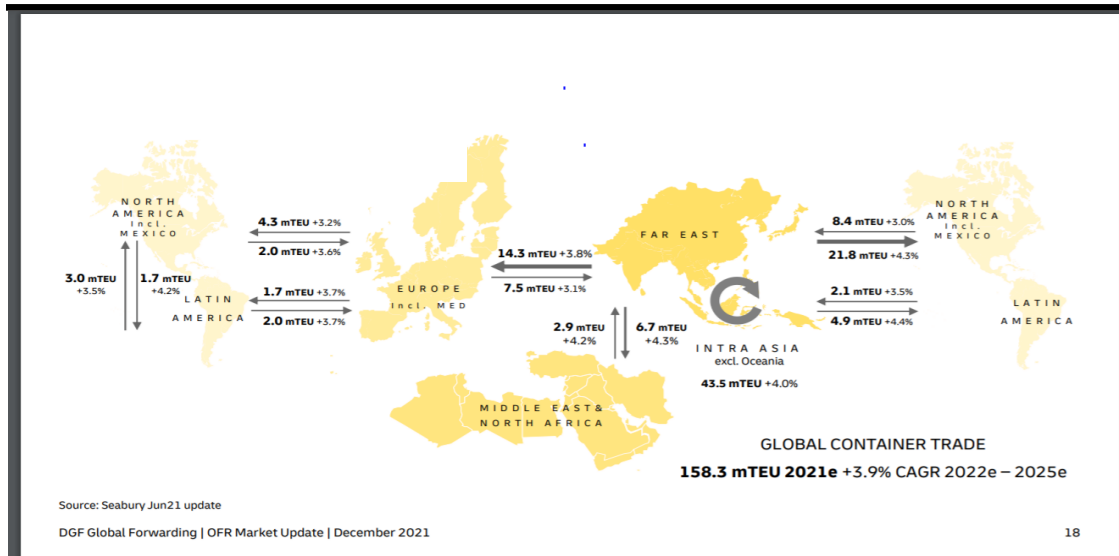
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## Global TEU for 2021 was 158 Million TEU



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## Global Container Trade: Carrier Alliance

PUBLIC

**State of the industry – Ocean Carrier alliances**



**THE ALLIANCE**

- HAPAG-LLOYD
- ONE
- YANG MING
- HMM

**OCEAN ALLIANCE**

- OOCL
- CMA CGM
- CHINA COSCO SHIPPING
- EVERGREEN

**2M**

- MAERSK LINE
- MSC

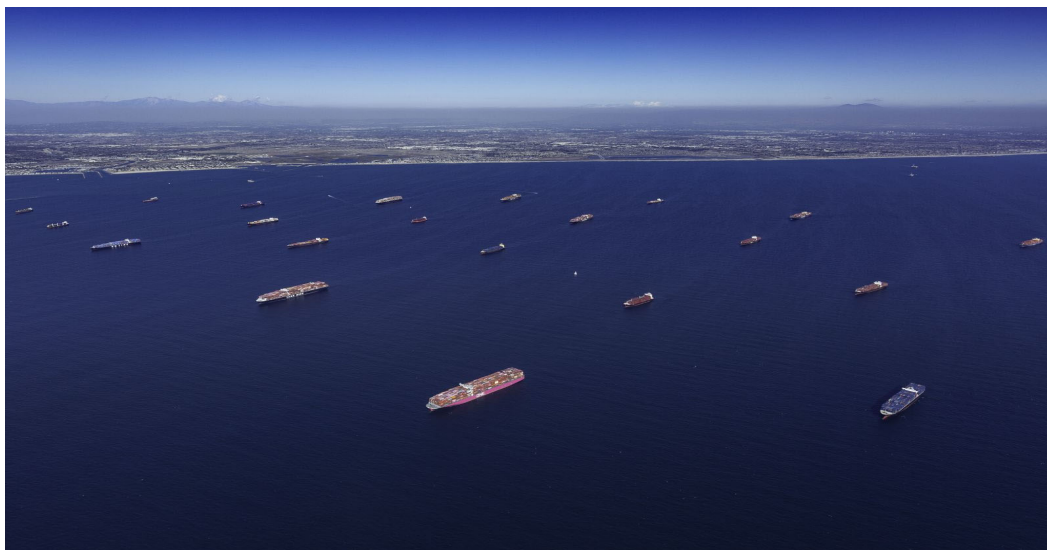
Source: Carriers  
DGF Global Forwarding | OFR Market Update | December 2021

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## Global Container Trade: Vessel Backlog in California



Source: cnn.com

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## Global Container Trade: Supply Chain

Follow the link below to view an in-depth video on the supply chain disruption.

<https://www.youtube.com/watch?v=IGIP9qqZ-Y> CTRL/ R-click to play

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## Global Container Trade: Carrier Revenue Growth

**Carrier Financial results 9 months 2020–2021 (US\$ million)**  
**Carrier's first nine-month results are outright impressive.**

Carrier	Revenue			Operating Profit			Operating Profit Margin		Net Profit		
	2020	2021	%	2020	2021	%	2020	2021	2020	2021	%
COSCO SHIPPING Holdings <sup>6)</sup>	15'690	33'317	112%	884	14'404	1529%	5.6%	43.2%	567	10'464	1746%
CMA CGM <sup>2), 5)</sup>	16'915	31'058	84%	3'223	14'093	337%	19.1%	45.4%	768	11'224	1361%
Maersk Group <sup>8), 10)</sup>	17'749	29'566	67%	4'337	14'095	225%	24.4%	47.7%	1'599	11'848	641%
Hapag-Lloyd <sup>5), 10)</sup>	10'976	17'381	58%	2'131	7'906	271%	19.4%	45.5%	631	6'446	922%
ONE <sup>3), 10)</sup>	5'917	13'333	125%	1'342	7'496	459%	22.7%	56.2%	682	6'760	891%
Evergreen Marine Corp. <sup>1), 7)</sup>	4'914	11'972	144%	579	6'899	1092%	11.8%	57.6%	435	6'353	1360%
Yang Ming	3'324	7'389	122%	301	3'910	1199%	9.1%	52.9%	-11	2'247	20527%
HMM	3'632	8'295	128%	173	4'810	2680%	4.8%	58.0%	70	3'954	5549%
Zim	2'631	7'262	176%	503	4'236	742%	19.1%	58.3%	158	2'941	1761%
Wan Hai	1'861	5'651	204%	145	3'011	1977%	7.8%	53.3%	124	2'489	1907%
<b>Average <sup>4)</sup></b>			<b>96%</b>			<b>498%</b>	<b>15.8%</b>	<b>48.3%</b>			<b>1235%</b>

Source: Alphaliner, DynaLiners; 1) container shipping segment only, excl. CEVA Logistics, Net Profit for Group; 2) result is Q1 of Japanese financial year, i.e. Apr-Jun not calendar year; 3) Average excluding ONE; 4) container shipping business incl. OOCL; 5) not consolidated for Evergreen Group; 6) Ocean segment only

DGF Global Forwarding | OFR Market Update | December 2021

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Source: Splash.com

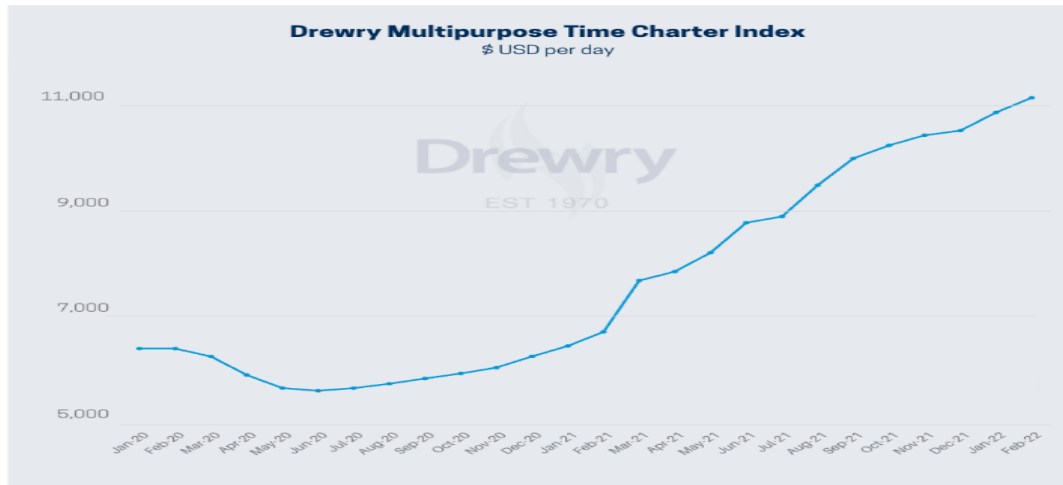
Agenda Item 7.A. - Slide 34

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## Global Project Cargo and B/B Trade

### Multipurpose Time Charter Index - February 2022

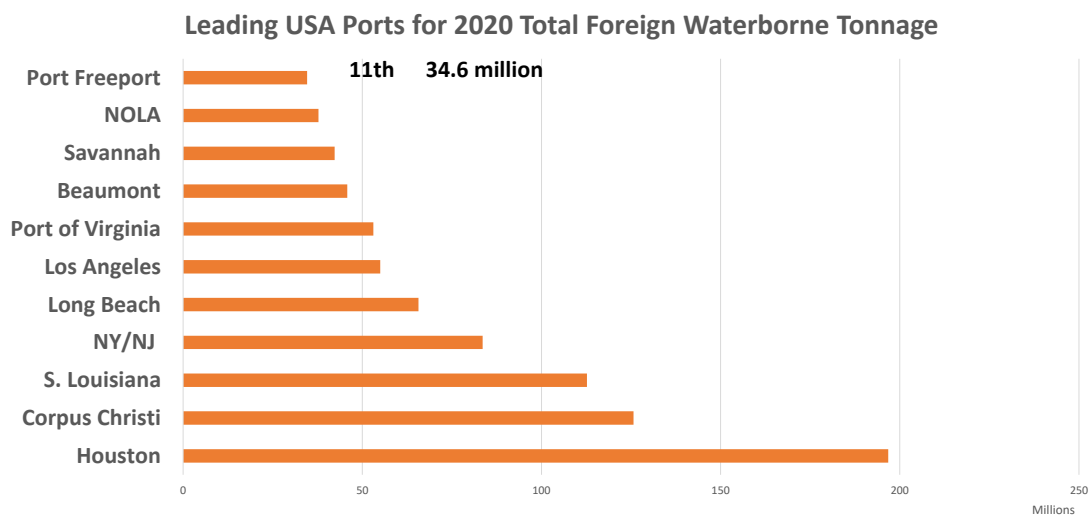


Source: Drewry Maritime Research

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## Port Freeport Growth: Foreign Waterborne Tonnage



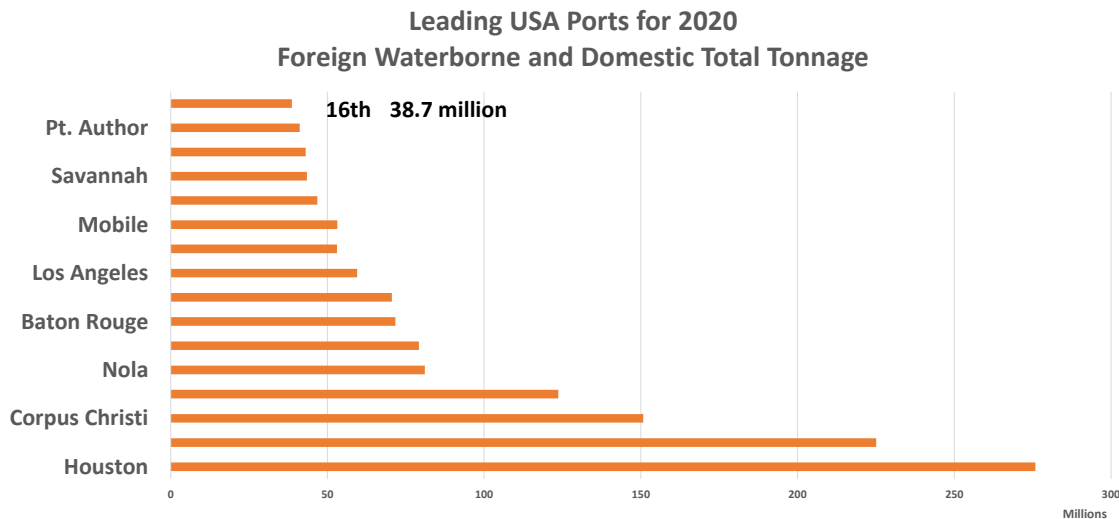
Source: USACE Fact Card 2020

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## Port Freeport Growth: Foreign & Domestic Total Tonnage

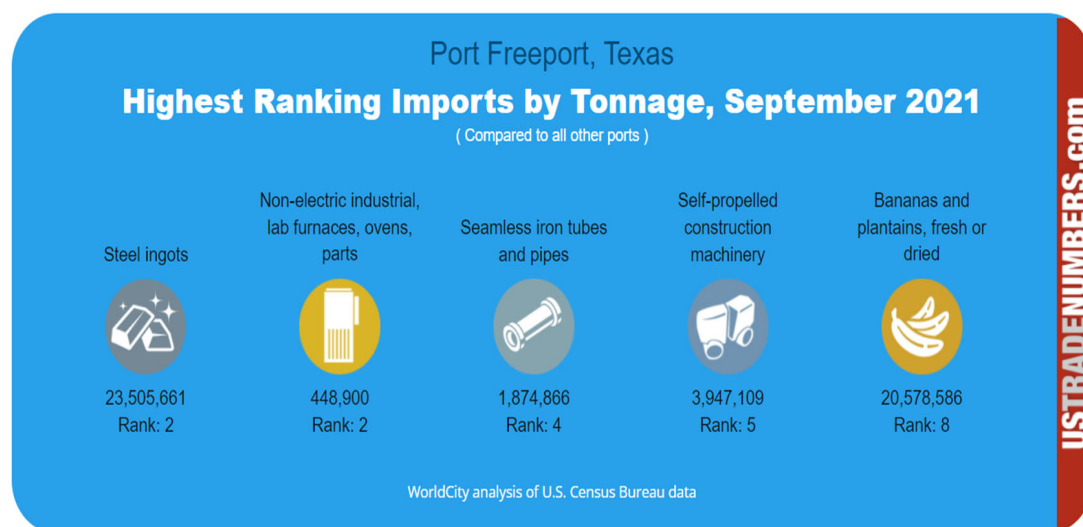


Source: USACE Fact Card 2020

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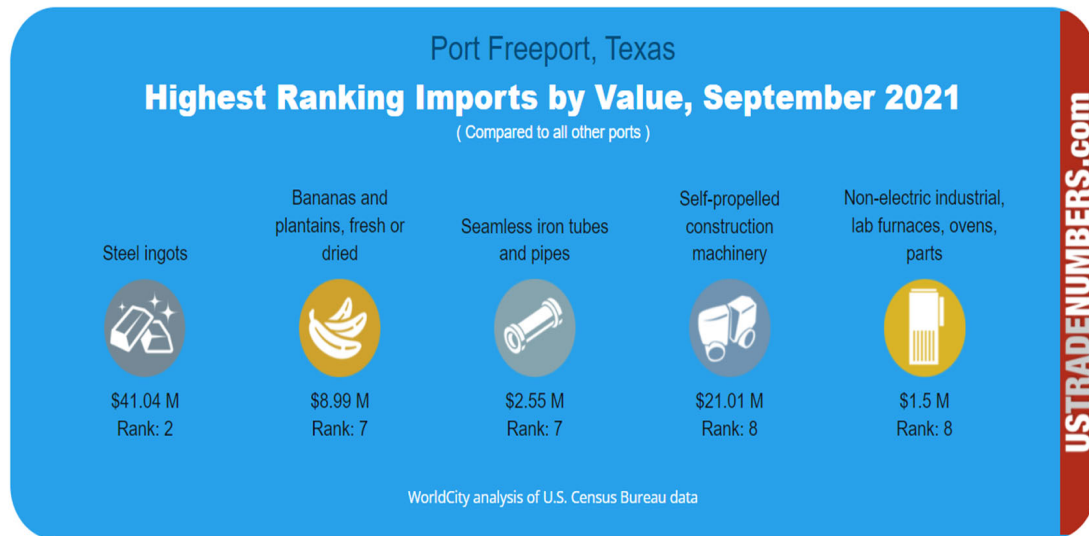
## Port Freeport Growth by Tonnage



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## Port Freeport Growth by Value (\$)



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## Port Freeport Growth

Comparison: month of September 2020 to month of September 2021



Source: World City US Census Data

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## Key Take Aways

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Global Markets are still feeling the effects of COVID and the related policies that surround it. Everyone has suffered and has recovered to a certain extent.

It will take at least another year minimum to get back to normal supply chain performance. Look for more cargo and shipper-controlled vessels to bypass the west coast in favor of Gulf and East Coast calls. Watch out for the impact that inflation may have once the pent-up demands have been satisfied.

Petroleum products, and natural gas still have a bright future and it will be some time before renewables make much of a difference. This is because there is no viable transition plan to make it happen in the near term.

Chips for automotive manufacturing will continue to be a governor on production until 2023. EV's and hybrid-alternatives will be ramping up over time, but currently maintain a small market share of over all sales in the USA.

Container, RO/RO and Breakbulk freight may see a return to normal conditions in both volumes and rates once space demands ease and the supply chain is back to normal.

Port Freeport continues to grow in both size and importance.

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# Freeport Harbor Channel Vessel Arrival Update and Forecast

February 17, 2022

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Agenda Item 7.B. – Slide 1

1

## Freeport Harbor Channel

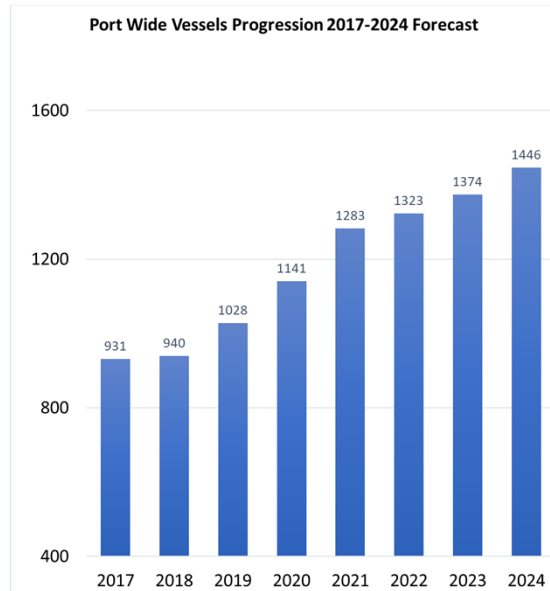


Vessel & Barge Forecasted Activity Updated 1-21-22 Port Freeport Channel Projections								
					ACTUAL	BUDGET	PROJECTIONS	
Port Users	2017	2018	2019	2020	2021	2022	2023	2024
Port Inner Harbor	265	254	325	328	333	349	361	413
FLNG	0	0	2	85	195	192	216	216
BASF	44	22	6	6	8	12	12	12
Phillips	131	176	215	210	241	250	250	260
Seaway	137	151	164	151	113	120	130	130
Dow/ME Global	348	327	308	339	342	360	360	370
Shifts	6	10	8	22	51	40	45	45
<b>Vessel Arrivals</b>	<b>931</b>	<b>940</b>	<b>1028</b>	<b>1141</b>	<b>1283</b>	<b>1323</b>	<b>1374</b>	<b>1446</b>
							Add (1) Monthly RoRo	Add (1) Weekly Container Service
<b>Year to Year Vessel Increase</b>	N/A	9	88	113	142	40	51	72
<b>Year to Year % Increase</b>	N/A	1%	9%	11%	12%	3%	4%	5%
<b>Vessel Increase from 2017 to 2024</b>		515						
<b>% Increase from 2017 to 2024</b>		55%						
<b>Tugs &amp; Barges Moves</b>	3600	3600	3650	3650	3650	3650	3650	3650

Agenda Item 7.B. – Slide 2

2

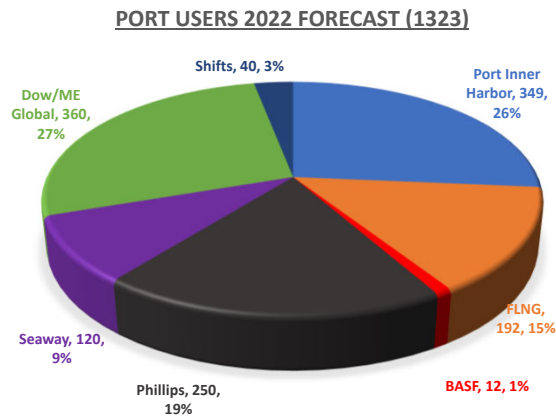
## Freeport Harbor Channel



Agenda Item 7.B. – Slide 3

3

## Freeport Harbor Channel



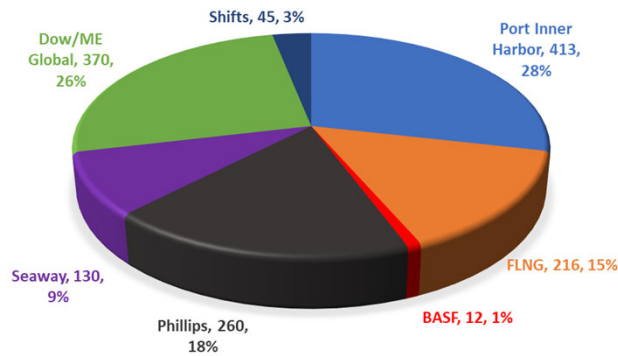
Agenda Item 7.B. – Slide 4

4

## Freeport Harbor Channel



**PORT USERS 2024 FORECAST (1446)**



Agenda Item 7.B. – Slide 5

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## Port Freeport Inner Harbor



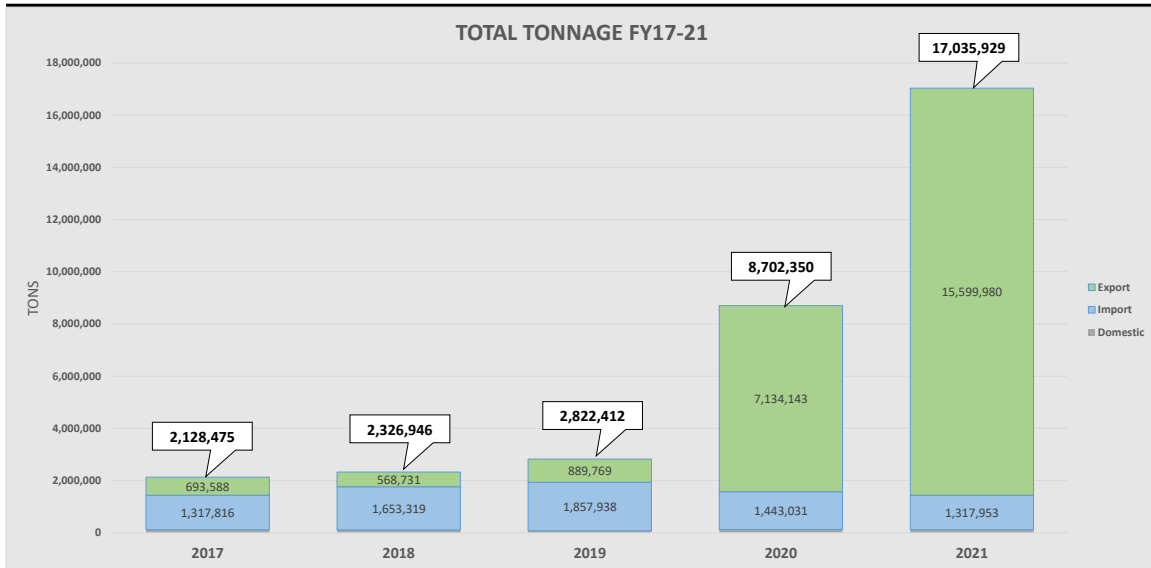
**Vessel & Barge Forecasted Activity Updated 1-21-22 Port Freeport Inner Harbor**

					ACTUAL	BUDGET	PROJECTIONS	
	2017	2018	2019	2020	2021	2022	2023	2024
Vessel Arrivals	265	254	325	328	333	349	361	413
							Add (1) Monthly RoRo	Add (1) Weekly Container Service
Year to Year Vessel Increase	N/A	-11	71	3	5	16	12	52
Year to Year % Increase	N/A	-4%	28%	1%	2%	5%	3%	14%
Cumulative Vessel Increase from 2017 to 2024					68			148
% Increase from 2017 to 2024					26%			56%
Tugs & Barges Moves	3600	3600	3650	3650	3650	3650	3650	3650

Agenda Item 7.B. – Slide 6

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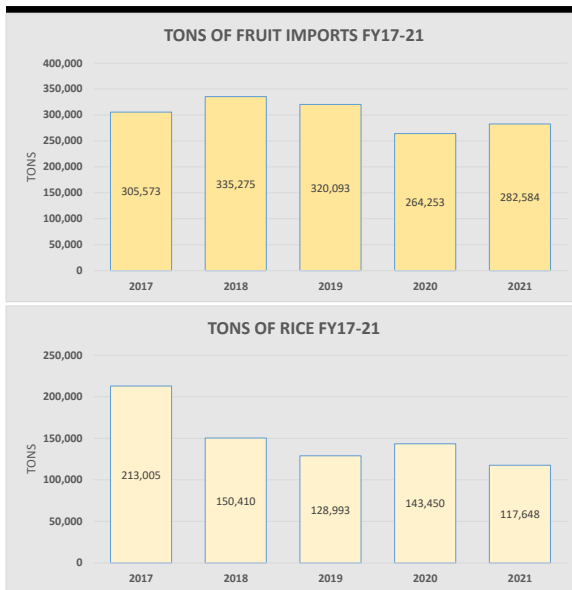
# Total Tonnage



Agenda Item 7.B. – Slide 7

7

# Total Agriculture Product

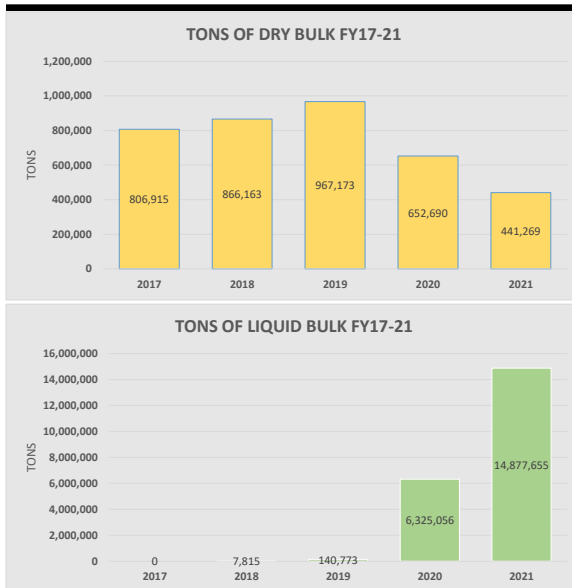


- Includes Bananas, Pineapples and Melons
- Primary Carriers are Dole and Chiquita
- Primary export region is Middle East and North Africa.

Agenda Item 7.B. – Slide 8

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## Bulk Commodities



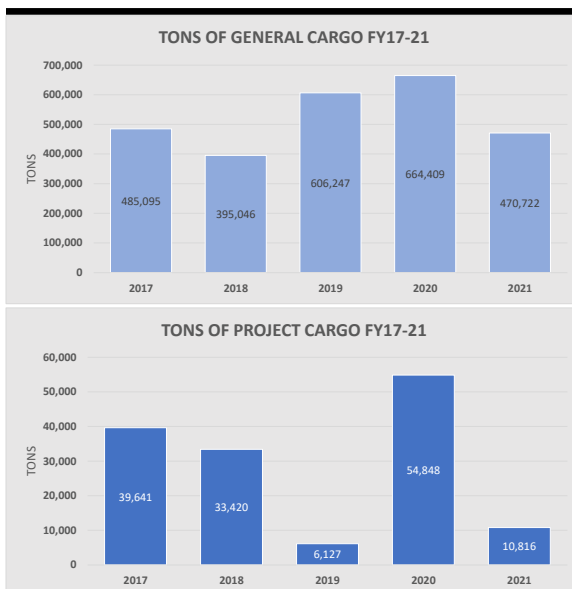
- Includes Limestone by ship and by rail.
- 2020 and 2021 include 30,787 tons and 163,679 tons by rail respectively.

- Includes LNG, CO2 and Reverse Lightering

Agenda Item 7.B. – Slide 9

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## General and Project Cargo



- Includes containerized dry cargo and non-steel breakbulk cargoes

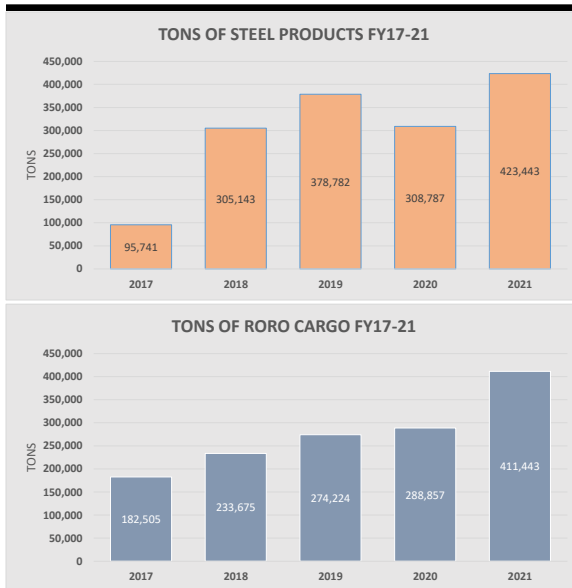
- Expansion projects at Dow, P66, BASF, FLNG CP Chem had received project cargo in 2016 and 2017. FLNG and MEGlobal had project cargo in 2018.
- Mammoet had Titan project cargo in 2020.

Agenda Item 7.B. – Slide 10

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# Steel and RoRo Tonnage



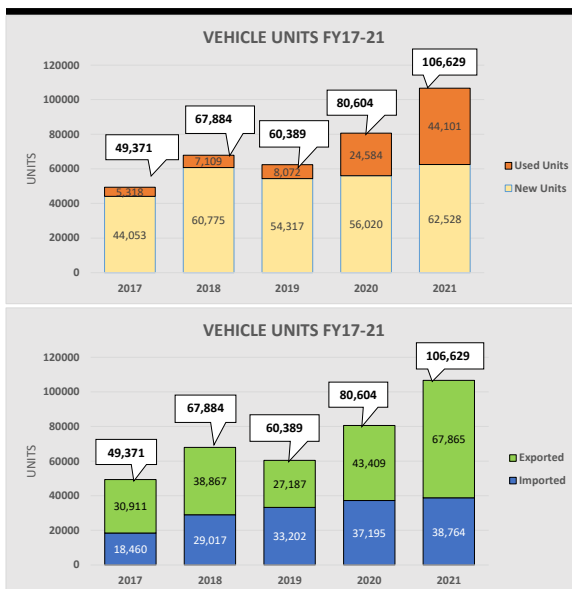
- Port Freeport has received 176,029 tons of steel by ship, barge and rail in FY22 Oct-Dec, so it's a great start to the new year.

- Includes new and used vehicles, high and heavy equipment and breakbulk i.e., anything that is discharged or loaded to a RoRo vessel.

Agenda Item 7.B. – Slide 11

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# RoRo by Vehicle Units



- FY21 was a milestone year surpassing 100K units.

- New carrier moved to Freeport in Q1 2020.

- Fairly balanced Imports and Exports until new carrier began calling in 2020.

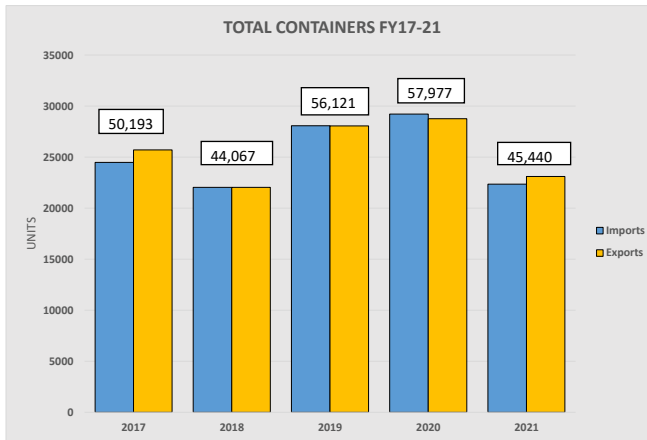
- OEM imports began exceeding OEM Exports in FY2020.

	IMPORT		EXPORT	
	NEW	USED	NEW	USED
Total FY 2018	28,584	433	32,085	5,611
Total FY 2019	27,887	1,187	17,005	6,201
Total FY 2020	36,373	822	19,647	22,937
Total FY 2021	35,532	3,232	26,996	40,869

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# Container Units



- Balanced Imports and Exports

Agenda Item 7.B. – Slide 13



## Strategic Initiatives and Capital Plan Update

February 17, 2022

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Agenda Item 7.C. - Slide 1

1

### Strategic Initiatives The future is here

- **Freeport Harbor Channel deepening and partial widening**
- **Buildout of the Port's container handling facilities**
- **Development of rail-served warehousing, processing, and distribution facilities**
- **Supporting development of an efficient transportation corridor from Freeport to Texas markets and the heart of the United States**



**PORT FREEPORT**  
Agenda Item 7.C. - Slide 2

2

## FY 2022 Capital Projects Budget Supporting Strategic Initiatives:

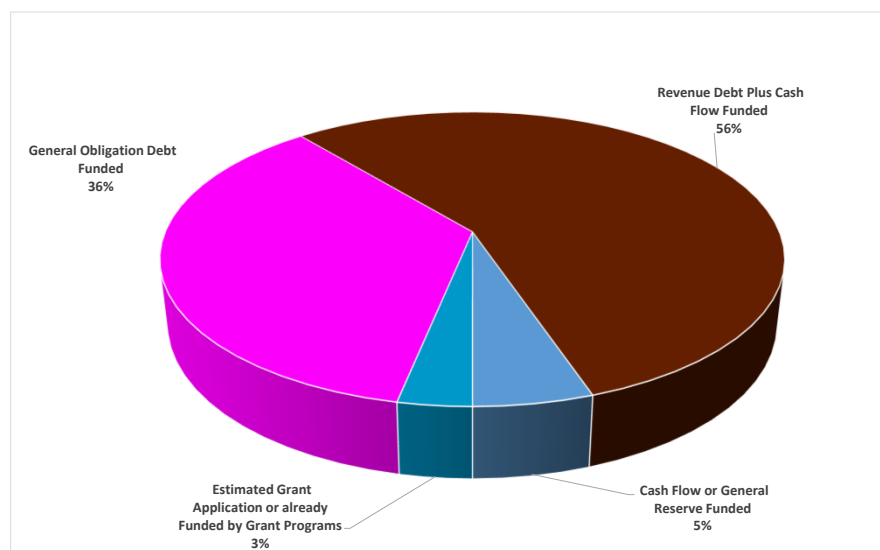


➤ Freeport Harbor Channel deepening and widening	\$ 31,050,000
➤ Buildout of the Port's Container Handling Facilities	52,314,100
➤ Development of warehousing and OEM distribution facilities	1,750,000
➤ Other Port Infrastructure Support	
Capital Maintenance	745,000
Office, computer, IT related	422,500
Security Related	418,500
Vehicles	80,500
Operational Equipment	53,000
<b>Total</b>	<b>\$ 86,833,600</b>

Agenda Item 7.C. – Page 3

3

## FY 2022 CAPITAL PLAN BY FUNDING SOURCE



Agenda Item 7.C. – Page 4

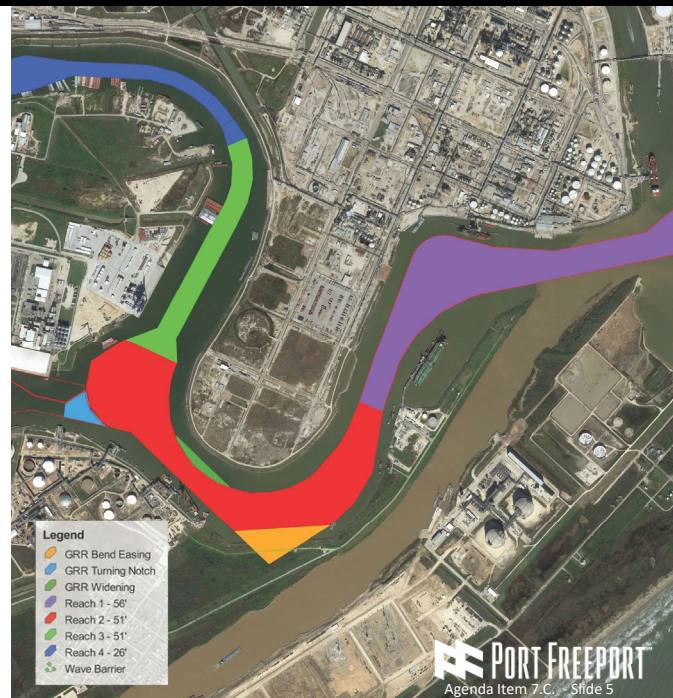
4

# Freeport Harbor Channel Improvement Project

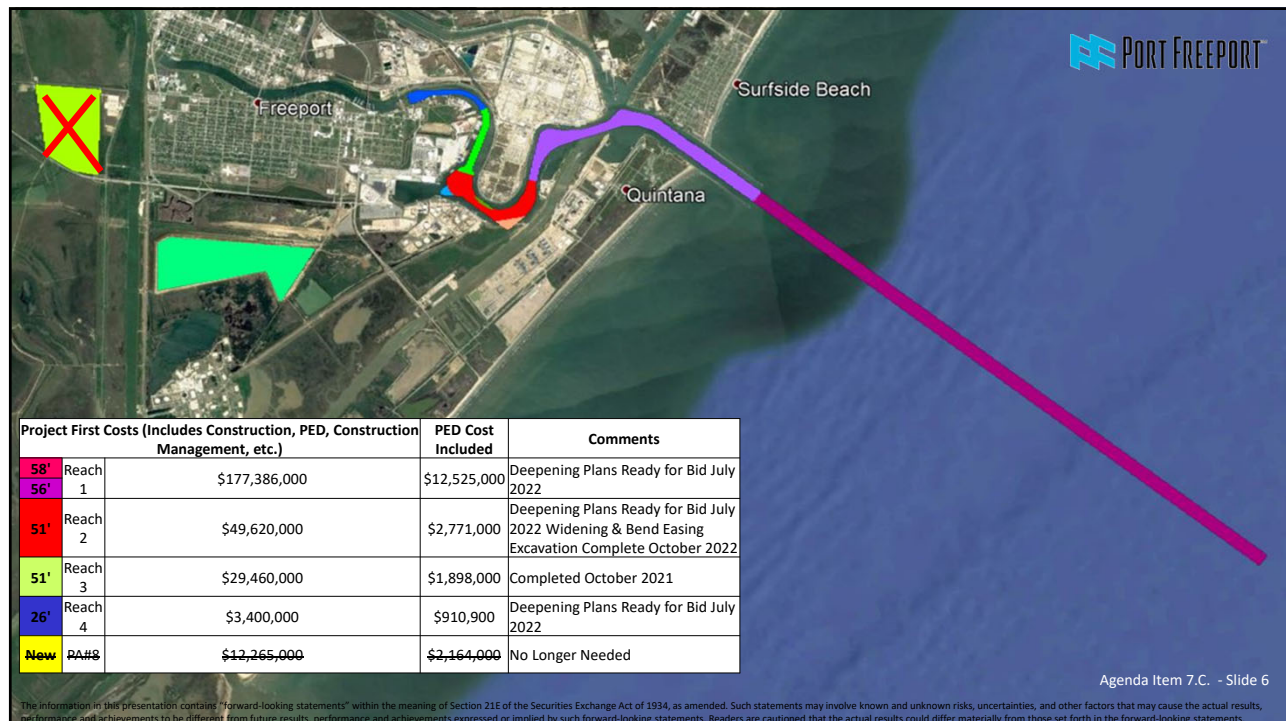
## Deepens the channel

- Current depth – 46 feet MLLW
- Project depth – 51 to 56 feet MLLW

Port Freeport will be the  
**Deepest Port in Texas**



5



6

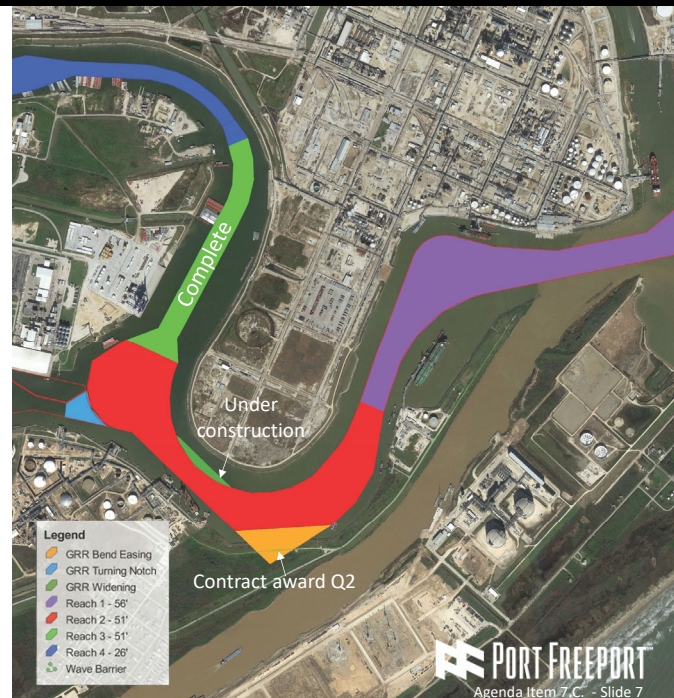


## Freeport Harbor Channel Improvement Project

### Project Construction:

- Reach 3 – Complete 9/2021
- Reach 2 GRR – 2021-22
- Reach 2 Deeping - 2022-23
- Reach 1 Outer ½ - 2022-23
- Reach 1 Inner ½ - 2023-24
- Reach 4 – 2024-25

2025  
100<sup>th</sup> Anniversary



7

## Freeport Harbor Channel Improvement Project

### USACE FY2020 Work Plan

- New start designation
- \$19 million federal funding

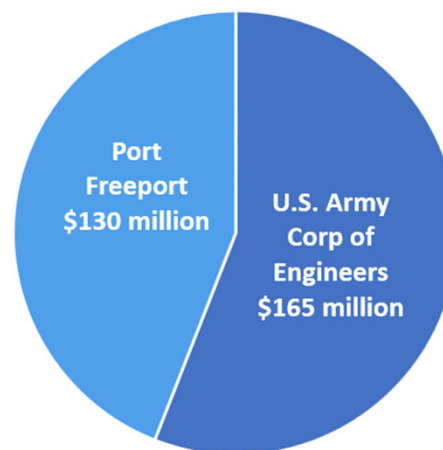
### USACE FY2021 Work Plan

- \$24.9 million federal funding

### Balance to Complete Funding Opportunities:

- 2<sup>nd</sup> USACE Spend Plan IIJA
- USACE FY2022 Work Plan
- President's FY2023 Budget
- USACE FY2023 Work Plan

Total Cost to Construct  
\$295 Million



Agenda Item 7.C. – Page 8

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### Berth 8 Progress / Anticipated Cash Flow

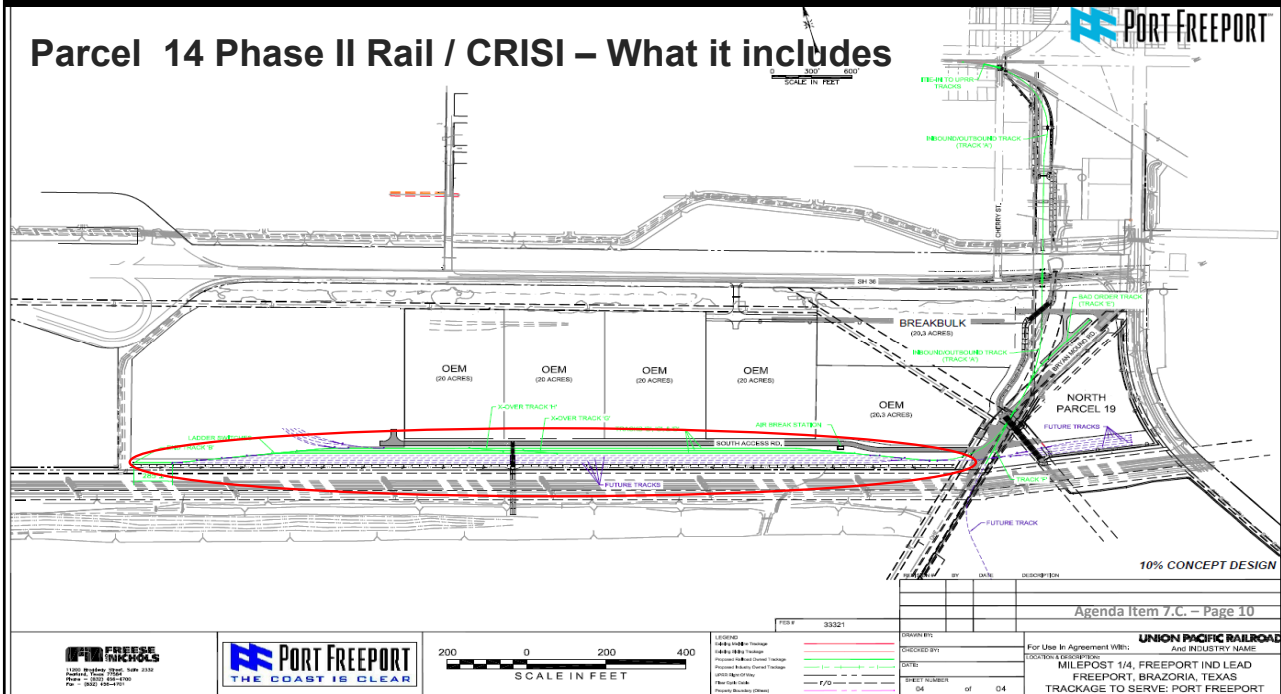


Paid to date	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22	11/22	12/22	1/23	2/23	3/23	4/23	5/23
\$97.5M	\$2.2M	\$2.9M	\$2.9M	\$3.6M	\$2.9M	\$2.5M	\$2.9M	\$2.4M	\$4.8M	\$3.9M	\$2.9M	\$3.9M	\$2.4M	\$1.8M	\$1.0M	\$0.2M



9

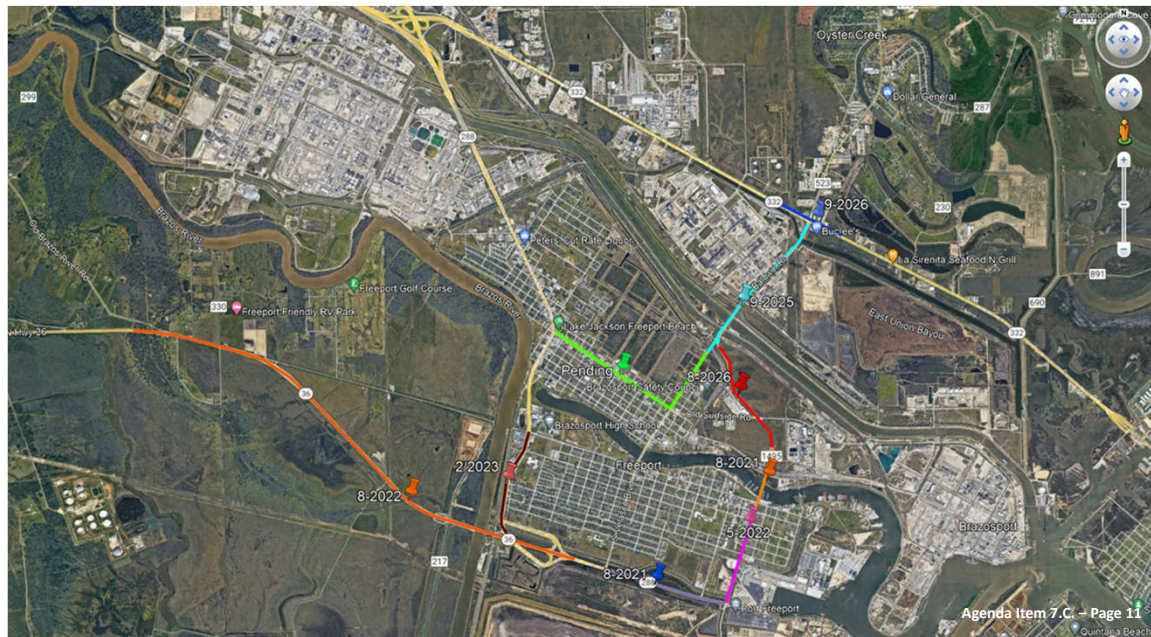
## Parcel 14 Phase II Rail / CRISI – What it includes



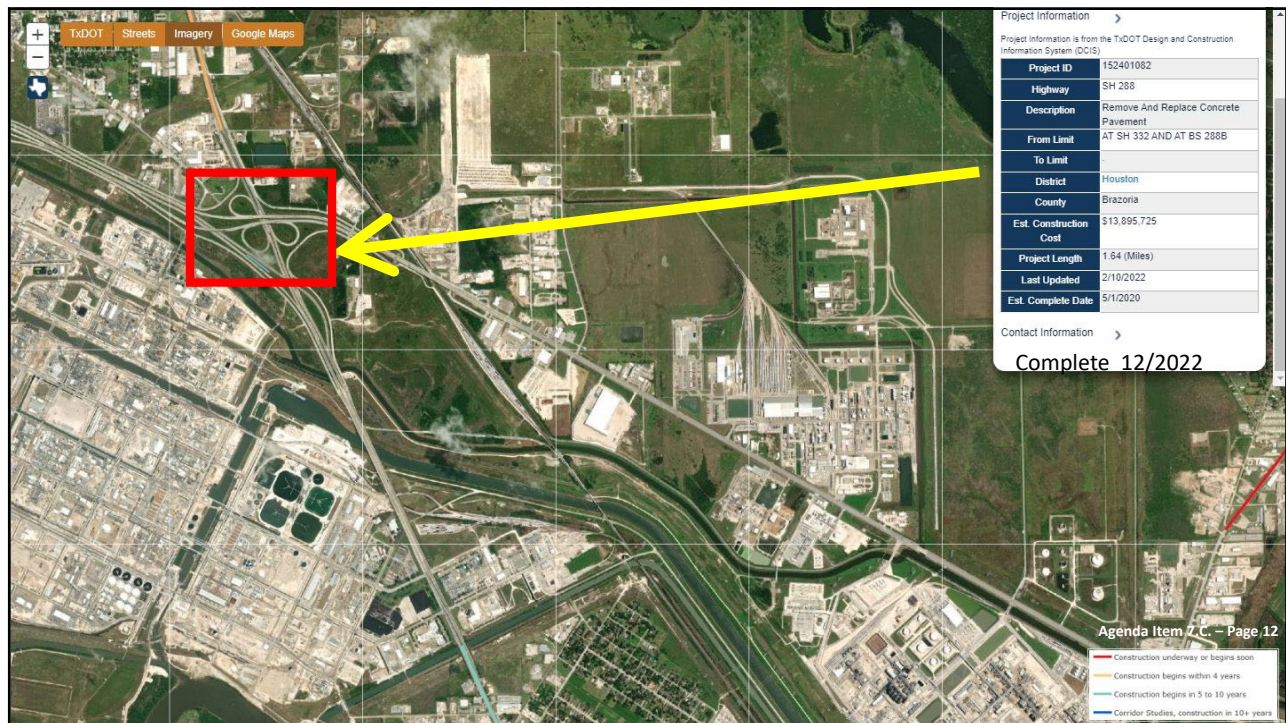
10



## TxDOT Projects

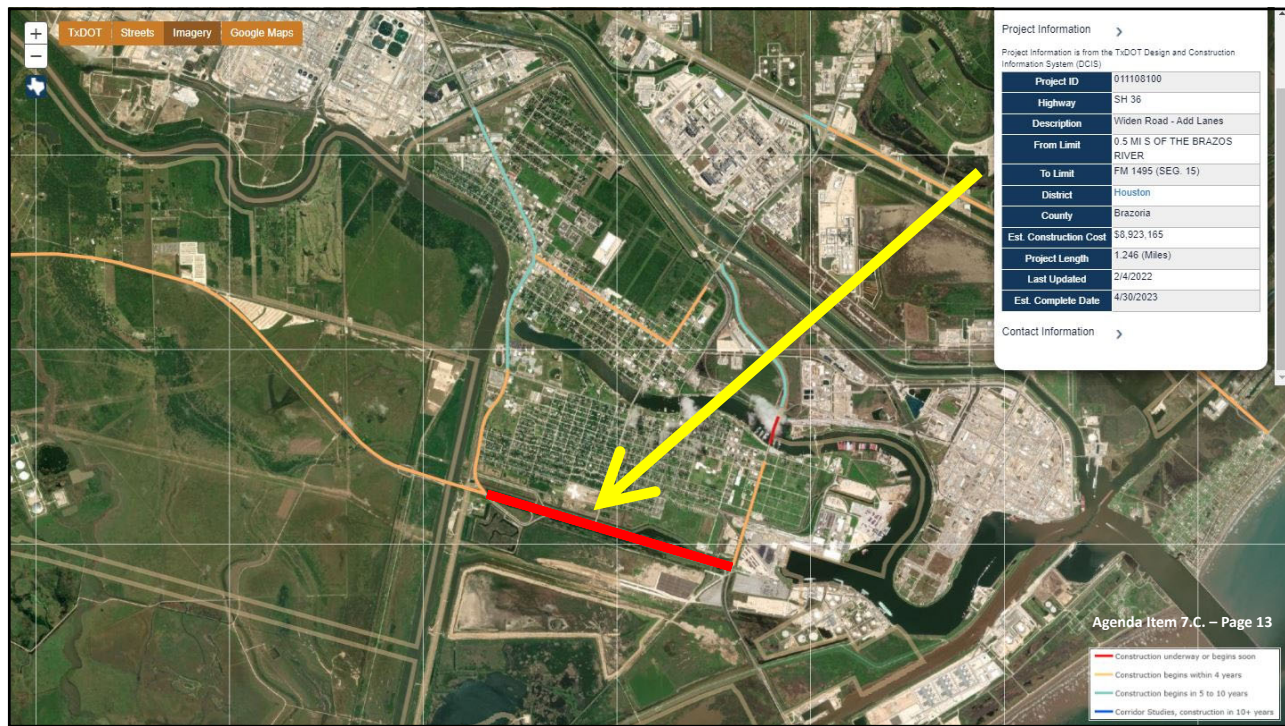


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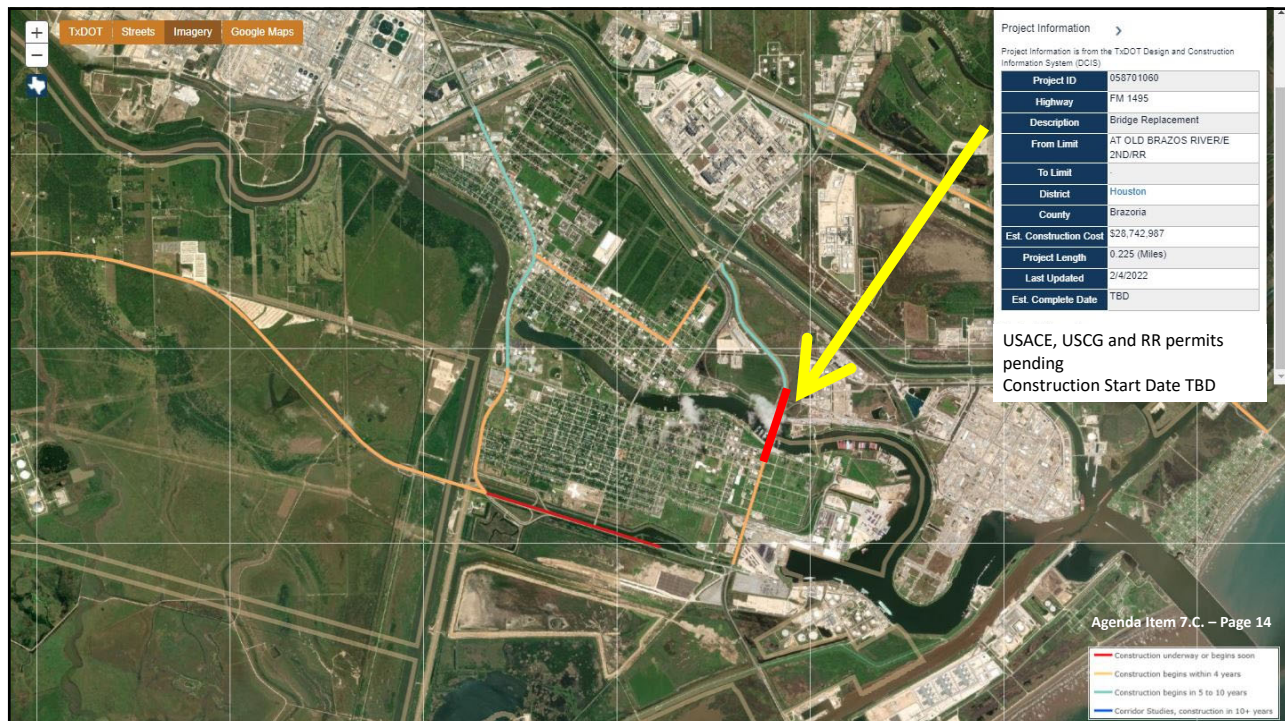


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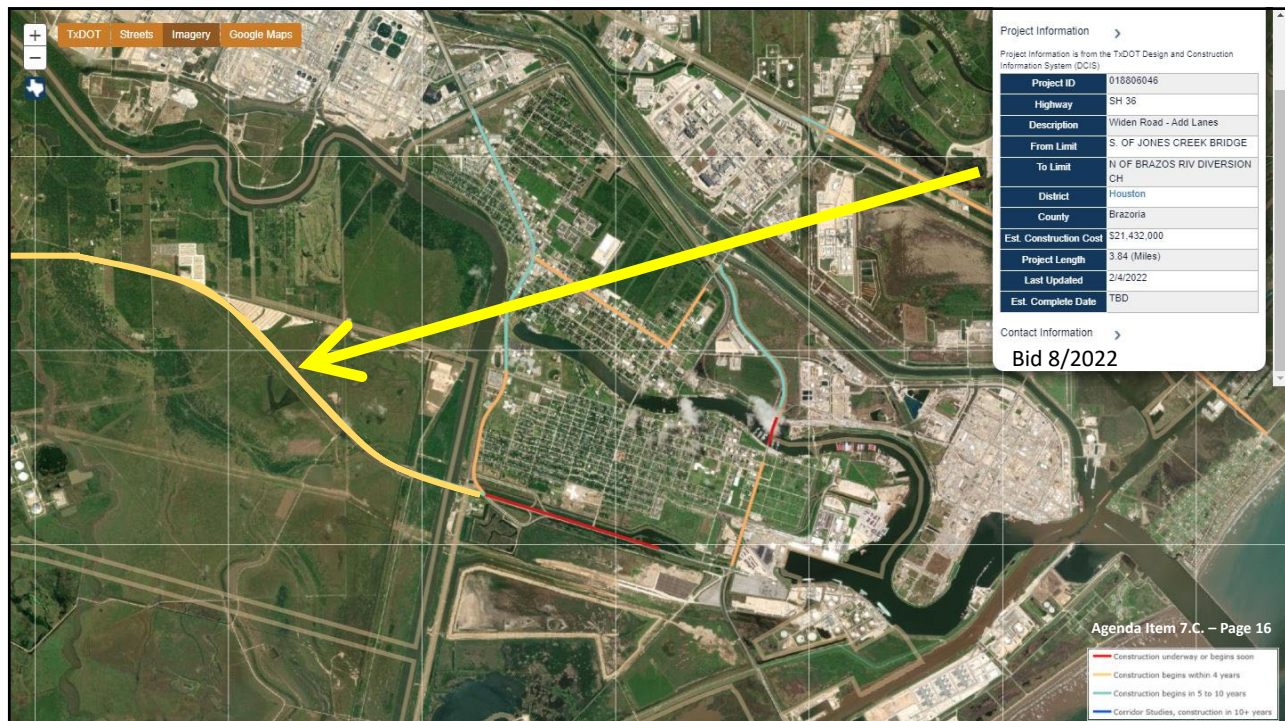


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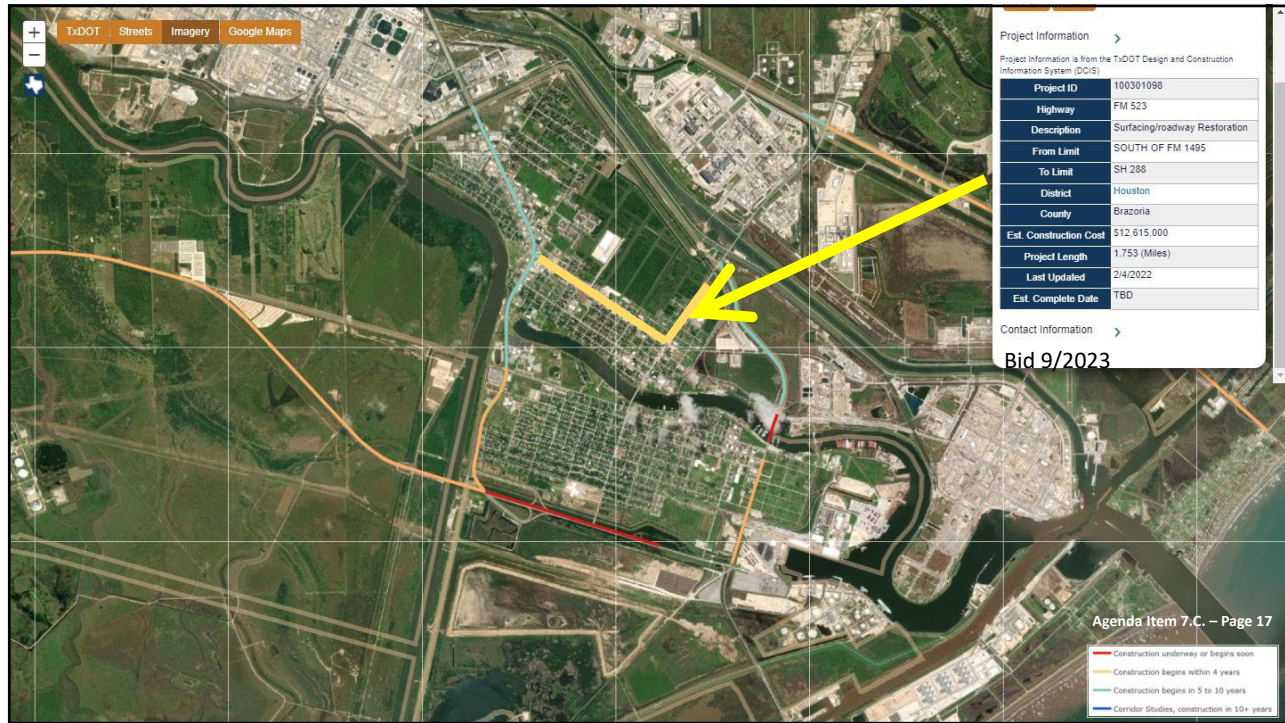


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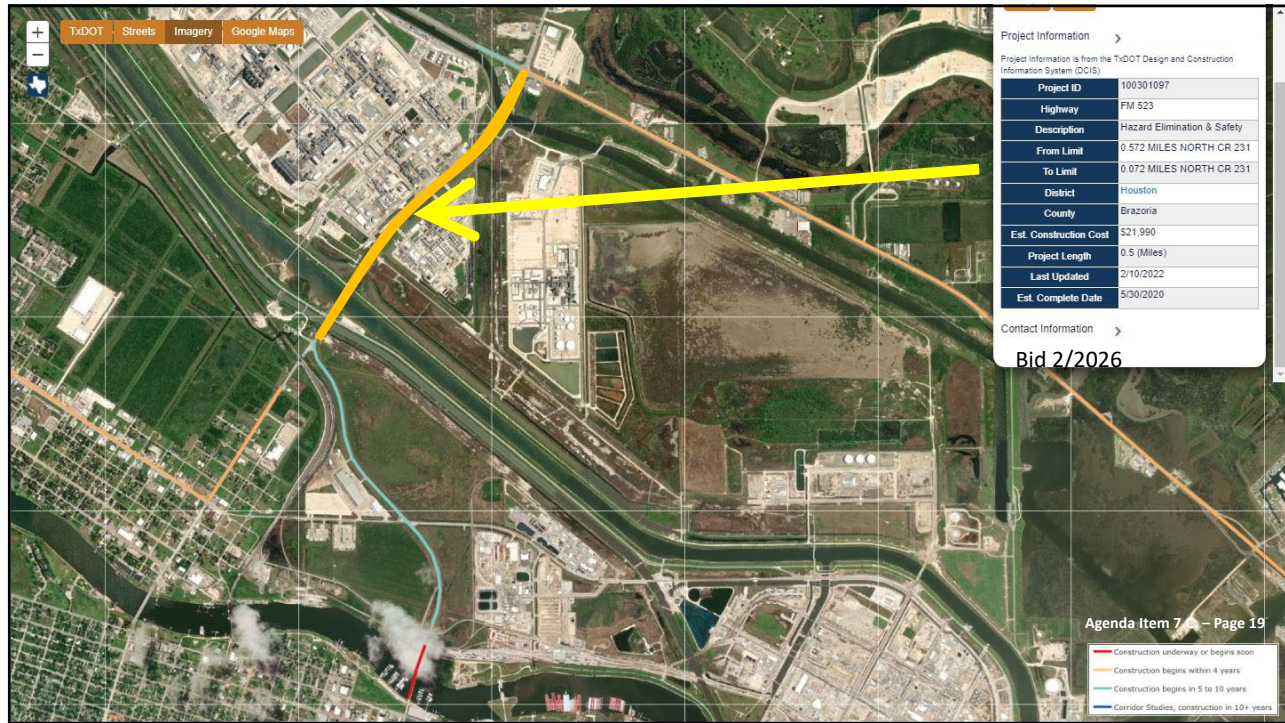


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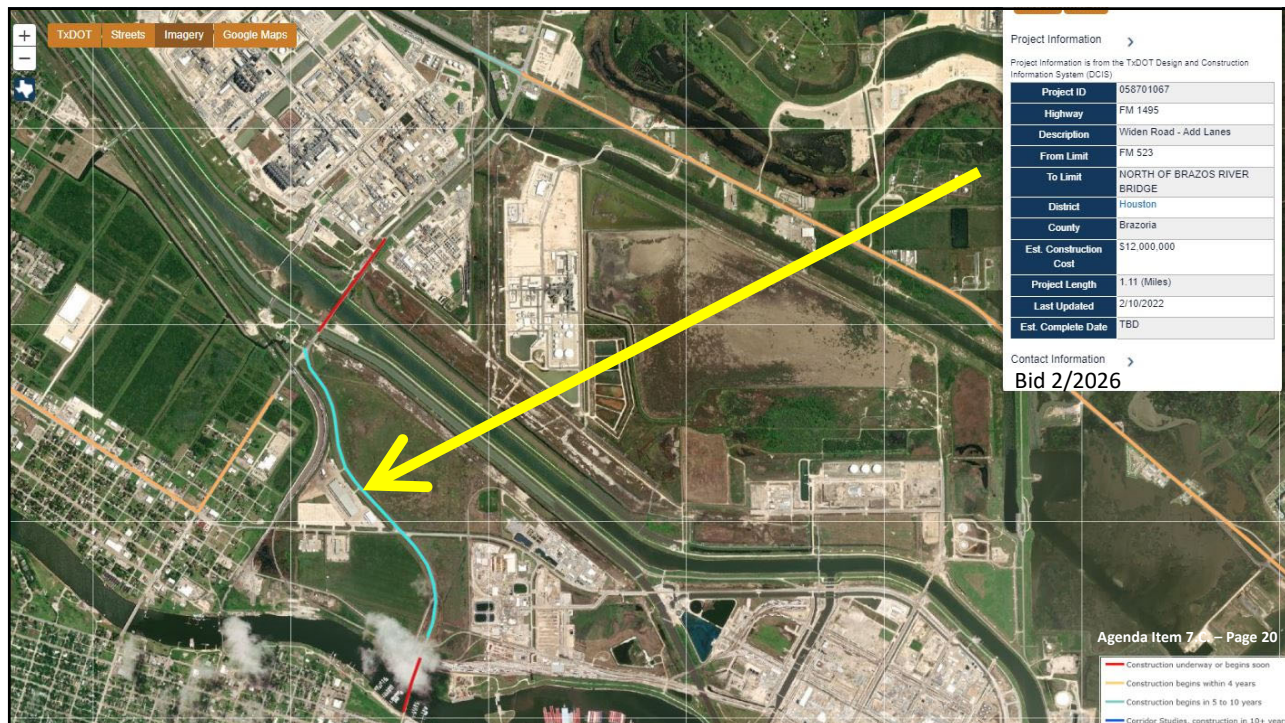


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19

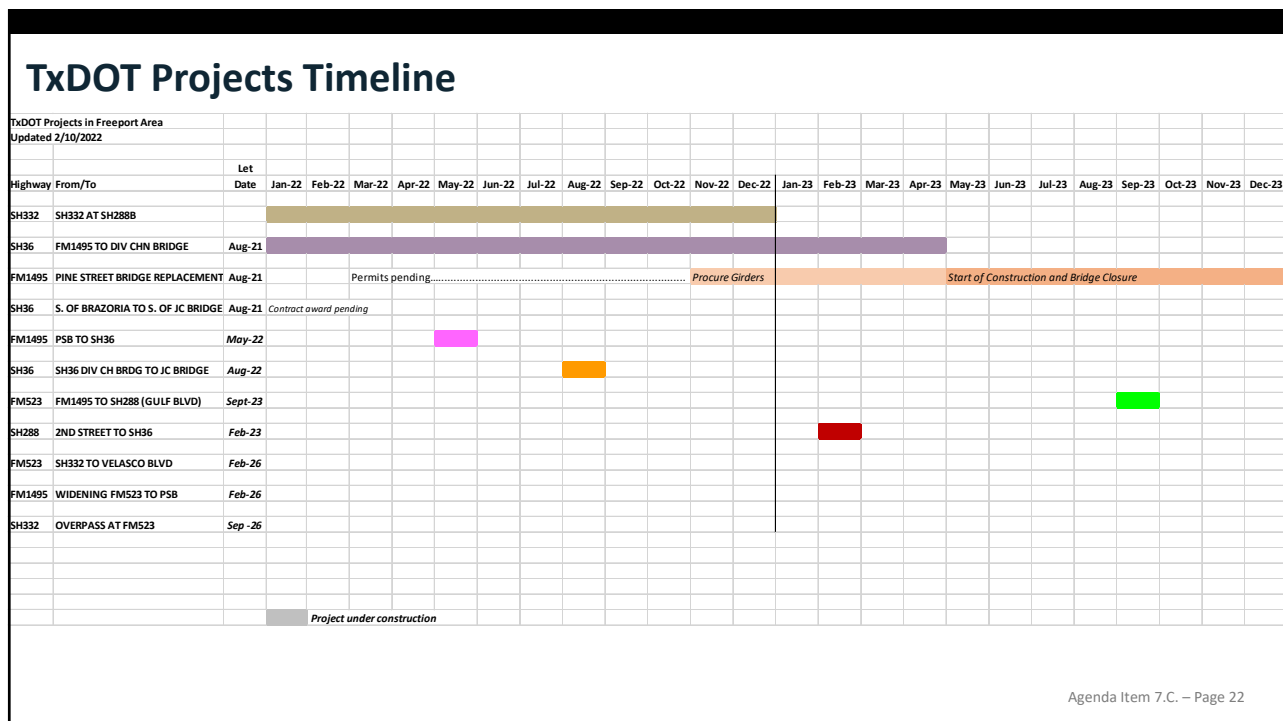


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## Port Commission Workshop Financing Strategies, Cash Flow and Debt Capacity

February 17, 2022

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Agenda Item 7.D. - Slide 1

1



### Balances of Outstanding Debt Issues as of September 30, 2021

	Principal \$M	Description
Revenue Bonds	\$185.18	Earliest Maturity in 2028
General Obligation Bonds	\$68.49	2019 and 2021 Issuances
Capital Lease	\$4.57	Recommend paying off prior to FY Year End
<b>Total Debt</b>	<b>\$258.24</b>	

Agenda Item 7.D. - Slide 2

2

## Purpose of Revenue Debt Issuances

<u>Issuance</u>	<u>Purpose</u>
Senior Lien Refunding Bonds, Series 2013A	Refunded and refinance 2008 Series (Berth 7)
Senior Lien Revenue & Refunding Bonds, Series 2015A	Refunded and refinance 2013B (repairs to B7), Parcel 25 paving, lighting, road, Parcel 19 ground stabilization, VT 23.5 acres concreted, 408 permits berth 8 & 9, Floodwall modification Dock 1 & 2
Senior Lien Revenue Refunding Bonds, Series 2018	VT Area 5 & 6 concrete, Parcel 14 Rail, Parcel 14 Security
Senior Lien Revenue Bonds, Series 2019A	Berth 8, VT Area 3, Parcel 14 20 acre storage yard.
Senior Lien Revenue Bonds, Series 2019B	Levee Stabilization
Senior Lien Revenue Bonds, Series 2021	Berth 8
Est New 2022 Rev Bond Issuance	Berth 8 & Ro-ro extension

Agenda Item 7.D. - Slide 3

3

## Future Bond Issues

<b>\$Millions</b>	<b>Principal</b>	<b>Description</b>
<b>Revenue Bonds</b>	<b>\$25.00</b>	<b>Berth 8 completion. Timing to be determined by updated McCarthy schedule. Likely Nov-Dec 2022.</b>
<b>General Obligation Bonds</b>	<b>\$55.80</b>	<b>To be issued in line with future phases of FHCIP</b>

Agenda Item 7.D. - Slide 4

4

## Standard & Poors' Debt Rating

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

Agenda Item 7.D. - Slide 5

5

## Revenue Bond Considerations

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- 2021 Modeling by Masterson include a future \$25M issuance and with current projections would maintain an A+ rating
  - Additional debt issuances should target a DSC of 1.80 or higher
  - Would allow an additional \$75M - \$100M
- Debt Service Covenant requires a 1.25 Debt Service Coverage
  - 2021 Debt Service Coverage = 2.47

Agenda Item 7.D. - Slide 6

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## 5 Year Capital Plan

	Fiscal Year Ending					Total
	2022	2023	2024	2025	2026	
Velasco Terminal	\$ 52,314,100	\$ 16,000,000	\$ 24,000,000	\$ 34,730,000	\$ 38,810,000	\$ 165,854,100
Logistics	\$ 1,750,000	\$ 12,750,000	\$ -	\$ -	\$ -	\$ 14,500,000
Other	\$ 1,719,500	\$ 1,183,860	\$ 876,000	\$ 381,000	\$ 393,000	\$ 4,553,360
Total w/out FHCIP	\$ 55,785,622	\$ 29,935,883	\$ 24,878,024	\$ 35,113,025	\$ 39,205,026	\$ 184,907,460
FHCIP	\$ 31,050,000	\$ 35,700,000	\$ 22,050,000	\$ 750,000	\$ 1,030,000	\$ 90,580,000
Grand Total	\$ 86,833,600	\$ 65,633,860	\$ 46,926,000	\$ 35,861,000	\$ 40,233,000	\$ 275,487,460

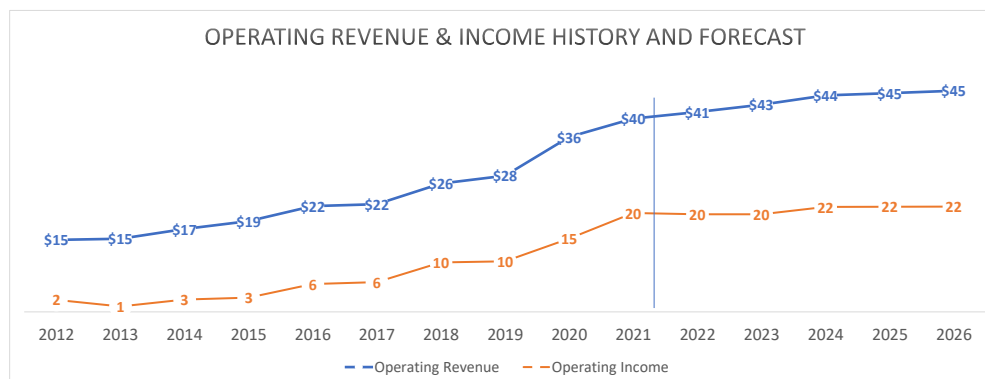
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## Projected Revenue Outlook 2022-2026

### History, Forecast and Sensitivity Analysis

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



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## Debt Coverage Projections

### Includes new weekly service at Berth 8

Fiscal Year Ending	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Operating Income	15,027,595	20,284,050	20,002,605	20,016,871	21,525,638	21,565,067	21,609,103
Plus: Depreciation	7,592,533	8,192,602	8,093,700	11,006,643	12,114,155	12,087,485	12,335,555
Plus: M&O Taxes	4,120,672	3,981,962	3,788,814	3,788,814	3,788,814	3,788,814	3,788,814
Net Revenue	26,740,800	32,458,614	31,885,119	34,812,328	37,428,607	37,441,366	37,733,472
Senior Lien Debt Service	11,828,231	13,126,209	12,578,336	14,364,520	14,364,314	14,364,798	14,360,376
Annual Debt Service Coverage	2.26	2.47	2.53	2.42	2.61	2.61	2.63

Note: Minimum DSC Covenant = 1.25 w/Target of 1.80 to Maintain Favorable A+ Class Rating

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## Debt Coverage Projections

### Excludes new weekly service at Berth 8

Fiscal Year Ending	2020 Actual	2021 Actual	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast
Operating Income	15,027,595	20,284,050	20,002,605	19,177,686	18,168,897	18,208,326	18,223,484
Plus: Depreciation	7,592,533	8,192,602	8,093,700	11,006,643	12,114,155	12,087,485	12,335,555
Plus: M&O Taxes	4,120,672	3,981,962	3,788,814	3,788,814	3,788,814	3,788,814	3,788,814
Net Revenue	26,740,800	32,458,614	31,885,119	33,973,143	34,071,866	34,084,625	34,347,853
Senior Lien Debt Service	11,828,231	13,126,209	12,578,336	14,364,520	14,364,314	14,364,798	14,360,376
Annual Debt Service Coverage	2.26	2.47	2.53	2.37	2.37	2.37	2.39

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

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## Projected Cash Flow FY22 – FY23

	\$M
Available Cash on 1/25/22	\$ 63.1
FY22 Net Operating Cash Flow	\$ 19.8
FY22 Capital Payments	\$ (34.7)
FY22 Debt Payments	\$ (8.4)
FY22 Crane Payment and Payoff	\$ (4.1)
Estimated Cash Flow at FY22 Year End	\$ 35.7
FY22 Year End Balance Forward	\$ 35.7
FY23 Net Operating Cash Flow	\$ 40.4
FY23 Capital Payments	\$ (55.1)
FY23 Debt Payments	\$ (12.9)
Revenue Bond Issuance	\$ 25.0
Estimated Cash Flow at FY23 Year End	\$ 33.1

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## Projected Cash Flow FY24 – FY25

	\$M
FY23 Year End Balance Forward	\$ 33.1
FY24-FY25 Net Operating Cash Flow	\$ 65.9
FY22 Debt Payments	\$ (29.0)
FY22 Capital Payments	\$ (60.0)
Estimated Cash Flow at FY25 Year End	\$ 10.0
Major Capital Included Above	
2 Gantry Cranes	\$ 30.0
Velasco Terminal Backland Development Area 5 (15 Acres)	\$ 15.0
Velasco Terminal Backland Development Area 6 (7 Acres)	\$ 10.0

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## Velasco Terminal Areas 5 & 6



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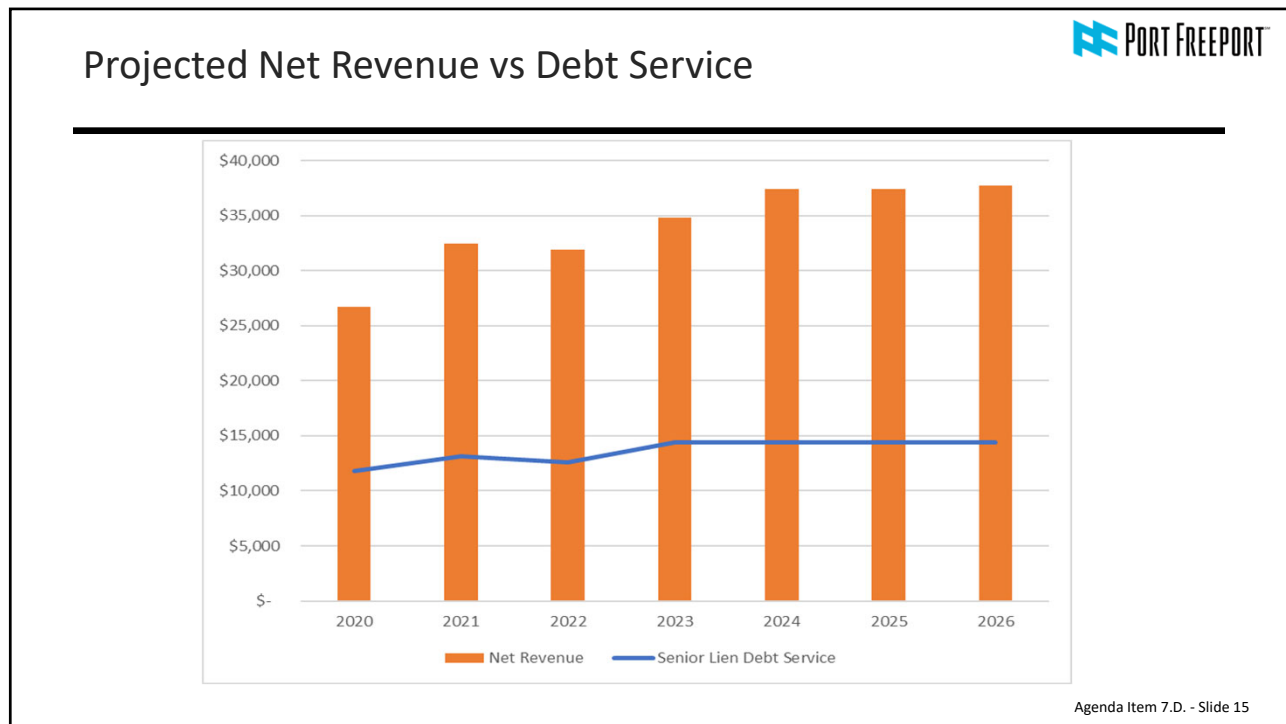
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## Berth 8 Financing

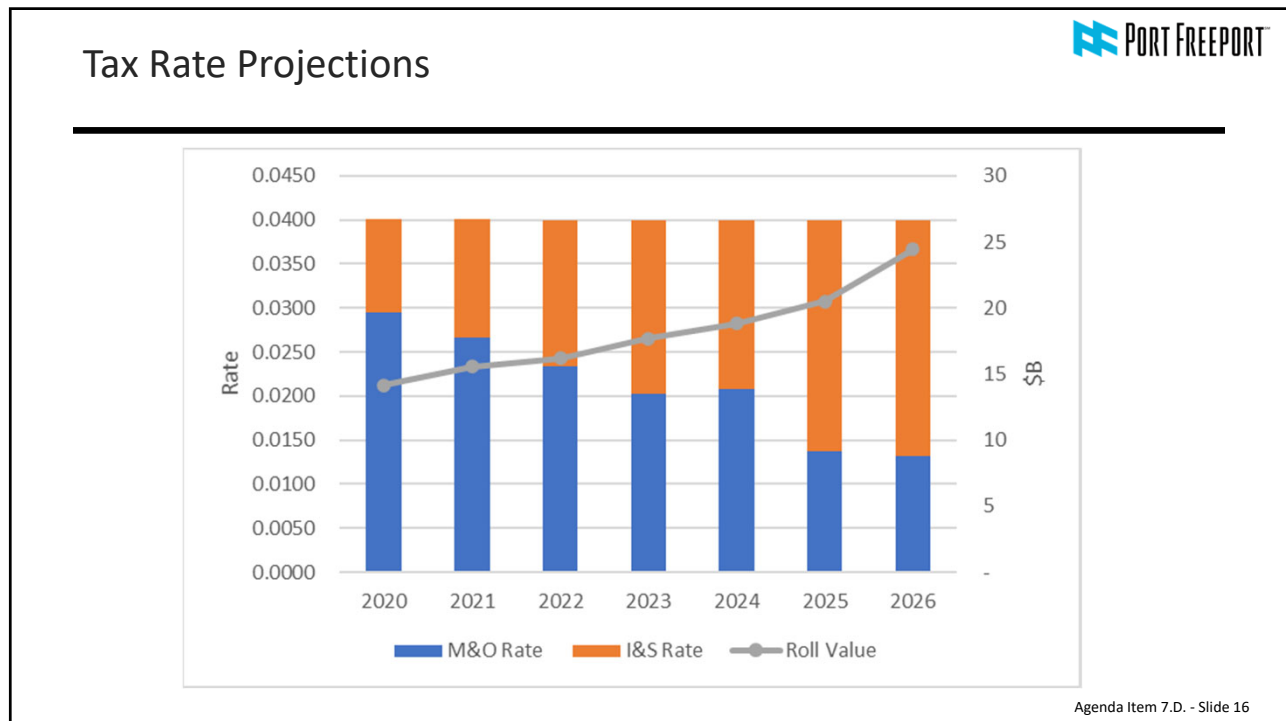
	\$M
Berth 8 with RoRo Ramp	\$ 145.9
2015 Revenue Bond	\$ (1.7)
2019 Revenue Bond	\$ (37.3)
2021 Revenue Bond	\$ (35.0)
Future Revenue Bond	\$ (25.0)
Dredging financed with Capital Reserve	\$ (13.5)
Financed with Port Operating Income	\$ 33.4

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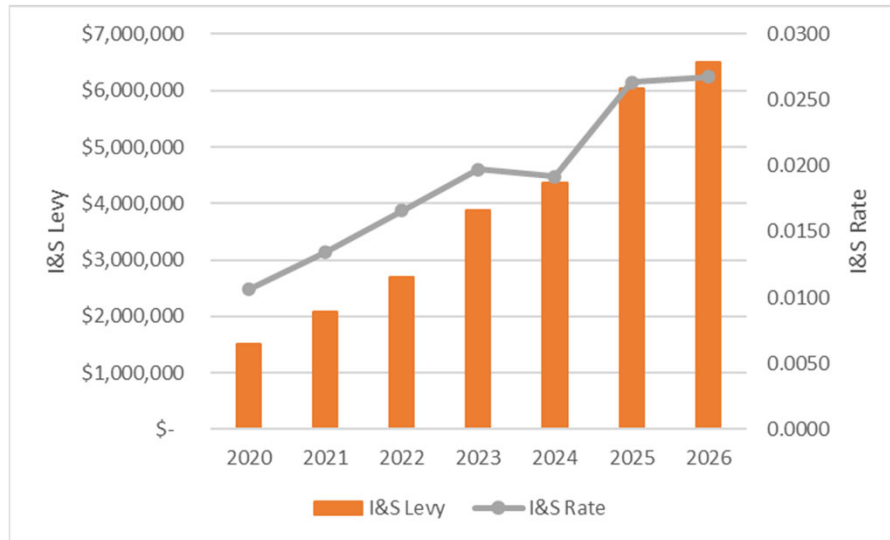


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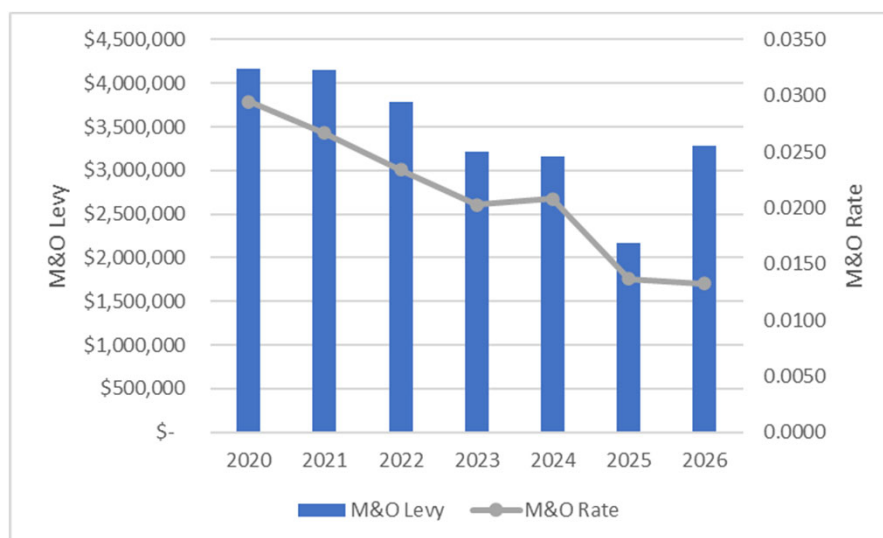
## I&S Tax Levy & Rate Projections



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## M&O Tax Levy & Rate Projections



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## Projected FHCIP Cash Flow

	<b>Bond Activity:</b>		
	2019 G.O. Bond	\$ 35,000,000	
	2021 G.O. Bond	\$ 39,200,000	
	Interest Earnings	\$ 1,113,595	
	Investment Adjust for FMV	\$ (394,304)	
	<b>Outflows:</b>		
	Sent to USACE- Reach 2	\$ (8,449,667)	
	Sent to USACE- Lower Stauffer Dredging	\$ (5,920,473)	
	WIK- Project engineering etc.	\$ (9,387,403)	
1/31/2022	Bond Funds Remaining	\$ 51,161,748	
	Remaining PF Share of Work to Completion	\$ (106,242,457) *	
	Estimated Port Funds Needed to Completion	\$ (55,080,709)	
	Authorized but not issued G.O. Debt	\$ 55,800,000	
	*Based on original \$130m Port Freeport share of entire project estimate.		

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